

Transformation Deferred: Disparate Development in Post-Apartheid South Africa (1994-2004)

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<p>Journal Volume & Issue: Vol.5, No.1 (Feb, 2024) pp. 128 – 155</p> <p>DOI: https://doi.org/10.46404/panjogov.v5i1.5364</p> <p>Received: 26 May, 2023 Revised: 14 December, 2023 Accepted: 20 Feb, 2024 Published: 28 Feb 2024</p>  <p>Copyright: ©2024 by Jimma University, Ethiopia. Under Open Access Journal, the creative common attribute 4.0 international license permits any interested person to copy, redistribute, remix, transmit and adapt the work provided that the original work and source is appropriately cited.</p>	<p style="text-align: center;">Abstract</p> <p><i>The role of the state in promoting development and economic transformation in South Africa has been the subject of diverse viewpoints and discussions. With the transition to democracy in 1994, progress on various socio-economic indicators has been achieved due to the macro-level programs instituted by the African National Congress (ANC) led government. The current economic situation in South Africa, influenced by globalization, involves various powerful entities such as global and national capital, the apartheid elite (mostly white), and the emerging black elite connected to the ANC. These dynamics have an intricate impact on the working class, reshaping power structures in the country. This article delves into the developmental impact of key socio-economic programs of the ANC, notably the Reconstruction and Development Program and the Growth, Employment, and Redistribution Plan. It explicitly examines access to basic services like housing, electricity, water, and sanitation, shedding light on their impact. The focus also extends to the persistent issues of unemployment and resulting income inequalities within South Africa. These programs' effects on these societal challenges are thoroughly analyzed. Ultimately, the article highlights the starkly unequal developmental outcomes, showcasing how significant portions of South African society remain excluded despite these initiatives.</i></p> <p>Keywords: <i>Political Economy, South Africa, Race, Class, Development</i></p>
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Introduction

The role of the state in promoting development and economic transformation in South Africa has been the subject of diverse viewpoints and discussions. This article attempts to critically evaluate the macroeconomic policies instituted under the democratic South African government. It seeks to analyze whether they have fostered large-scale transformation in the socio-economic conditions of its citizens. This question is framed and explored through a political economy

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assessment of the intended aims of the various macroeconomic policies of the African National Congress (ANC) led government during the first decade of democracy that spans the Nelson Mandela and Thabo Mbeki (the first term) presidencies, from 1994 to 2004 and its actual developmental impact. The following introductory section begins with a discussion on the motivation and background of the article. A brief survey of the literature is set out thereafter. The subsequent sections present a historical background to the evolution of the ANC-led government's macroeconomic policies, the key actors involved in the process, and its eventual developmental impact on employment and income distribution. In analyzing these key factors, the attempt is to present a scenario where the changing patterns of class formation, race relations, and income distribution have come to be characterized by increasing inequality within South African society.

Freedom Charter and Will of the People

Since 2012, South Africa has been experiencing a spate of protests termed as 'service delivery protests.' Many of the protests were characterized by violence, looting, and destruction of property. The situation came to a head with the internationally reported "Marikana Massacre."⁹ of August 16, 2012 (Satgar, 2012). The violence that ensued between South African police forces and striking unionists resulted in the killing of 44 people, a majority of whom were mineworkers (Satgar, 2012). Reflecting on the South African public's anger against the growing inequality and poverty in the country, radical sections of the ANC made vociferous demands for the nationalization of all mines as a measure to distribute wealth more equitably (Cherian, 2012). These demands, in a certain sense, echoed the seminal document - the Freedom Charter¹⁰ (Department of Education, Republic of South Africa, 2005)- a statement of the core principles for a democratic South Africa of the future, adopted in 1955 by the South African Congress

9 The clashes involved South African Reserve Police, Lonmin security officers, members of the National Union of Mineworkers (NUM), and striking mineworkers of the platinum mine owned by Lonmin in the Marikana area of South Africa.

10 The Freedom Charter (2005) envisioned a non-racial South Africa, where "The People Shall Govern!" and where everyone would enjoy equal access to the law, land, wealth, and well-being. With the democratic elections of 1994, a new Constitution was adopted, including many of the sections ratified in the Freedom Charter (2005), including equality of race and language. However, it did not include sections that called for land redistribution and industry nationalization.

