

# SA2020 CONSOLIDATED DOCUMENT

Version 7: 23 March 2005

## Table of Contents

|   |    |
|---|----|
| <a href="#">PART 1: Introduction</a> .....                          | 2  |
| <a href="#">PART 2: YESTERDAY AND TODAY</a> .....                   | 3  |
| <a href="#">End of the first decade of freedom</a> .....            | 3  |
| <a href="#">The world we live in</a> .....                          | 4  |
| <a href="#">PART 3: OUR VISION 2020</a> .....                       | 5  |
| <a href="#">PART 4: THE SCENARIOS</a> .....                         | 8  |
| 1. <a href="#">Dead end</a> .....                                   | 8  |
| 2. <a href="#">Slow puncture</a> .....                              | 15 |
| 3. <a href="#">Sharp right turn</a> .....                           | 22 |
| 4. <a href="#">All aboard the dual carriage way</a> .....           | 30 |
| <a href="#">PART 5: THE FUTURE WILL BE WHAT WE MAKE OF IT</a> ..... | 40 |

## **PART 1: Introduction**

In the early 1990s, at a time of great uncertainty, a group of 25 committed South Africans representing a wide spectrum of opinions met regularly over several months in a pivotal exercise that helped shape the future of the nation. The product of that process came to be known as the Mont Fleur Scenarios: fascinating and probing stories sketching different possibilities of how South Africa could develop in the next decade, depending on what strategies might be employed by the political leadership of the time. Most of those who participated in the exercise were in positions to be able to influence the thinking of the leadership, and are now themselves high profile leaders in different sectors of South African life, including being Ministers in the Government.

The new South African government rejected the “Ostrich scenario” that characterised the status quo and embarked upon a path which it hoped would lead to the “the Flight of the Flamingos” – which was supposed to ensure high economic growth leading to redistribution. Ten years later, while South Africa has achieved some remarkable successes, many political, economic and social challenges remain unresolved and others, such as AIDS, have emerged.

The youth of South Africa, particularly those aged between 25 and 40, have a strong interest in how the nation will develop over the next two decades. It is this group of leaders and potential leaders that will ascend to the helm of different sectors of society in 2020. And they are eager to realise the resolution of the pressing issues challenging South African society.

The SA2020 Scenario planning process brought together a diverse group of 25 young South Africans from different sectors and with a range of experiences, meeting over nine months in seven workshops and numerous meetings. The only thing many had in common was being South African and their age group. They embarked on a journey to discuss, share views, debate, argue and fight about a vision for the future and the possible paths that could lead to this future.

The team benefited greatly from the participation of a group of other young people from other parts of Africa – Kenya, Ghana, Nigeria, Zimbabwe and Uganda. These countries achieved their independence earlier than South Africa and the participants therefore brought valuable insights from their experiences.

In the debates and discussions about interpreting where we are now and we want to be in the future, all participants had the opportunity to clearly state their views, and to listen to the views of others. There was not always agreement. There were different opinions on how South Africa could or should evolve, and the scenario process allowed for the exploration of these viewpoints. The stories reflect the consensus and trade-offs, which were necessary to make such a conversation meaningful.

What, then, is the South Africa of 2020 that they would like to inherit, and how do they envisage that this can be brought to fruition? The SA2020 participants debated and

engaged with these issues with vigour and enthusiasm. This booklet and the scenarios contained here are the products of these debates.

## **PART 2: YESTERDAY AND TODAY**

### **End of the first decade of freedom**

"The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres." *Towards a Ten Year Review*. PCAS, The Presidency. (October 2003)

Following the 'miracle' transition of 1994, South Africa concentrated her efforts during the first years on consolidating democracy and political stability, deracialising its political system and laying the foundations to eradicate the social and economic legacy of apartheid.

It achieved its democracy in a global context characterized by the end of the Cold War, growing unilateralism, the dominance of the neo-liberal model of capitalism and at the peak of Afro-pessimism.

In 2004, as South Africa celebrates the end of the first decade of freedom, many achievements may be noted:

- Human, political and social rights and equality are entrenched in the constitution;
- An increasing number of laws, policies and institutions have been deracialised; and
- We have a stable and working democracy and public institutions.

The first steps have been taken to eradicate apartheid backlogs in social services and providing millions more with access to water and sanitation, electricity, housing, health, education and communications. More people have been included in a broadened social security net.

From stagnant growth in 1994, South Africa has achieved macro economic stability, improved revenues and a modest 2.8% growth over the decade. It rapidly opened its economy without large-scale de-industrialisation; it diversified and grew its export markets.

However, despite these achievements, there are a number of fault-lines: unacceptably high levels of inequality and poverty, the exclusion of the majority of South Africans from productive economic activity, huge backlogs in lack of access to basic social services and infrastructure and the AIDS pandemic. If these are not addressed, they could reverse these important gains of the first ten years.

## **The world we live in**

"The debate on globalisation and its effect on the poor is legitimate and necessary. No one has a monopoly on truth. Everyone should have a voice..." *James Wolfensohn, World Bank President (World Bank Development News, 2000)*

South Africa achieved its democracy in a world, which has increasingly become globalised in a post cold war geo-political setting, with many advances in nearly all aspects of human endeavour and greater interdependence amongst peoples of the world. Whereas over time we have placed more and more strains on our natural environment, there is greater awareness that we need to act together to ensure greater sustainability, for present and future generations.

Despite the advances, the world has also been characterised by a widening gap between rich and poor countries, and between the rich and poor within countries. The forces of globalisation were presented as irresistible (there is no alternative – TINA) and the “latecomers” were given formulaic prescriptions of how to catch up. More often than not, this led to countries falling even more behind in this mad scramble and with increasing misery for their populations. The Asian and South American crises in the 1990s and growing international social movements (in the North and South) saw important shifts in the debates about globalisation.

The African continent has largely been marginalised in the global economic scene and is part of the South that has not benefited from the developments of the last decade or so. South Africa’s liberation in 1994 and other developments on the continent provided an opportunity to refocus efforts to ensure that the continent breaks out of the cycle of poverty, disease, wars and famine.

The creation of the African Union and its various institutions and programmes was an attempt by the continent to take its destiny into its own hands. Africans are reclaiming responsibility for the social and economic development of the continent, for ensuring that its people live in peace and with opportunities to participate in shaping their future. It provides a common platform for the continent to engage with the world, and to take its place as an equal partner in the global village.

South Africa’s development is closely linked to that of the Southern African region and the continent as a whole. It shares a common objective with the people of most countries in the South and with many in the North to advocate for a global dispensation that is more just and sustainable.

This global and continental context is an important backdrop against which the birth of the South African nation and its development over the next sixteen years will unfold.

When we rejoined the community of nations in 1994, we did so with the understanding that although we may be small, we can and must contribute towards the shaping of the global agenda, not just for our generations, but also in the interests of future generations.

## **PART 3: OUR VISION 2020**

In its scenario exercise, the SA2020 group imagined a future South Africa that is vibrant, diverse and caring and which brings to the fore the best in all its citizens. We would like to see a South Africa, we said to ourselves that will be:

*“An inclusive, prosperous and just society founded on ubuntu, equality and freedom, fostering creativity and allowing its people to realise their full potential.”*

A quarter of a century after its transition to democracy, it would be a South Africa that has significantly dealt with the legacy of underdevelopment, poverty, unemployment and inequality that it had inherited.

We imagine a South Africa that will have proudly taken its place within the world community of nations, as an economic and political equal. Our continent, the origin of humankind, has also lifted itself out of the cycle of poverty and marginalisation. Though the world is still quite unequal, there are more and more alternative voices to make the planet a better place for all its inhabitants.

This vision will remain a utopia, unless we act now to make it a reality. We know there are no easy solutions and caution against complacency and disjointed interventions. We call, instead, for bold and visionary leadership that accepts the need for calculated risks, including going against conventional or dominant wisdom if the underlying problems of poverty, unemployment and inequality are to be addressed.

Our reflections as a nation on the achievements of the last ten years provide a window of opportunity to ask and answer the hard questions that are necessary to find solutions to seemingly intractable conflicts. We might not achieve all elements of our vision by 2020. But we hope our stories will contribute towards and influence the national debate as we stand on the doorstep of our second decade of freedom.

### **Critical uncertainties and key drivers**

We believe that there are a number of critical internal uncertainties that face us as a nation. Which route we take in attempting to address will influence what kind of future we will live in. The group deliberated carefully in order to identify some of these. In particular, we asked the questions whether by 2020 we will have:

- Dealt decisively with poverty and unemployment;
- Maintained national cohesion;
- Grown an inclusive economy for all;
- Have leadership – at various levels of society – with vision that will be able to unite our country; and
- Lived on our own terms and charted our own path rather than being forced into a model of the world, developed by some other power.

We also deliberated on important questions that related to some of the external uncertainties:

- Will there be shifts in the global power balance? Will we still live in a world of big brothers and imperialism? Or will our voices as a country and continent be heard?

- Will we have been able to achieve and maintain peace and security on the continent and internationally?
- Will we be able to arrest and reverse the degradation of our planet?
- Will we, as the African continent, be able to rise from the misery we currently endure?

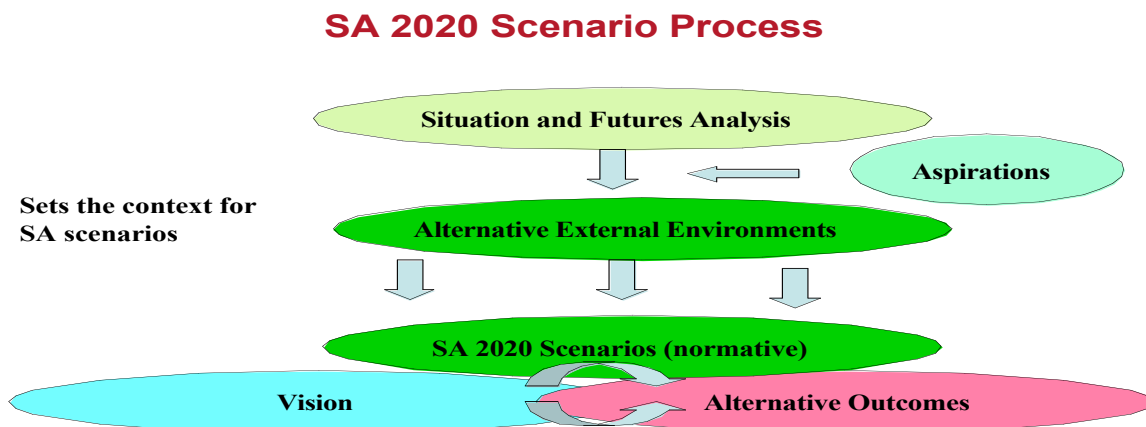
The group agreed that the extent to which we have strong and visionary leadership in all sectors and at all levels of our society will play an important role in determining whether we succeed or fail as a nation. National cohesion, we believe, can only flourish on a strong foundation of development, and the eradication of poverty, economic growth, social activism, democracy, solidarity and participation.

A *conditio sine qua non* for this to happen is the need for collective appreciation of the complex challenges facing our society and that to address them may require changing attitudes and direction. Without a shared appreciation of the challenges we face, partnerships will be difficult to build.

We call for enduring partnerships seeking win-win solutions but we appreciate that the politically and economically strong will have to support the weak for the optimal development of our society. A caring society will only emerge if we forge such symbiotic partnerships based on social solidarity and a common desire to uplift our society and reduce its inequalities.

### The scenario process

On the basis of this shared vision, the group started the scenario process outlined in Figure 1.



After much debate, we agreed on the following possible paths and four stories of the future (see figure 2):

**DEAD END** which explores the possible outcome of self-serving leadership, uncurtailed corruption and rampant individualism

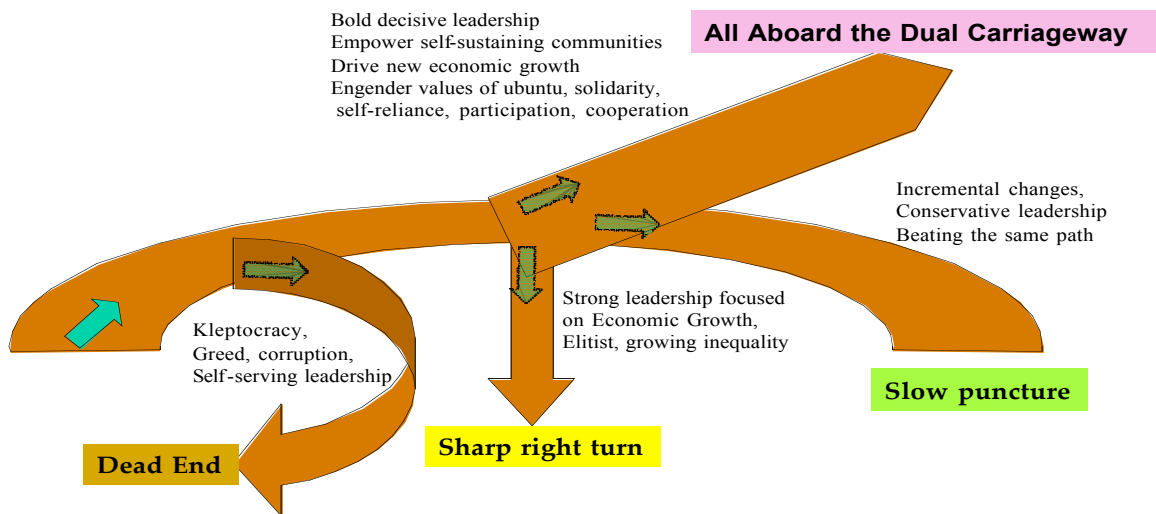
**SHARP RIGHT TURN** which examines the implications of a South Africa focusing only on achieving high economic growth

***SLOW PUNCTURE*** explores the possible outcome of South Africa choosing to beat the same path rather than adopting a bold vision and decisive leadership to reduce inequalities

***ALL ABOARD THE DUAL CARRIAGEWAY:*** examines how South Africa as a country chose to challenge its approach to growth and development and chose a bold path to enable all to climb aboard the dual carriageway to a better life

Figure 2

## Scenario Branch Points



As a group, we hope that these scenarios will contribute towards debates as we look forward to the second decade of freedom. We hope our scenarios will stimulate others, like the process did for us, to think outside the conventions and to examine innovative solutions to the immense problems that our society faces.

## **PART 4: THE SCENARIOS**

---

### ***1. Dead end***

#### **Introduction**

*"Kleptocracy literally means rule by thieves and is used to pejoratively name a country which by one means or another, has allowed its mechanisms of taxation, commerce, trade, law, and government to be influenced to a large degree by private parties interested in amassing profit. A "kleptocracy" refers to an undesirable state of national government, which has reached extreme political corruption, where no pretence of honesty remains, and the government of a country exists solely to enrich its rulers and their cronies and to perpetuate their rule. (www.wordiq.com/definition/Kleptocracy)*

South Africa in 2020 is a deeply divided and unstable society. A special UNDP report, on the occasion of the celebration of a quarter of a century of freedom in 2019, showed that on almost all of the development and economic indicators, South Africa was worse of than at the point when it made its transition from apartheid: gross domestic product was at the same level as in 1994; only a quarter of the economically active population were in formal employment; South Africa had the highest number of street children in the world; it had also become the kidnapping, hijacking and rape capital of the world.

The white population is half of what it was in 1994, because most of them had emigrated. Ethnic rivalry was manifesting itself in the scramble for resources. In KwaZulu Natal, secession talks are again surfacing. The remaining whites either live in high-walled security enclaves or with other fellow poor in the sprawling informal settlements across the country.

The brown envelope culture is all-pervasive in the private sector and in the state. The most popular daily newspaper is a tabloid dedicated to the sexual shenanigans of politicians and prominent business people. The country's infrastructure, which once was proudly referred to as "world class", has become dilapidated; power failures and water shortages are the order of the day.

Despite its miracle beginnings on 27 April 1994, South Africa is regarded as yet another 'basket-case African state'.

Yet its people, the continent and the world expected so much of a free South Africa. Unlike most other newly independent states, it had a well-developed economy, albeit owned and controlled by a white minority. The state in South Africa was therefore not the only route towards accumulation – black people did have alternatives.

South Africa had a leadership, black and white, which was prepared to set differences aside and compromise, in the interest of peace in the country.

Yes, more than three hundred years of colonialism and apartheid had meant that the first democratic government inherited huge social and economic backlogs. But the people and their leadership seemed confident that they would be able to create a better life for all.



What went wrong?

### **Things look up at the end of the first decade of freedom**

The first decade of freedom passed with much promise. Reconciliation was the order of the day. The Truth and Reconciliation process proved to white South Africans that blacks were not about to take revenge for decades of oppression. In fact, the black government had managed the economy remarkably prudently, and business has done well.

After a decade of affirmative action and employment equity, and despite complaints about how difficult things were for white males, Blacks and women comprised only 10 percent of managers and professionals in the private sectors by 2004.

Poverty and unemployment were still unacceptably high. This was blamed on factors ranging from GEAR, immigrants taking South African jobs to inflexible labour laws.

The third phase of Black empowerment is as unsuccessful in creating sustainable and broad-based empowerment as the ones preceding it.

The ruling ANC won a 70 percent majority in 2004 on the back of its promises to halve unemployment and poverty within the next decade. Furthermore, it had received generous donations to its election coffers from the black 'patriotic' bourgeoisie.

### **Blaming the whites...**

The ruling party quickly realised that dealing with unemployment and poverty at the rate it had promised in its manifesto would be a tall order. During the previous ten years it had bend over backwards to accommodate (white) business, at the expense of being labelled sell-outs by its own allies!

Government had done a lot to provide an enabling environment for business, and yet business had not come to the party. Domestic investment was at an all-time low, and if South Africans had no confidence to invest in their own economy, you can't really blame foreigners for withholding foreign direct investment.

Rural poverty, mainly due to the slow pace of land and agrarian reform saw thousands of people flocking to the cities and towns. Protected by the Constitution, farmers expected government to pay ridiculously high prices for farms for redistribution, yet they expected the same government to evict people from farms when they occupied them illegally.

### **I also want to be a BEE**

Influenced by the big black empowerment deals that grabbed newspaper headlines, the perception had developed that black empowerment was simply about getting rich quickly or making a quick buck. Everyone wanted to get into the action before it dried out.

Since most of those involved in the big deals seemed to have ties with the ruling party, it was widely believed that one needed political connections to make it in business.

Because of its one-sided focus on ownership and control, the black economic empowerment policy enriched a minority within the black community. This new “patriotic” bourgeoisie contributed little to economic growth. Instead of investing in development, growing new wealth or convincing its fellow white businessmen to do so, it became a *rentier* class living off the interest and proceeds of its deals, enriching itself and paying for its lavish lifestyle. It also shifted capital off-shore to make a quick buck.