Alliance, which consisted of the ANC and its allies, the South African Indian Congress, the South African Congress of Democrats, and the Colored People's Congress. The Charter would often be invoked by the ANC during the following decades as its guiding economic and political doctrine. As Hein Marais pointed out, the 'will of the people' was seen in light of the possibility of a post-apartheid South Africa where "...liberal democratic rights could be combined with a welfarist socio-economic order" (Marais, 2011, p. 22).

The democratic elections of 1994 ushered in the ANC-led government. Its many challenges included tackling chronic poverty, unemployment, and the highly visible inequality between the predominantly rich whites and the poor blacks. In order to address these issues of broad-based socio-economic development, the government instituted a combination of macroeconomic policies, including the Reconstruction and Development Programme (RDP) in 1994 and, soon after, the Growth, Employment, and Redistribution (GEAR) program in 1996. However, two decades after the transition to democracy and implementation of these macroeconomic policies, large sections of South African society are yet to witness the economic and social transformation envisioned by the Charter's founding principles. Data related to livelihood, employment, access to basic services and other indices of development are indicative of the despondent situation of South Africa's masses. For instance, Naomi Klein noted,

“... between 1991 and 2002, the unemployment rate for black South Africans more than doubled, from 23 percent to 48 percent. Of South Africa's 35 million black citizens, only 5000 earn more than \$60,000 a year. The number of whites in that income bracket is twenty times higher, and many earn far more than that amount” (Klien, 2008, p. 206).

The problems plaguing post-apartheid South Africa have given rise to a new economic reality that still separates South Africans along racial lines. In analyzing the situation, Marais stated, "Two very different worlds have emerged within the country – one with affluent first-world standards applying mainly to white South Africans (9.2 percent of the total population), and the other, an impoverished world, populated by the majority of its black population who make up approximately 79.5 percent of the total population of the country" (Marais, 2011, p. 43).

In light of the above, this article attempts to analyze and assess the objectives and subsequent impact of the ANC's pursuit of these macroeconomic policies, with a specific focus on issues of access to basic services, opportunities for employment, and income inequality.

Research Questions

In light of the above, this article attempts to answer the research questions below: i) How did the policies implemented in post-apartheid South Africa between 1994 and 2004 contribute to or hinder the reduction of socio-economic disparities across different sectors and demographics within the country?; ii) What were the key factors and mechanisms that perpetuated disparate development patterns during the first decade after apartheid in South Africa, and how did these disparities manifest across various sectors and communities?

Methodology

The study adopts a political economy approach to examine the interplay of political, social, and economic factors in shaping the trajectory of post-apartheid South Africa. The research design for this study is a qualitative case study. Employing a case study approach allows for an in-depth exploration of the specific context and dynamics of South Africa during the chosen time frame – 1994 to 2004. This approach is well-suited to capture the complexities of the political and economic transformation processes within a specific country.

A comprehensive review of relevant primary and secondary sources was conducted. This involved examining policy documents, government reports, academic articles, statistical data, and other publicly available sources related to the political and economic developments in South Africa during the specified period. Several socio-economic policy documents were significant in shaping South Africa's political economy between 1994 and 2004. Some of the key policy documents during this period include:

Reconstruction and Development Programme (RDP): Introduced in 1994, it aimed to address socio-economic disparities inherited from apartheid through infrastructure development, job creation, and social services.

Growth, Employment, and Redistribution (GEAR): Implemented in 1996, GEAR focused on macroeconomic stability, privatization, and liberalization to stimulate economic growth, job creation, and reduce poverty.

White Papers: Several White Papers were issued during this period, outlining specific government policies in various sectors such as employment, health, education, land reform, and more.

National Development Plan (NDP) (1994-2004): The government formulated strategies under the NDP to guide the country's socio-economic development and address unemployment, inequality, and poverty.

These documents reflected the evolving strategies and approaches of the South African government in addressing socio-economic challenges and driving development within the post-apartheid era. The purpose of document analysis was to gain a historical understanding of the policies, programs, and institutional changes that shaped post-apartheid South Africa.