It had no sympathy for young hopeful black entrepreneurs who approached it for a leg-up. Instead, these icons of black empowerment often stole their business ideas, passed them off as their own and sold them to the highest bidder.

Established businesspeople (mainly white) became resentful, feeling that they and their forefathers worked hard to build their businesses and they had to share them. Instead, they felt the newcomers had the opportunities and access to government tenders and should therefore start their own businesses.

However, they accepted that this was a legal requirement in order to share in the spoils. They therefore had to find some blacks to partner with. All sorts of creative forms of fronting were developing. One of 2008’s bestsellers, as preparations for the 2010 World Cup got under way, was *A Dummy’s Guide to Fronting*.

### **Rent a politician**

This narrow and crude form of black empowerment served as a catalyst for widespread corruption and greed. The perception that one needed political connections to make it resulted in many buying party membership and in leadership contests becoming increasingly fierce. The former liberation movement, as its secretary general had warned in 1998, was in danger of becoming mortgaged to business interests.

However, it seemed difficult to stop the rot. Decisions in local councils on service delivery would get postponed for months because councillors fought over which of their front companies would get tenders.

Many others holding political office at provincial and national levels also received kickbacks and were involved in business, despite legislation that forbade this.

Business in all its shapes and forms actively used donations to political parties as a way of getting not only direct benefits for companies but, more importantly, to influence policy and the direction of the country.

### **The kleptocratic state**

Seeing their political masters lining their pockets, large sections of the public service follow suit. Much time was spent by civil servants during working hours scanning the

Internet for tenders and deals, and being wined and dined by wannabe empowerment operators.

Large-scale inefficiencies in the public sector, which during the first decade showed promising signs of improvement, became the order of the day. There were frequent headlines about textbooks, medicines and other goods that disappeared on the way to state warehouses or on the way to schools and clinics.

This abuse of public resources meant that programmes to address poverty and unemployment, to grow the economy or to create a better life for all South Africans faltered and eventually collapsed.

The Scorpions were very busy in this period, but the big fish that they caught were few and far between. The crime-busting outfit's own credibility was undermined by convictions of some of its key personnel for receiving kickbacks to lose investigation dockets.

There was a large-scale outflux of skills from the public sector, with many black and white professionals leaving the country rather than becoming part of the culture of greed and avarice.

### **National cohesion**

Society became fragmented and beyond national systems and sporting events, there was little common identity and social solidarity.

The rich had retreated into high-walled cities policed by private security companies. Access systems to such communities effectively worked like the pass laws to keep the poor out. Those with wealth could enjoy the beauty of the South Africa and all it has to offer. They were highly mobile and had access to communication media and new commodities.

The poor, on the other hand, could only marvel at the new commodities, services and lifestyles of the rich and famous. Their affinity was to their local community, religious or ethnic group. In a word, the poor became locked in a parochial existence. Some had never been beyond the borders of their townships or had never travelled outside the provinces where they had been born.

South Africa became a world of extremes: a cosmopolitan, mobile and wealthy minority coexisted with deep poverty. Obscene and ill-gotten wealth coexisted with squalor and disease. Crony capitalism, supported by the public and private sectors, had emerged as the dominant mode of empowerment.

The new black bourgeoisie colluded with white capital to drive through their narrow agenda of self-enrichment and to block fundamental transformation of the historically white monopoly capital.

## **Poverty, social discontent and repression**

Social delivery for the poor had collapsed and only the wealthy could afford basic services. There was little confidence in the ability of the state to deliver to the poor. Continuous and sustained riots savaged the peace with violent attacks against government buildings and officials in response to the state's failure to provide basic services. Illegal reconnections of water and electricity became the order of the day, as the poor demanded their social rights and then took what they were not receiving. Disillusionment and frustration drove aggression and intolerance. A mood of tension had become visibly apparent. Senseless road-rage was a regular feature in the media. Violent crime became increasingly apparent in the form of organised crime. And street kids began to idolise their violent heroes who were seen to strike back at societies injustices.

The state responded with repressive measures and intimidation against civil society formations. As a result, general mayhem and crime rose. It indiscriminately affected the de-racialised suburbs. This symbolised the fractures in the society, resulting from the deepening inequality. Regular public displays of vigilantism epitomised the collapse of the rule of law and the faith in public institutions to restore order.

## **Politics and Legitimacy**

In 2016, twenty years after the adoption of the democratic Constitution, the state capitulated and the constitution was amended to reintroduce the death penalty.

South Africa's constitutional state became a paper reality. Following three elections that had not had any demonstrable improvement in their lives, the poor had withdrawn from the electoral system. In the absence of a credible opposition party and the lack of social delivery, the masses had become politically disenfranchised. Political apathy settled in. The governing party was elected by 27% of the voting population, thereby calling into question its legitimacy.

To the poor, the state had become an instrument of repression to safeguard the interests of the rich and they had long stopped trusting public institutions. Institutions of democracy were available only to those with resources to offer bribes. Corrupt public servants demanded payment from the poor for free basic services.

Social movements were persistently harassed and forced underground. Open political criticism of the state was a dangerous occupation as militias were used to silence political dissent.

Officially, South Africa was still a multi-party democracy. However, it was dominated by one party and an ineffectual opposition. The dominant party could run roughshod over society and could operate with impunity. Any attempt to question corrupt contracts was met with violent opposition and intimidation.

The state and the rich could not, however, impose their rule unchallenged. There were still brave individuals and organisations that continued to fight against corruption. The

state's repression became less successful in quelling social revolt. Poor communities relied on their own institutions and organisation to enforce law and order, to meet some basic needs and to resist state repression.

To the rich, South Africa had reached a revolutionary and ungovernable situation. They panicked and responded by shifting capital overseas. Many left the country themselves.

### **Global warming, energy crisis**

Over the last 16 years South Africa has missed and squandered opportunities to shift from dependency on fossil fuels for its energy needs. Weak regulation has compounded the problem and led to unsustainable and rapacious exploitation of natural resources. The scarcity of oil translated into high oil prices, which fed into high domestic prices.

Failure in the last 16 years to shift to renewable energy sources, combined with depleted coal reserves on the highveld, weakened South Africa's capacity to generate sufficient electricity for industrial and domestic use.

Power failures and blackouts have become the norm. With the price of energy being as prohibitive as it is, only the rich can afford to import energy. Stinking, noisy diesel generators have become the prevalent technology choice as South Africa becomes the dumping ground for outdated technology from the industrialised world. The poor are subjected to rations of electricity and are forced to look for other sources; they beginning to illegally chop down trees in the rich enclaves.

At the global level, the super powers (responsible for most of the global pollution) still resist compliance with, and development of, global rules to reduce emission of greenhouse gases. Pollution in the Highveld has also increased due to weak enforcement and policing of environmental laws. In fact, regulators routinely receive bribes from the companies they are supposed to police and therefore do not enforce the laws.

Industry has successfully lobbied for self-regulation and emerging businesses repeatedly complain that environmental standards inhibit their growth. This has further undermined any effort for rational environmental regulation.

Climate change has been manifesting itself in severe and persistent droughts in South Africa. This has negatively affected food security – especially for the poor – due to exorbitant food prices.

The public health system has come under immense strain from pollution-induced diseases. But it is ill equipped, under resourced and unable to cope.

### **HIV and AIDS**

Studies show that between 2010 and 2020, five million people had died from AIDS related diseases. The cost of AIDS orphans weighs heavily on the country at a social, economic and psychological level. The state's ARV roll-out has long fizzled out with

many of the medicines from state clinics and hospitals becoming available on the black market. Few benefit from the programme.

Most groups in the private sector have flatly refused to provide ARVs as part of workplace strategies to manage HIV on the grounds that they could not be saddled with a problem they did not create. Individual workers and the state should take responsibility, they insist.

The full impact of the HIV pandemic had not been anticipated and the infrastructure simply does not exist to meet the levels of infection. Consequently, this has had far-reaching psychological and cultural results. Apathy, cynicism and pessimism have become pervasive, further fuelling the spread of the pandemic. Exacerbating urban decay and moral degradation has provided a further stimulus for the burgeoning infection rates.

The epidemic has an undeniable impact. Government's service delivery is suffering. Education too suffers ominously as the number of qualified teachers declines rapidly. Business suffers with an unproductive workforce. Aids orphans struggle to form stable relationships and are constantly at conflict with society as they feel that society owes them a better life.

### **The renaissance betrayed**

South Africa has been replaced as the "engine of SADC". Angola and the DRC have taken over this mantle. South Africa has little credibility or influence internationally.

While South Africa remains active on the subcontinent and other multilateral institutions, its influence has diminished. Faced with numerous internal problems, a self-seeking leadership, and a shift in balance of forces favouring other resource-endowed countries, South Africa is not able to play the role it had played in the first 10 years of democracy.

South Africa's hegemony in Africa is now being challenged by countries that have managed to grow in the last 16 years – such as Angola and the DRC. It is included on the AU list of countries urgently requiring a 'Peer Review.'

*We have reached a dead end. The general saying is that we too have gone the way of 'the rest of Africa.'*

## **2. *Slow puncture***

### **INTRODUCTION**

South Africa in 2020 is on the doorstep of yet another era. More than a quarter of a decade after its ‘miracle’ transition, it is confronted with some of the same challenges faced by the Mandela government in 1994: how to reduce inequality and build a better life for all its people.