The collected data was analyzed through a thematic analysis approach. Thematic analysis involved identifying recurring patterns, themes, and concepts within the data. The analysis was guided by the political economy theoretical framework, focusing on understanding the power dynamics, institutional arrangements, and economic structures that influenced the development outcomes in post-apartheid South Africa.

Review of Literature

Academic and policy debates concerning development in contemporary South Africa have often revolved around the competing developmental models espoused by the Government of South Africa at various times. Following the transition to democracy in 1994, the ANC-led government promoted development as its first and basic principle of state policy. The initial contest over economic ideas had emerged between competing views on economic management. On the one hand, the old regime advocated the neoliberal Normative Economic Model (1993), and on the other, the ANC supported the Keynesian approach based on the Macroeconomic Research Group (MERG) Report, 1993, and the Reconstruction and Development Program (1994) (Padayachee, 2006, p. 2). A similarly fierce debate was witnessed within the ANC, between the older left-leaning factions and a section of the emerging neoliberal political elite from within the Congress Alliance representing the ANC, the Congress of South African Trade Unions (COSATU), and the South African Communist Party (SACP) (Padayachee, 2006, p. 3). The latter group eventually emerged successful, with the MERG report being shelved in favor of the RDP. The RDP, which was initially showcased as serving the real development agenda of the ANC alliance, was then replaced by the Growth, Employment, and Redistribution (GEAR) Plan (1996), which emphasized the urgent need for macroeconomic growth and stability. A number of themes and issues emerged from these debates and discussions on developmental models in South Africa. While the essential elements of political economy, such as politics, power, and

class, continued to underlie the modes of inquiry and scholarship, the literature reveals the shifting concerns of scholars within the development discourse on post-apartheid South Africa. The literature on the political economy of post-apartheid South Africa can be broadly classified into three approaches. The first approach is characterized by neo-Marxist scholars such as Patrick Bond (Bond, 2000) and Hein Marais (Marais, 2001), who view the political economy of post-apartheid South Africa as essentially a struggle between the forces of capital, especially international capital and its institutions such as the World Bank and International Monetary Fund and largely undifferentiated masses of South Africa. In reducing the analysis to critiquing the role of capitalism in the processes of economic development, this approach is insufficient in addressing the underlying class structure of the post-apartheid South African society. While essentially criticizing the ANC's macroeconomic, housing, and urban infrastructural policies and the increasing thrust towards privatization by the state, this approach lacks an empirical analysis of the effects of the policies on the masses. The political analysis within this approach is also limited and does not extend beyond the fact that the ANC had compromised on its liberation movement ideology and shifted to a neoliberal stance (Seekings & Natrass, 2002).

A second approach, as espoused by scholars associated with the labor movement within South Africa, focused on the shifting macroeconomic policies of the South African government as a factor of interactions between the state, business, and the labor movement led by the Congress of South African Trade Unions (COSATU) (Adler & Webster, 2000; Gelb & Webster, 2004). The analysis underscores and lauds labor's achievements and influence, especially in terms of labor legislations such as the Labor Relations Act, 1995 and its subsequent amendments and the institution of the National Economic Development and Labor Council¹¹ (NEDLAC), a forum for dialogue between organized labor, business, and the state. In adopting a dichotomous view of South African society as echoed in the 'two nations' (one rich and white and the other poor and black) characterization by Thabo Mbeki in 2003, this approach neglects the developmental impact of these macroeconomic policies. In emphasizing the compromise between sections of

¹¹ NEDLAC is a collaborative institution that brings together the South African government, organized business, organized labor, and other organized community groupings on a national level to discuss and reach a consensus on issues of social and economic policy. Its aim is to make economic decision-making more inclusive and to promote the goals of economic growth and social equity.

the labor movement and the pro-capitalist elite of the ANC alliance in formulating macroeconomic policy, this approach bypasses the differentiated levels of development witnessed by certain classes (Southall, 2004). This is most evident in the rise of a small group of wealthy and politically connected 'emergent' black population, beneficiaries of the Black Economic Empowerment (BEE) strategy, adopted as legislation by the ANC government from 2003 onwards.