In South Africa’s pubs and shebeens, in the newspapers and parliament, the discussions are about change. A younger generation, which does not have the struggle experience of the ‘76 and ‘80s generations (who had dominated society for last decade), is advocating a change of leadership in every sphere of South African society.

The public debate forms part of the review of a quarter of a century of democracy. It has also been brought to the fore by the shock results of the 2019 elections. For the first time since 1994, no party has an absolute majority in parliament. Coalition politics in national parliament and in the various provincial legislatures has become the order of the day.

The discussions about change are spearheaded by the so-called kwaito generation, which grew up in the ‘90s with high expectations of democracy and freedom. Though they acknowledge that many things have changed for the better and that they have more opportunities than their parents had had, they are impatient with the pace of change.

They feel that the current leadership in business, politics and society in general is stuck in the past and is way too cautious. Their impatience is fuelled by global cultural trends, which formed the backdrop of their youth: fast food, access to technology, brand-name consumerism, instant gratification and quick fixes.

The older leadership is urging the youth and other disaffected people to focus on the positives. They highlight progress in a number of important areas: general improvement in the quality of basic education, more effective delivery of social grants, universal access to primary health care and HIV and AIDS at manageable levels. More poor people have access to basic services now than 15 years ago, they point out.

Although many black empowerment companies failed over the last fifteen years, there are indeed examples of successful black companies in many sectors of the economy. One third of management and professionals in the private sector are black, though only 10 percent are women. The number of people living in absolute poverty is steadily decreasing. Economic growth averaged between two and three percent averaged, slightly above population growth. This also meant a steady increase in per capita income.

However, without diminishing these achievements, many argue that our middle of the road, cautious path has meant that during the first decades of freedom we had missed opportunities to fundamentally transform South Africa. Things have changed, but our

initiatives to deal with poverty, inequality and unemployment have not been sufficiently bold nor imaginative. The promised “better life for all” continues to elude millions of people.

Thus, people argue, South Africa in 2020 is working for more people, but we can and should do more. After 25 years we seem to have come full circle. How we got to this point can be traced back to the choices we made much earlier.

## **TOWARDS THE SECOND DECADE OF FREEDOM**

The resounding election victory by the ruling party in 2004 was interpreted as a vote of confidence in government policies during the first decade of freedom. The government therefore continued on the same trajectory but emphasised that there would be effective implementation in the next phase.

Government continued to articulate a strong commitment to eradicate poverty and unemployment and to ensure a better life for all. However, trotting out its well-worn clichés, it stressed that Rome was not built in one day. An incremental approach meant that few bold initiatives were taken and South Africa followed the **conventional wisdom** of the day, rather than attempting to rock the boat as it charted its development path.

The state had decided that it needed to accommodate and mediate among conflicting interests in society. What resulted was a middle of the road developmental path with many internal contradictions. Talk of building a development state, *but* a state not too large that it would crowd out the private sector. We must grow and develop our economy, it was said, *and* we must stick to the global rules of the game. We must intervene in the second economy, government declared, *but* without tampering with “what works” in the first economy. We must address the apartheid backlog in social and economic infrastructure and services, ministers agreed, *and* we must stick to tight deficit targets.

### **Growing the economy**

Economic policy focused on the combination of macro economic stability (low deficit, inflation, etc) and micro economic reforms: – growing identified sectors (manufacturing, tourism, etc), more affordable and efficient inputs (energy, telecommunications, etc) – as well as interventions in the second economy (microfinance assistance funds, expanded public works programme, etc).

The state engaged with business through sectoral charters and the Growth and Development Summit process, seeking to convince them to voluntarily increase investment, ownership and job creation in their sectors. This resulted in a somewhat dispersed industrial strategy, with varied levels of success. The sectors that grew were mainly capital intensive and in export-oriented.



Initiatives on the continent and the South-South relationships nurtured during the first decade of freedom started paying off. South Africa captured important export markets, especially in the rest of Africa, India, China and Brazil. This brought relief in terms of the unemployment problem, with the absorption of some skilled labour into the growing sectors. However, the volatile international climate, the strength of the Rand, expectations of further hikes in oil prices and a resultant hike in interest rates saw business adopting a cautious wait-and-see attitude.

Following outcries about the “usual BEE suspects”, attempts were made to ensure that more people benefited from empowerment policies. This, however, continued to be constrained by access to finance and slow economic growth in general.

There were high expectations of the micro finance assistance funds, but quibbling between NGOs and the department of trade and industry resulted in delays of a few years. Once the micro finance agency was eventually established, it suffered from perennial capacity and implementation problems.

Despite some setbacks, steady growth at between two and three percent a year were maintained and revenues remained stable.

### **Meeting basic needs and fighting poverty...**

The state continued to focus the largest portion of the budget on the provision of public goods (housing, roads, schools, clinics and social security).

Income poverty was relieved through social grants (by 2006, nine million people were receiving grants) and the expanded public works programme, which provided temporary jobs to tens of thousands of unemployed. Although the public works programme continued, public investment in infrastructure remained under pressure, as pressure on social expenditure continued to grow.

Progress was made with extending basic services (water, sanitation, housing, telephones) to all, but the backlogs were huge and departments also had to allocate resources for maintaining existing infrastructure and to provide a basic basket of free services.

### **...but not in my backyard**

Demographic changes such as rural-urban migration and smaller household sizes, coupled with the impact of HIV and AIDS, placed immense pressures on cities and towns, with mushrooming informal settlements.

The middle classes and business repeatedly criticised the ruling party and the public service for not being responsive enough to the plight of the poor, but vehemently resisted attempts to build low cost housing near business districts or the suburbs.

The apartheid geography of poor settlements far away from economic activity, with resultant high transport costs and high costs to provide basic services, was thus reproduced.

### **The HIV Pandemic**

HIV infections stabilized and start declining by the end of 2004, especially among those of the younger generations. They had been bombarded with AIDS messages virtually from the minute they started school and had witnessed those around them falling ill or dying. In the same period, however, the rate of AIDS deaths accelerates for a brief period due to the progression of the disease and the slow uptake of the ARV roll-out programme.

This, along with the more visible impact of illness amongst the workforce in both the private sector (reflected in loss of productivity) and the public sector (especially felt in health and education) and the problem of AIDS orphans, prompts heated public debates.

This pressure, and the fact that measures to train health personnel and ensure affordability of medicines began to kick in, prompted a national consensus on what needed to be done and an ARV programme was implemented across the country, linked to strong community, workplace and other support for compliance.

### **The state**

The public sector laboured along, experimenting with and quickly abandoning the latest fads in public management. Corruption and mismanagement was kept largely in check under the watchful eyes of the Auditor General, the dedicated anti corruption public agency and a new tabloid newspaper dedicated to expose, with missionary zeal, the shenanigans of public officials.

There were a few public sector “stars”, such as the department of social development, the social security agency, the reserve bank and a much improved department of home affairs, whose ministers and management won local and international awards for best practice.

### **Civil society, politics and the media**

In the absence of a coherent vision that could unite all South Africans, interest groups and communities mobilised around particular issues, engaging the state. Those who made an impact were either well-resourced to be able to advocate their ideas to parliamentary committees and in the media, or they were poor communities resorting to protest tactics that drew the most media attention to their plight – e.g. protests which had the potential to turn violent, land occupations, etc.

The distance between civil society and the ruling party – first evident around opposition to GEAR during the first five years – grew during the second decade. Whilst civil society was briefly muted after the results of the 2004 elections, impatience with the slow pace of

change again reflected itself in the formation of civil society coalitions and alliances around specific issues affecting poor people.

The historically white opposition parties began to attract more supporters in the black community, whilst consolidating its position in the white community. In the context of the electoral dominance of the ruling party, the media saw its role as keeping the ruling party on its toes.

The unions were another important countervailing force. There were sporadic confrontations between government and the unions, and it became an annual ritual to predict the collapse of the alliance.

The younger generations found themselves, by and large, outside these “traditional” modes of participation in society and were largely spectators in the national debates.

### **The end of the second decade of freedom**

In the lead-up to the 2007 conference of the ruling party there were many aspirant presidential candidates. Conference avoided the succession issue by separating the positions of president of the party and the president of the country. A compromise candidate from the 1976 generation became presidential candidate for the 2009 elections. In a rather boring election, the ruling party message was simple: we are on-track to meeting our target of halving unemployment and poverty. It convincingly won a majority.

The election of the new president raised hopes for more effective implementation of state programmes and economic stimulation since he had won the confidence of labour and business during an earlier tenure as labour minister. Generally, state programmes improved and during the first two quarters of his tenure the growth rate steadied at around three percent.

However, just ahead of the 2010 World Cup, a drought in the region was followed by floods in the DRC and the SADC region saw a slowdown in growth. South Africa counted itself lucky to record a two-and-half percent growth on the back of a successful World Cup (though not in football terms; Bafana Bafana was eliminated in the first round!).

Having avoided the succession issue in 2007, the 2012 Conference of the ruling party was marred by serious tensions – not only about a successor, but also about whether the bold promise made in the 2004 Elections Manifesto – of halving unemployment and poverty in ten years – had been realised. More importantly, the question was what implication failure in this regard would have for how the party would fare in the 2014 elections.

Critics of past approaches argued at Conference that continuation on the same trajectory for nearly two decades meant South Africa had reached a stage where the negatives were beginning to outweigh the positives. They cited the fact that although revenue had remained stable, social expenditure had not increased in real terms. Economic growth and

job growth were below population growth and thus, in real terms, unemployment was at the same level or worse than a decade earlier. More people were thus dependant on social grants, crowding out other state expenditure – including education, health, research and development.

Celebrations for the second decade of freedom in 2014 were marred by a huge public outcry after the human rights commission and other bodies indicated that South Africa had failed to meet the Millennium Goals and would need at least another decade to do so.

A civil society imbizo was convened in an initiative led by some of the bigger unions and a number of civil society groups. It resolved to form a party and contest the 2014 elections. The imbizo was attended by delegates from vocal youth and women’s lobbies and various sectoral organisations and groups which highlighted and firmly placed on the agenda the fact that unemployment and poverty most directly affected these two sectors.

The elections took place amidst muted celebrations and large scale apathy. Having failed to deliver on its election promises to halve poverty and unemployment, the ruling party won a much reduced majority and the new kid on the block, the Civil Society Imbizo captured 10 percent of votes.

The next five years saw a weaker ruling party, with less popular support. The government, however, continued to steer a cautious middle path between pressure from opposition parties, from below and from the markets and investors.

The pressure from the left was, in the main, mounted by the Civil Society Imbizo – both inside and outside parliament. It accused government of listening more to the markets and business, despite its claim to mediate between different interests in society.

The pressure from below increasingly also came from the younger generations. They were encouraged to aspire and make use of opportunities – yet found themselves knocking on closed doors, at glass ceilings or being excluded due to lack of experience and collateral or, more often, the lack of jobs.

### **It is our time – the liberation generation**

“The contemporary youth are the liberation generation. We are the born free cavalry, so to speak. I call us a cavalry because we are an irrepressible body of people. We live in an age of instant gratification. Some of us have become accustomed to advancements, such as 24-hour convenience stores, innumerable fast food outlets, cellphones, portable computers, the Internet, satellite television, DVDs and ATMs. These ensure that we get what we want when we want it, without having to put in a great deal of effort.” Neliswa Mbali Mtsweni (Grade 12 pupil writing in *This Day*, 26 July 2004)

The 2019 election results reflected the intense debate and sentiment in society about how post-apartheid South Africa had fared during its first quarter of a century. Some amongst the older generations, which included many of those who fought apartheid and laid the foundations of the new South Africa, clung to their “Rome wasn’t build in one day” maxim and continued to claim that South Africa had made significant social, political and

economic progress. Others of this generation believed the elections had vindicated them – finally the masses had seen through what had been an ‘elite transition’.

The debates within the liberation generation were different. Born in the late 1980’s, they were confident with technology, taking for granted their exposure to global culture and the fact that they were citizens with rights in their country of birth. Yet many were conscious that they did not enjoy full socio-economic rights, with poverty and unemployment still features of society. As a generation they could not but help being aware, if not concerned, with issues of sustainability. After all, they grew up when global warming, the energy crisis and greenhouse gases dominated the news.

The Y-generation also viewed race issues through different lenses. Although access to opportunities (education, work, capital to start own businesses) between those who grew up in the still predominantly black townships and those who grew up in formerly white suburbs were still unequal; education continued to be seen as a way out of poverty. Though their parents complained about their assimilation into “white” culture or their Americanisation, they made an invaluable contribution to a diverse, non-racial and South African culture.

This is the generation that is now pushing for change.

*“We must take on the mantle for South Africa’s second revolution. This revolution is no longer about dealing with the legacy of apartheid, but it will mobilize the energies of the new generations to make South Africa more vibrant, renewed and successful. We need renewal!”* they proclaim.

## **Conclusion**

Many South Africans warned 16 years ago that if we simply continued on the same trajectory we had been on, the negatives would start to outweigh the positive achievements we made as a society. Instead of heeding this warning, South Africa’s political leadership preferred to play it safe and avoided the bold changes that were necessary.

Our 26 years of freedom have been characterised by wasted opportunities. The new generation’s call for renewal is therefore long overdue.

### **3. Sharp right turn**

#### **INTRODUCTION**

*"Sustained economic growth, as measured by gross domestic product, is the path to human progress. Free markets, unrestrained by government, generally result in the most efficient and socially optimal allocation of resources" (Korten, 1995: 70)*

“Jobs for All!” screamed election posters still hanging from light-poles, remnants of the 2019 national election. The posters reminded – for those who could remember – of similar posters from three elections ago. The difference is that those belonged to the ANC and these belong to the New Socialist Coalition of four parties, which had just won the national election with slightly over 50 percent of the vote.

2020! South Africa has certainly come a long way since its first democratic election 26 years ago. From a country that had a deep structural economic crisis, this is a South Africa that has been obsessed with trying to maintain a high economic growth rate and has developed huge markets in various parts of Africa.

But it is also a South Africa that has succeeded in increasing the wealth gap among its citizens and in allowing a grinding poverty worse than in the past. Recently, however, the poor majority has been kept from revolting by a mixture of minimal social benefits and repression. These factors were not enough to prevent the emergence of left-wing parties that came to power on the discontent of the masses of the people.

#### **SHARP RIGHT**

Riding on the wave of its 70% percent majority gained in the 2004 national elections, the ruling party felt unstoppable. The spin-offs from the fiscal austerity of the previous decade allowed for slightly more expansionary budgets, though not quite enough to lift economic growth beyond three percent.

Domestic business confidence still lagged and foreign direct investment remained as elusive as ever. Surveys commissioned by the Presidency among local and international businesses listed such reasons as an inflexible labour market, poor skills, Zimbabwe, HIV/AIDS and high input costs as amongst the reasons for this state of affairs.

As the 2007 conference of the ruling party and the 2009 elections approached, the slow pace of growth, lack of progress with addressing poverty and unemployment became a major battleground in the succession struggles. The forerunner was a former SASO and UDF leader, now business magnate, who campaigned for president on the platform that South Africa needed to fast-track economic growth by creating an environment for business and foreign investment, speed up privatization and deregulation and aggressively build export markets in the continent and the world.

*“We must be bold!”* she urged Conference, *“and remove with speed the impediments that make it difficult for business to invest. If we want to become an African tiger, there is no middle road!”* She won, having convinced business to make generous donations to provinces with the larger number of Conference delegates and by renting branches in others. Upon the announcement of the results, a sizeable portion of Conference staged a walkout and vowed to form an alternative.

Despite this, the ANC still won a convincing majority in the 2009 elections.

### **Growth, growth and more growth**

In the next term, government aggressively implemented policies to grow the first economy, arguing that growing the pie was much more likely to lead to redistribution and poverty reduction than simply dividing up the existing pie among more and more people. Concentrating on growth, business competitiveness and a focussed manufacturing strategy, the President warned in her inauguration speech on 27 April 2009, will require choices that will not be entirely palatable to all sections of the South African population.

In the first hundred days of the new term, decisive steps were taken to cut the cost of business inputs, with privatisation and deregulation in areas such as transport, electricity and telecommunications. The Durban and Cape Town harbours would to be run by consortia of local black empowerment partners and Singaporean companies. The third and fourth fixed line national operator licences were awarded within three months of the new government’s term. The South African energy and electricity parastatal was privately run, following a management and worker buy-out.

Trade unions staged widespread protests, but these fizzled out when workers realised the considerable benefits to them from the employee share option schemes (esops) in these deals. Those who wanted to continue industrial unrest were locked out, and threatened with dismissal if they continued with their action.

Amendments were made to the labour laws, formally allowing for a two tier labour market, with less stringent protection of workers in industrial processing zones and in small and medium businesses. A national youth employment scheme was also introduced, with subsidies to businesses that employed school-leavers in learnerships and as apprentices. When the unions protested, they were berated as being selfish and caring only about themselves while millions of people were unemployed and willing to work at any price.

The department of trade and industry consolidated and built consensus among businesses for a manufacturing strategy for South Africa that would focus on exports. In addition to established markets in the North and other countries of the South, it concentrated on the rest of Africa as the most accessible markets.

Linking its policy of bringing peace, democracy and stability to the continent, South Africa’s peacekeepers and constitutional advisors were followed by delegations of business people. South African business began to dominate product delivery,

aggressively muscling its way into various African countries and undercutting local producers in these countries. The perception of South Africa as a sub-imperialist nation was strengthened.

South African business not only displaced local African competition, but also competition from the former colonial powers, arguing that Africans must trade with each other and must stop looking towards the West for goods and services that can be delivered by businesses on the continent (meaning, of course, “Proudly South African”). While a small elite in the rest of Africa benefited in some ways from South African business, the majority of Africans felt a sense of resentment towards South Africa.

Preparations for the 2010 World Cup saw an increase in foreign and domestic investment, with domestic business confidence at an all-time high. Domestic private investment also grew; particularly in the value-added and capital-intensive export orientated sectors. Enclaved growth in the first economy meant continued high demand for skilled people and a growing middle class. A number of industrial processing zones were formed across the country, producing goods for export to the rest of Africa at low cost. Bilateral relations with China also saw South Africa doubling its exports in response to the resource needs of this giant.

Riding on the post World Cup boom, and with the possibility of attracting even more foreign direct investment, the government moved to create an even more business-friendly environment. Corporate taxes, which had already been decreasing since GEAR, were slashed to an all-time low of 16 percent.

**But, there is Zimbabwe on my stoep...**

South Africa’s highly publicised growth rates strengthened perceptions in the rest of the continent that it was the place of gold. Despite the resentment they felt towards the self-proclaimed ‘engine of Africa’, many immigrants continued to flood into the country looking for better opportunities. For the South African poor, the foreigners were convenient scapegoats and xenophobia began to increase.