The third emergent approach in the literature on the political economy of post-apartheid South Africa acknowledges the decisive role of capital (especially the increasingly fluid movements of finance capital in a highly integrated global market economy) in influencing macroeconomic policies and their developmental outcomes. The scope of analysis of this approach is, however, not limited to just the analysis of capital and labor as opposing forces. As Seekings and Natrass pointed out, "...it is simplistic to view a society like South Africa simply in terms of capital and labor" (Seekings & Natrass, 2002, p. 2). This approach extends elements of the Marxian political economy framework to an empirical analysis of the developmental impact on the underlying class structure in post-apartheid South Africa. Focusing on the distributive and redistributive consequences of the ANC's macro-economic policies, this approach is more appropriate for validating the evidence on changing patterns of class formation and income distribution in post-apartheid South Africa.

Evolution of Macroeconomic Policies in South Africa

The Transition Era

With the democratic elections of 1994, South Africa witnessed an overhaul of its constitution and socio-economic policies. In preparation for the formal negotiation processes with the ruling National Party, the ANC had to formulate a broad socio-economic plan encompassing the different classes, political traditions, and cultures that comprised its constituency. The mobilizing instrument the ANC would adopt in presenting its socio-democratic constitutional principles for a post-apartheid society was the programmatic Freedom Charter. In its attempt to organize as broad a populace under the banner of African nationalism, however, the ANC would desist from making any precise and explicit discussions centered on the broad statements of the Freedom Charter (Natrass, 1994).

The transition in South Africa occurred against a profound transformation in the world order. The fall of the Berlin Wall and the disintegration of the Soviet Union signaled the end of the

Cold War. The so-called Fukuyamaist 'End of History' fostered a scenario where the West and the Bretton Wood institutions, such as the International Monetary Fund (IMF) and the World Bank, helped to establish and prevail. These institutions, characterized by a certain orthodox neoliberal economic ideology, promoted the freedom of the market economy and large-scale privatization of the public sector. The period also witnessed the early days of globalization's boom, further integrating the South African economy into the capitalist world economy and thus making it more dependent on international trade and foreign capital. The transitional process witnessed a political and legislative power shift to the ANC and its allies, most notably the COSATU. However, while political power allowed the ANC to envision a socialist democratic South Africa, its fundamental vision to transform the socio-economic milieu of its predominantly black impoverished population was discredited (Cheru, 2001).

Reconstruction and Development Program and the Rise of Thabo Mbeki

The ANC leadership's constantly shifting socio-economic ideology during the post-apartheid era was partly a result of the lack of in-depth understanding of the socio-economic realities of the day. In part, it was also the result of growing tensions between the ANC and its alliances in deciding the nature of the post-apartheid socio-economic policies. As the ANC focused on mobilizing political support for the elections of April 1994, it realized the need for a consensus on national policy. Consequently, before the elections, the ANC, in a temporary return to the platform of growth through redistribution, introduced the Reconstruction and Development Program (RDP) (Gumede, 2008, p. 91).

The RDP presented an integrated and coherent socio-economic policy framework. It sought to, as the introductory section in the RDP White Paper: Discussion Document states, "... mobilize all our people and our country's resources toward the final eradication of the results of apartheid and the building of a democratic, non-racial and non-sexist future. It represents a vision for the fundamental transformation of South Africa" (African National Congress, 1994). It provided a precise and comprehensive commentary on the social, economic, and political injustices perpetrated under the apartheid system. It also listed its major policy programs, which, when operationalized, would redress the abuses of the past inflicted against the majority of the South African society, including providing for the basic needs of its poorest members, developing its

human resources, rebuilding the economy, and democratizing the state and society (African National Congress, 1994).

The policies for affirmative action and programs to meet basic needs, including housing, education, and public services, were in line with the perceived social-democratic ideals of the ANC alliance. However, the suggestion to reorient the economy arose as a result of the ANC's past experiences with corporate capital and international institutions, as well as the realization of the inevitability of integrating with the capitalist world economy. A central proposal of the RDP was that the South African economy could not be rebuilt in isolation and had to adjust to the pressures of the IMF, the World Bank, and the open market tenets of the General Agreement on Tariffs and Trade (GATT) to benefit from strong economic growth through international trade and commerce (African National Congress, 1994).