By 2012, Zimbabwe provided an additional opportunity for South Africa to show its leadership, as the internal situation in Zimbabwe deteriorates. As chair of the SADC organ for peace and stability, South Africa invaded and occupied Zimbabwe briefly, before instituting a puppet government.

Zimbabwe, South Africans argued, had destabilised the region for too long and kept away potential foreign investors. It was our duty to maintain stability in the region.

And the approach of regime change worked! With the Zimbabwe problem off the map and with a regional strongman willing to maintain order, foreign business was more enthusiastic about investing in South Africa, Zimbabwe and the rest of the region. Good for business, but it increased African anger towards South Africans.



## **Leapfrogging the technological divide**

Growth at four percent had energised business, but globalised competition resulted in lean business organisations, despite the flexible labour laws. Government manufacturing strategy meant shifting public resources to invest in research and development in a selected few high-tech sectors. Rapidly advancing technology was chosen as a key driver of economic activity. Audacious investments were made in areas like nanotechnology, biotechnology and energy. Expenditure on research and development rose to three percent of GDP.

In order to maximise profits, business needed to look for ways in which to drive production costs down. Technological developments led to automation, the use of robotics and artificial intelligence (AI), all of which began taking the place of labour. The fuzzy logic of the 90's was fundamentally changed to levels of artificial intelligence that rivalled the intrinsic logic of most semi-skilled humans. Human beings could not match the efficiency of intelligent decision-making, the tremendous volumes of data processing that AI-equipped systems could or the productivity of machines. Machines didn't need lunch breaks, leave or time off and didn't have children or get sick. They worked 24-hour shifts. Human labour was simply unable to compete. This resulted in a significant shift towards a demand for highly skilled labour since technological complexity required higher levels of skills and expertise.

## **And nukes are good...**

South Africa also capitalised on global consciousness about global warming, climate change and the consequent international demand for fuel cells. South Africa harnessed its platinum resources in the manufacture of proton exchange membranes used in fuel cells that operate on hydrogen.

The development of technology for the utilisation of nuclear energy was hailed as amongst South Africa's achievements and plans were made to export it all over the world. South Africa's nuclear programme, however, suffered serious setbacks at the hands of well-organised and increasingly militant environmental activists. Product embargoes and trade wars started including justifications based on the energy sources used in the production of the products.

## **Centres of excellence**

By the time the new government took over, good quality education, which was a way of delivering to black people the opportunities denied to previous generations, had become accessible only to the wealthy (either in former Model C or in private schools). For the poor, education was weak in content and delivery due to ever increasing costs driven by implementation inefficiencies.

Most school leavers from the bottom half of the two-tier school system could not find jobs. An independent report indicated that the skills taught at school were insufficient to equip the majority of young South Africans to find productive work without further

education and training, once they had left school. Universities drew their new entrants, black and white, mainly from the former model C and private schools.

The president, a former teacher herself, and her minister of education promised that her government would get a handle on the skills problem. A policy to create “centres of excellence” was implemented; 400 primary and secondary schools across the country, mainly in poor areas, were identified. With a loan from the World Bank and with generous donations from business through the Nelson Mandela Children’s Fund, these schools were equipped with libraries, science and computer labs. Teachers were recruited with competitive salaries and benefits, despite loud protests from teachers’ unions. Schools were supported to go on aggressive talent identification drives for learners and all of them had long waiting lists.

As results improved in these selected schools, they begin to compete and some of them overtook the private schools. The rest of the public schools system lumbered along, envious of the centres of excellence in their neighbourhoods.

The merger of universities that was completed in 2006 simply reproduced the two-tier system. The majority of historically white universities, which started off with an advantage, still formed the upper tier, with graduates from those finding it easier to find jobs as the demand for high skills continued to grow. They were able to develop research and development tailored to the needs of the economy and were generously supported by business and the DTI.

Of the historically black institutions, only Fort Hare, Turfloop and the Richard’s Bay Institute of Technology (formed from a merger between Ngoye and a technikon) joined this league. Turfloop’s faculty of mining (providing skills and research for the growing platinum industry in the province) had overtaken the Wits faculty in private sector endowments. The Fort Hare School of Governance became the premium training ground for political and public sector leadership from the SADC.

All these universities competed for the best students from the “centres of excellence” and from private schools. Numbers at universities in the second league continued to fall, mainly because most of their students were drawn from the *yizo yizo* schools and were generally unable to pay their fees.

### **Lean and mean**

Far-reaching reforms also swept through the public sector. The rightsizing of the state, which previous governments had prevaricated about were completed. Managers from the private sector were brought in to turn around key departments and programmes. Government also cherry-picked recruits from the centres of excellence and first league universities to build a more professional public service.

Provincial government was scrapped to reduce inefficiencies and to free up financing in order to focus on making local and national level government more effective.

Public sector unions were either co-opted by drawing their leadership into management, or shouted down as being unpatriotic for not wanting improved service delivery. They received little public sympathy since most recipients of the government services still remembered the poor quality of the *batho pele* services of yesteryear.

The criminal justice system is one arm of the state that grew, harshly clamping down on crime to make South Africa a safer place for investors, business and tourists.

### **We have turned the corner**

The ruling party approached the 2014 elections and celebrations of the second decade of freedom with confidence. With a booming export sector and average growth of four percent, the government pointed to this as a success story. The President was the darling of the media and business and won *The Times* “Man of the Year” award. South Africa was hailed by the World Bank as an example that its policies could work if properly implemented.

The President does, however, recognise that the benefits may not have trickled down to the poor as fast as had been promised. In an opportunistic gesture of largesse, she promised in her election campaign to raise corporate taxes by one percent to help pay for the introduction of a Basic Income Grant and the reintroduction of free basic services, which had been discontinued in 2009.

### **Then why are the natives getting restless?**

The picture of South Africa as an African tiger obscured serious underlying problems. For all the benefits that technological advancement had to offer, they came at a price. The gap between the educated and skilled from the private schools and the schools of excellence and others became wider.

Government turned a blind eye to dwindling resources and increasing pollution in its pursuit of growth at all cost. The demands of a growing economy driven by rapid technological developments placed a significant burden on the environment. Water shortages became more severe over the years.<sup>[f1]</sup>

The export orientation drive, move towards competitiveness and relaxation of labour laws also resulted in a gap between those fortunate to be part of the BEE and ESOP deals or who had the skills and the unskilled and poorly educated. For unskilled workers, finding and staying in a job became a battle. The situation was not much better for those working class people fortunate enough to be employed; many in sweat shops in the export processing zones.

South Africa was therefore been living in a paradox of healthy growth rates with sustained unemployment, unsustainable use of its natural resources and degradation of its environment.

Until higher growth became entrenched in 2013, government had implemented cuts in social spending, with people having to pay more and more for the more efficiently delivered social services. This resulted in a great deal of mainly localised social unrest, with fewer and fewer amongst the poor able to afford these good services.

With its policy of economic growth before development, public expenditure meant to address the backlogs in water, sanitation and electricity were diverted towards research and development and towards investor subsidies.

Government's aggressive privatisation policy had meant that even the provision of basic services (such as water and sanitation) was now outsourced to the private sector. This resulted in an even greater distance between poor people and the government they elected.

Disillusionment and frustration drove unhappiness and protests towards service delivery organs of the state. Illegal reconnections of water and electricity had continued.

[12]

Government was increasingly unable to convince the masses that the crumbs from growth will eventually get to them. Critiques of the growing gap between the rich and the poor could no longer be silenced through labels such as “unpatriotic”, “unrealistic” or “ultra-leftist”. The state resorted to repression in order to maintain law and order and protect a stable and safe environment for investment. Restrictions on constitutional freedoms was the only way to maintain a sufficiently high growth rate.

## **SHORT LEFT**

Participation in the 2014 elections and celebrations of the second decade of freedom reflected the growing divisions in society. The rich and middle classes had much to celebrate while for the poor under classes the elections; the celebrations and inauguration were yet another opportunity for the haves to display their good fortune.

By 2014, the majority of voters were young and first-time voters who did not have the same loyalties as those who had suffered under apartheid. They, along with older people who had much expectation of freedom, stayed away in large numbers, and voter turnout were the lowest in the history of South African democracy.

In the lead-up to the elections, activists and unionists formed a number of radical left parties to contest the elections. Not surprisingly, and despite the repression, four such parties did win a sizeable number of seats in 2014, jointly making them the second biggest opposition group. The ANC lost support, but managed to maintain a majority by making inroads into the White constituency.

The results provided a further incentive for government to introduce its election promises of a basic income grant and free basic services. It was, however, too little too late. The four leftist parties formed the New Socialist Coalition to contest local government elections, and became the official opposition in many councils.

The election results shocked business, who saw a looming spectre of Zimbabwe. Business confidence took a dip and in order to restore confidence, government cracked down on protests, with even severer repression. Growth slowed down to two percent, with capital and skills flight a constant threat.

Celebrations of the first quarter of a century of democracy in 2019 were muted, and South Africa has clearly a deeply divided society.

In elections that year, the New Socialist Coalition won the elections with 52 percent of the vote; the DA remained the official opposition (20 percent) and the ANC came in third with 19 percent of the vote.

#### **4. All aboard the dual carriage way**

"... (our) commitment to create a people-centred society of liberty binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear. These freedoms are fundamental to the guaranteed of human dignity."  
*President Nelson Mandela, Inaugural Address to Parliament 1994*

##### **Introduction**

The celebrations of a quarter of a century of freedom last well into 2020. South Africans of all ages, social status and national groups agree that despite many challenges still facing them as a society, there is much to celebrate.