The assumption was that strong economic growth would provide the base to tackle the massive levels of unemployment and also bring about a more equitable distribution of wealth and income. Further, the centrist Thabo Mbeki was appointed as the head of a special committee that would oversee a new growth and development strategy that would make the RDP's goals more feasible. In taking up this role, Mbeki saw an opportunity to pursue policies reassuring corporate capital of a stable economy and aiding their business and profit interests. Accordingly, at an Intergovernmental Summit on development, he stated, "A [new] strategy of growth with development would underpin all RDP targets, to be streamlined into six pillars which would address poverty, employment, crime, and good governance within a powerful competitive South African economy [that would] secure the wealth of the country and promote investment" (Mbeki, 1996). It was perceived that the twin focus on growth rather than redistribution and macroeconomic stability rather than service delivery would boost investor and business confidence in the fragile South African economy.

Adoption of GEAR and Political and Economic Outcomes

By 1996, Mbeki had gained complete control over the government's economic planning and initiated processes for a new economic plan that would bolster support from the business community and further the credibility of the ANC government in the international arena. In analyzing the genesis of the GEAR plan, which was introduced only two years after the formal adoption of the RDP, it becomes imperative to consider why the ANC government suddenly

abandoned the RDP. By 1996, it was increasingly evident that the RDP could not deliver on much of its promises.

According to Terreblanche, the new government failed to build a new and more equitable economic system as well as transgressed on its obligations laid out in the RDP (Terreblanche, 1999). Another key cause was the government's severe lack of resources and capacity to rebuild the disparate South African society. This was further bolstered by a lack of political will from the ANC, which was keen on drafting an alternate plan. One of the more compelling reasons, however, was that the ANC government had to gain the support and confidence of corporate capital to ensure that the economy would not collapse. The internal conflict within the ANC alliance also saw a shift in decision-making from the earlier collective and consultative processes to a centralized leadership under Mbeki.

The GEAR plan was introduced to the South African public on June 14, 1996, by the then finance minister, Trevor Manuel, who termed the plan to be 'non-negotiable'. It would become the focal point of South Africa's growth and development path. Devised under much secrecy, the team of mainstream economists who drafted the plan proposed a strategy that would entail a series of adjustments to the economy that would rapidly increase economic growth and aid a more optimal utilization of the labor force. The GEAR plan envisaged an integrated approach to macroeconomic growth that would generate 400,000 jobs annually, increase exports by 8.6 percent annually, drastically improve social infrastructure, and generate an annual economic growth rate of 6 percent by the year 2000 (African National Congress, 1996). It aimed to achieve these goals through a number of prescriptive measures, which included (African National Congress, 1996):

- Reduction in the budgetary deficit through diminished state expenditure
- Liberalization of trade and financial control through reduced tariffs and caps to encourage increased and more unrestricted flows of capital
- Privatization of non-essential and unproductive state enterprises and limited privatization of other state-run utilities
- Maintenance of a stable exchange rate that would remain at a competitive level
- Extension of investments in physical and social infrastructure to enhance and address the

backlog in delivery of services

- Extension of tax incentives to encourage increased investment in competitive and labor-absorbing projects
- Enhancement in the flexibility of the labor market and wage restraint among organized workers.

The GEAR Plan suggested that redistribution of wealth and income and reduction in social inequities would be achieved through increased job creation and more concerted efforts from the state on public expenditure. Mbeki further endeared to business interests by positioning the GEAR plan as a radical shift in the government's macroeconomic policy. At a conference arranged for business leaders towards the end of 1996, he stated,

"The policies and objectives embedded in GEAR are a pragmatic balance struck between our domestic economic demands and the realities of the international context. These policies and objectives emerged after a thorough analysis of global trends and the specific conditions in our economy," Thabo Mbeki quoted (Gumede, 2008, p. 109)

The period immediately following the adoption of GEAR, however, did not see many investments and capital inflows. The resilience witnessed in the aftermath of the introduction of GEAR was quickly cut back by the Asian financial crisis of 1997-98. South Africa's financial and currency markets took a plunge as foreign direct investments and other private investments dried up. Between May and August 1998, the rand was devalued by nearly 16 percent against other major currencies (Gumede, 2008, p. 111).