Hailed as a political miracle for its negotiated political settlement in the 90's, South Africa is now also considered a social and economic miracle. Not only did it reach all the Millennium Development Goals, but it has eliminated the apartheid backlogs in social infrastructure and services, as well as its education and skills deficit. The number of people living in poverty has fallen to 15% and annual GDP growth has doubled over two decades.

The President, in her state of the nation address to Parliament, proudly announced that for the first time, not a single South African lives in destitution, that we have at last won freedom from hunger and want for all. Living in rural areas or former (black) townships no longer means a life sentence of deprivation and marginalisation.

South Africa's economy is truly mixed, with a large community enterprise and cooperative sector, an even larger small business sector as well as private corporations, public private joint ventures and parastatals.

This mix reflects the remarkable success of a strategy to bridge the divide between the country's two parallel economies by investing in sustainable and productive livelihoods for the poor, through diversification and growing new sectors of the formal economy. Building an inclusive economy required, above all, cooperation to provide opportunities for all South Africans to participate in the economy.

SA is a point of reference in the world for a people-centred and environmentally friendly growth and development strategy.

Citizens of the South African nation, young and old, black and white, men and women are justifiably proud that despite the enormity of the obstacles, they are building a just, non-racial and non-sexist society, with opportunities for a better life within the reach of all South Africans.

##### **The long walk**

The 2004 national elections and reflections on the first decade of freedom sparked a national debate about what needed to be done during the second decade to address the fault lines identified by one of the earlier presidents in a speech on the 'dual economy'.

Oil price shocks, US global hegemonic policies and wars, ethnic violence in Rustenburg and mass protests around housing in Soweto and the increasing social and economic toll of the Aids pandemic further brought home the fact that the window of opportunity to effect fundamental change may be closing and that time was running out.

This came against a backdrop of South Africa's poor growth performance compared to other developing economies: South Africa grew by an average of 2.8% per year from 1991-2002, compared with Nigeria, Botswana, Algeria and Mauritius, who all recorded average growth rates of above 6% during the same period.

Also, poverty levels had not dropped and inequality had in fact, increased. There was increasing activism and agitation around the lack of delivery of basic services, slow transformation in the economy, poor access to welfare benefits, and the slow pace of land reform.

South Africans accepted that extraordinary efforts would be required to reach the Millennium Development Goal of halving poverty by 2015 that political democracy would struggle to flourish if the mass of people remained in poverty and were unemployed and if inequality was still such a pervasive feature of our society.

### **Planting the seeds**

Democratic South Africa was keen to learn from best international policies and practice in developing solutions that it faced. However, importing solutions would not be enough. It also needed to draw on the strengths, experiences and wisdom of its own people and history. One such strength was its active citizenry, organised as communities, associations, sectoral organisations, as social, business and political movements or simply and as individuals making a difference.

As the first decade of freedom drew to a close, an increasing number of calls were made from different sectors of society for an inclusive economic and social development path. The emerging consensus was that South Africa needed to do more and to do it faster, in order to address the problem of poverty.

During the first few years of the second decade of freedom, much emphasis was placed on strengthening developmental local government and local participation. Communities, civil society and local government came together to map out ways of moving out of the downward cycles, characterised by low levels of economic activity – especially in townships, informal settlements and small towns and rural areas. These local conversations helped to identify examples of initiatives – many of them small-scale – to address the problems that they faced.

Through such formal and informal consultations, there was a growing consensus that for these seeds to grow, there needed to be support for and an enabling environment that nurtured such initiatives. The robust discussions at local level, finding expression in their Integrated Development Plans, played an important role in influencing national debates and policy. They gave impetus to discussions on the need for a two track path: on the one hand, interventions into the second economy to improve the productivity of the informal sector and build sustainable livelihoods and, on the other hand, the transformation of the first economy so that it could become more inclusive and meet the needs of a developing country.

## **SUSTAINABLE LIVELIHOODS: INCREASING PRODUCTIVITY OF THE INFORMAL SECTOR**

Building sustainable livelihoods by increasing the productivity of the 23 million people living below the poverty line required concerted and united efforts to build and support the capabilities (education, health, information and knowledge), access to finance, as well as the means of living (food, assets and income) of poor people in the sprawling townships, informal settlements and in rural areas. It also required conscious involvement and planning to ensure that these efforts met the needs of women, youth and vulnerable groups. During the first five years, a few lead programmes were prioritised.

### **Local is lekker**

Key amongst these lead programmes was capacity building for developmental local government, including redeployment of senior public servants from provincial and national levels, secondments from the NGO and private sectors to this sphere of government. This developmental role of local government was aimed mainly at improving planning, ensuring integrated service delivery and ensuring participation by communities in identifying their own priorities through effective and transparent implementation of the integrated local planning processes.

Local government also played a key role in mobilising social capital – ensuring community participation and using resources and knowledge within communities to identify needs, agree on priorities and to ensure that programmes reached the target groups. The programmes coordinated and implemented at this level ranged from the expanded public works programme, registering all people eligible for social assistance and free basic services, providing common land for food gardens in urban areas to negotiations with farmers around land availability for redistribution and the provision of agricultural support services.

At this most local level, conscious efforts were also made to move away from the geography of apartheid separate development, through urban and town densification which ensured that new housing settlements were built near social and economic amenities, reducing transport and other service costs.

### **Meeting basic needs**



Social programmes focussed on improving the quality and appropriateness of public education, access and the quality of health services, basic services (water, sanitation, energy, housing), programmes to address income poverty and investment in infrastructure.

Education and training became a national priority and government and the private sector commit themselves to eliminate – within five years – the backlogs in all schools that lacked basic amenities such as toilets, running water and classrooms. Programmes that had already started during the first decade in Gauteng and the Western Cape to ensure that all schools had computers and were linked to the Internet were extended to other provinces.

Outcomes-based education was introduced in a more focused manner – with adequate support and training of teachers, learning materials and textbooks. Primary and secondary school curricula include “life skills training” to equip learners with practical skills that would promote initiative and enterprising and sustainable development. Specialisation of education occurred at secondary level, with streams focussing on technical and ICT programmes, construction, entrepreneurship, sciences and arts. Post secondary education and training became more widely accessible through centres of dedicated skills training.

After many stops and starts, an effective and comprehensive treatment programme became universally available as the health system was strengthened and became more effective. Local government – working with community development workers, NGOs and CBOS – played an important role in initiating, coordinating and supporting prevention, treatment access and compliance and home-based care programmes.

The state and private sector, in attempting to grow the health sector, invested in establishing centres of research and development to investigate diseases. This enabled South Africa to later become a leader in addressing new and emergent diseases.

Community development workers also played an important role in helping identify local needs and developing community projects. As a result, more early childhood development centres were set up in communities, increasing the school-readiness of children and freeing parents to engage in economic activity. This was paid for on a sliding scale depending on the income of each household. Community food gardens, developed on household plots, at schools and pre-schools and on common land made available by local councils, also contributed to food security.

### **Local economic development**

A variety of local economic initiatives were supported by the state development finance agencies and local business chambers. The increased role of local government in facilitating development and the involvement of local communities started to bear fruit. The following projects emerged:

- Community based alternative energy provision such as a small company in Umlazi which developed a cheap product to replace paraffin. The Nelson Mandela Metro

developed an energy generator using wind and an entire village in Polokwane shifted to solar power for its energy needs.

- In Mpumalanga, Free State and KwaZulu Natal there developed successful steel manufacturing projects. These started in 2007 and grew tremendously by 2011. Products were used for building materials and ploughing. The products were developed by what became known as “Black Smiths” because of the techniques they used to produce these products.
- An aggressive, yet inclusive, land and agricultural reform programme saw a sharp increase in small-scale and organic farming, for local as well as export markets. Processing of basic foods was also encouraged, making staple foods like mielie meal, vegetables, flour and samp available at affordable prices.
- Following amendments to the banking regulations, a major black economic empowerment player partnered with stokvels in Soweto to form a Soweto community bank, which provided finance at competitive rates to local businesses and for community development. This became so successful that it prompted other communities to follow suit and form community banks in partnership with other black businesses or with established financial institutions. The establishment of these ‘new generation’ finance institutions improved access to capital for many people.
- Local communities began harnessing indigenous knowledge. For example, growing aloes and beneficiation in the Karoo where cosmetics and tequila began to be produced. Communities in Namaqua partnered with formal sector firms that provided research and infrastructure to develop medicinal and other products based on indigenous knowledge.
- Community housing cooperatives, accessing state housing subsidies and finance from banks, become the main vehicles for meeting the housing backlog, as well as meeting new housing needs. As community-based initiatives, they took the necessary steps to prevent bond defaulting by negotiating with individuals and financial institutions. More established estate agents eventually caught on to the potential of the virtually untapped township housing market. At last, housing for the poor has become an asset, which they could use for their advancement.

Such projects were replicated and served as examples to communities and local government in other parts of the country. Some energy projects grew into large-scale projects and others were used as pilot studies by the department of minerals and energy to determine their sustainability.

All communities in South Africa were energised by 2015, at relatively low cost, as power sources increasingly became localised. The introduction of accessible and affordable power enabled communities and local entrepreneurs to increase productivity. South Africa receives a number of international awards for its low-tech innovations that were widely used in the developing world.

Development programmes – including training, learnerships and the provision of targeted infrastructure – provided opportunities for unemployed youth to engage in productive activity. The youth, with their energy and willingness to take risk, became the champions of community projects, accessing funding nationally, e.g. through the various statutory and civil society youth development agencies and municipal development grants. The

private sector eventually came to the party, realising that it was missing a business opportunity.

### **Information is power**

Multi purpose community centres were established in every municipality, some funded by government and others by the private sector or donors. They served as centres of information on plans and programmes of the local municipality and community groups, as well as providing general information on government services. The multi purpose centres provided access, in urban and most rural areas, to the latest ICT infrastructure and innovations, enabling many millions of people to benefit from information and communication.

Community centres also provided venues for local markets where people could sell and exchange. The centres provided information on training, education, entrepreneurship programmes and services. They served as points of application for state and private sector credit schemes, information about innovative local economic programmes and low-tech industrial endeavours appropriate to local needs/ resources.

### **GROWING AN ECONOMY FOR ALL**

The sectoral charters aimed at developing a growth and black economic empowerment strategy for different sectors were integrated into a unified growth strategy aimed at diversification of the economy. A range of sectors where South Africa has competitive advantage – such as health services, research and development, cultural industries, tourism, food processing, ICT, beneficiation, manufacturing and so forth were identified and supported by government.

Strategies and plans, research and development were put in place to grow these sectors and to ensure that SMEs, black people and women have a significant presence. The sectoral strategies were supported by national and provincial development finance agencies, the relevant sectoral education and training authorities and universities, working with research councils.

The diversification of the formal sector was based largely on the processes of adding value to available resources and moving away from the single cash crop mode of extraction and production. The mining sector provided ample opportunities for development of secondary beneficiation manufacturing; agro-processing built on agricultural production aided by investments and developments in biotechnology, including in indigenous resources such as aloes. And the advances in research and development at the national level informed local economic development.

Initial investment by the private sector into the new strategy was cautious, but as increased public sector expenditure in the second economy grew the internal market, the private sector steadily increased its investment in the economy as a whole. Government assisted by creating incentives for the private sector in terms of training and skilling of staff. Further incentives and joint partnerships were created for new business

development and government brought in more funding. The financial sector agreed to a policy of community reinvestment, and met the initial targets agreed to as part of the financial sector charter.

The debates and practice of black economic empowerment also shifted from what it had been before 2004. Though there were still a few big black empowerment deals, the leading lights of black empowerment became young entrepreneurs who were less risk averse and more confident about their ability to succeed. The department of trade and industry and development finance institutions helped kick-start this culture of entrepreneurship, facilitating access to capital and markets. A youth venture capital fund, championed much earlier by the youth movement, was set up and became yet another example of an effective public sector agency.

Targets for skills development, employment equity and job creation set between 2004 and 2006 were also realised. This led to visible changes in the skills profile; representivity in middle and top management layers; and resulted in increased employment. After initial resistance, the public and private sectors began to address the yawning wage gap so that a proportion of 1:12 was reached by 2010. As the benefits of became widespread, it receives support from cross-section of society.

Government encouraged and granted incentives to financial institutions to provide start-up capital for small businesses. In 2005/6 the government set a target that 5% of investible income from retirement funds should be made available for productive investment. As a result, there was soon an increase in available domestic investment. This was used to build plants for industrial development and to sustain development funds.

Growing economic activity and productivity in the informal sector increasingly saw big business investing in community projects and business ventures – hoping to benefit from what were promising opportunities. The growth of other sectors contributed to a diversified economy. The growth of the small business sector created competition and helped break the monopoly/oligopoly status some companies had enjoyed.

The development of beneficiation industries and of a strong research and development sector attracted an amount of foreign direct investment, which, in turn, accelerated developments in these sectors.

The economy, as a consequence of these developments and of increased domestic demand, grew at an average of 4 to 5 percent per annum. The benefits of this growth were greater than had been anticipated. Although the formal economy had grown, the overall growth was largely due to the small business sector, an increase in productive activities and demand in formally marginalised communities.

These growth percentages, however, did not record the full value of economic activities taking place, excluding activity that arose from greater cohesion and increased economic activity in communities.

## **A developmental state**

Building an effective and developmental state was another key pillar of the common national vision. Agreement was reached on the need for an expansionary fiscal policy to finance investments in the second economy and to crowd in economic growth generally. This was done through sustainable increases in the budget deficit and through taxes.

At the start of his second term in 2004, the president committed his government to deliverable targets; government performance measurers were published and made available at local government offices for public scrutiny and monitoring. Reporting back on progress in the state of the nation address in 2006, government announced the formation of a high-powered ministry to more effectively coordinate the implementation of the new strategy. The ministry reminded some of the 1994 RDP ministry. The president also announced the sacking of three ministers for failure to meet targets set for the previous year.

Concerted efforts were made to improve the functioning of the public sector at all levels. This happened as a result of a combination of changes introduced from the top (to bring it in line with the new vision) but, more importantly, because of pressure from below: from communities, social movements and individual citizens who increasingly refused to accept poor services and corrupt practices from those who were there to serve them.

A single public service, incorporating all three spheres of government was finally formed, allowing for a smaller bureaucracy, greater project management capacity and for a revolving door policy, which attracted the most skilled people into the public sector. Chronic shortages of staff and resources in key areas of social delivery such as health, safety and education were also addressed. The various anti-corruption agencies, working closely with the citizenry, become more effective in clamping down on all forms of corruption.

## **END OF THE SECOND DECADE OF FREEDOM**

The celebrations at the end of the second decade of freedom focussed on the achievements made in reaching the Millennium Development Goals. The earlier strategy developed nearly a decade ago was reviewed and updated to address new challenges facing the society.

### **Democracy and activism**

The development path that South Africa had charted built and supported a strong activist and community culture, which had previously – during apartheid – been a feature of our society. As people looked to their local councils and members of parliament for delivery in terms of priorities which they were part of setting, there was an increase in the sense of accountability between councillor and constituency. To take this spirit further, South Africa also adopted a mixed proportional representation and constituency based system at national and provincial government levels after the 2014 elections.

With the development of local economic and developmental activities, the tasks of local governments increased and they were strengthened. As a result, parliament decided to shift more delivery functions to local government. In 2014 a decision was also taken to phase out some provincial government functions.

As the institutions of the state, including the criminal justice system and various oversight bodies more visibly acted in the interests of ordinary people, confidence in these institutions grew.

### **Changing values**

The changes in South Africa have been possible only through the deliberate cultivation of a culture of dialogue, participation, responsibility and collective action. It also went along with gradual change in society's values, from an individualistic "get rich quick" attitude to an awareness that sustainable development is about making conscious choices and trade-offs.

Though consumerism still exists in our society today, it is no longer the main driving force. There are many opportunities for individuals who wish to get rich, but they exist within a society that cares, is socially responsible and is committed to providing everybody a decent standard of living and opportunities for fulfilment. The unemployed youth who were champions of these projects improved their lives and those of their communities. The "me, myself and I" generation realised that there was a world greater than just short-term personal satisfaction. There developed a greater sense that anything was possible for us as a nation and that with more innovation and a better utilisation of resources human desires could be fulfilled.

The change in values and attitudes did not come easily. It was negotiated within society and everybody's views were considered. But ultimately there was a realisation that all South Africans were "in this thing together" and that success or failure was could only truly happen if everyone makes a contribution. Further, it was only possible because the society was willing and able to meet the needs of all – especially of the poorest.

South Africans are today justly proud of our heritage, but we accept that the new generations will have their own interpretations and must be encouraged to innovate and explore, as citizens of South Africa, Africa and the world. The greater social cohesion also resulted in a greater sense of belonging and ownership among all South Africans.

This new sense of being South African also saw cultural industries as among the fast growing economic sectors, reflecting the diversity of South Africa's people. South Africans increasingly embrace multi-lingualism, not only adopting South Africa's official languages, but also other languages of the continent and the world.

## **Conclusion**

As South Africans celebrated a quarter century of freedom last year, we agreed that we have within our grasp the possibility of creating a society, which can guarantee its citizens' freedom from want and hunger.

This, we now agree, was only possible because we deliberately and boldly set out to find solutions and define a path for ourselves as a nation. We did so by recognising multiple voices, by encouraging participation and debate and a culture of working together.

This was also possible because we worked tirelessly with others on the continent and the world to create a more peaceful and just world.

## **PART 5: THE FUTURE WILL BE WHAT WE MAKE OF IT**

Four different endings, four different paths. The group agreed that the extent to which we have bold, ethical, service-orientated and visionary leadership in all sectors and at all levels of our society will play an important role in determining the paths we chose and whether we succeed or fail as a nation.

National cohesion, we believe, can only flourish on a strong foundation of development, and the eradication of poverty, economic growth, social activism, democracy, solidarity and participation.

*A condictio sine qua non* is the need for collective appreciation of the complex challenges facing our society and that to address them may require changing attitudes and direction. Without a shared appreciation of the challenges we face, partnerships will be difficult to build. We also appreciate that high levels of maturity will need to be exercised in arriving at the trade-offs that will inevitably need to be made.

We call for enduring partnerships seeking win-win solutions but we appreciate that the politically and economically strong will have to support the weak for the optimal development of our society. A caring society will only emerge if we forge such symbiotic partnerships based on social solidarity and a common desire to uplift our society and reduce its inequalities.

As a group, we hope that these scenarios will contribute towards debates as we look forward to our second decade of freedom. We hope our scenarios will force others, like the process did for us, to think outside the conventions and to examine innovative solutions to the immense problems that our society faces.