Shift in Racial Nature of Actors Involved in Policy Making

It is in this context that the ANC alliance returned to power after the 1999 elections. This also solidified the central position held by Mbeki within the ANC alliance as the COSATU and SACP were increasingly sidelined in the policy-making process. Since the beginning of the transitional period, the policy-making process in terms of research, consultation, and the drafting of policy documents was influenced by a predominantly white-oriented group of academics and professionals on behalf of the ANC alliance. The ever-evolving political and economic environment presented opportunities for new sets of policy actors to emerge, and the period after 1999 witnessed an increasing participation of blacks in policy debates and in drafting policy documents.

The growth of the black middle classes and elite, partly due to the Black Economic Empowerment (BEE) program, enhanced the influence of a number of different black interest groups, such as the Black Management Forum (BMF) and the Black Business Council. These groups later merged into the Black Economic Empowerment Commission (BEECOM), which championed a redefinition and enactment of the Black Economic Empowerment (BEE) program into a broad-based Statutory Policy Act in 2003. A key number of black individuals also contributed to the Small Business Amendment Act and to strategize policy frameworks.

These policies aided the progress and economic empowerment of a small section of the black African capitalist class, as indicated by various developments. The overall BEE ownership of the top 100 companies (ranging across various sectors, including resources, finance, and media) traded on the Johannesburg Securities Exchange (JSE) increased from 3.86 percent in 1997 to 9.37 percent in 2002 (Jack, 2003). Similarly, the percentage of black South Africans engaged in governance and top management positions in the top 100 companies of the JSE evidenced an increase from 1.2 percent in 1992 to 13 percent in 2002 (Bond, 2000, p. 61). On a related note, the number of companies from the top 100 list with black directors on their boards was only 11 in 1992. Within a span of ten years, the corresponding figure had gone up to 71 companies (Jack, 2003).

The increasingly active participation of blacks in the framing of policy as well as trade and business was an indication that the political power shift from the minority white to majority black was found, not only in the electoral process but also (by a smaller yet significant extent) in the policy-making process itself. However, whether this shift has led to socio-economic gains for the majority of blacks is a different story, as most of these new actors have been influenced by socio-economic interests that lean towards the same neoliberalism that is endorsed by ANC's leadership.

'There Shall Be Houses, Security and Comfort!'

Service delivery in South Africa played a significant role in political discussions and appraisal of the government's achievements in the first decade of its democracy. With a large majority of black South Africans being denied their basic right to decent houses, water, electricity, and other services during apartheid, the expectations and demands from the polity were for a quick turnaround. Historically, the classical declarations in the Freedom Charter envisioned a post-

apartheid South Africa, where all children would benefit from free education, all citizens would have decent housing, not suffer from hunger, and have access to preventive health schemes, free medical care, and hospitalization (Department of Education, Republic of South Africa, 2005).

Aspects of the visionary document were modified and translated into definite targets, and minimum standards were set for measuring these in the RDP. In fact, the ANC-led government was elected to power in 1994 based on its social mandate captured in the RDP, which focused on land restitution, housing, health facilities, water, and sanitation. However, over the span of ten years, through sectoral White Papers, budgetary shifts, and an overall shift in macroeconomic policy to the GEAR, policy priorities shifted from redistribution and development to fiscal stability.

While studies indicate overall progress had been made on most indicators, including housing, access to water, sanitation facilities, and electricity, very few of the stated objectives as envisioned in either the RDP or the GEAR policy documents had been met (Khosa, 2002) (African National Congress, 2003) (Hemson & O'Donovan, 2006). A number of the targets were also delayed and clearly not achieved within the stipulated time period of completing various social infrastructure projects (Hemson & O'Donovan, 2006). One of the main reasons cited by the ANC-led government for these backlogs was the increasing impact of urbanization, characterized by densely populated urban areas such as Cape Town, Durban, Johannesburg, and Soweto (African National Congress, 2003). The other reason brought forward was that the splintering of households into smaller (more nuclear) units accentuated the pressures on an already strained infrastructure system (Statistics South Africa, 1999). While this had exacerbated the demands for increased housing subsidies, it also entailed an increase in demands for other services such as water, electricity, health, and education. However, a more important trend underlying this factor was that the rapid increase in households was concentrated among the majority of the poor, most dependent on public services (Charlton & Kihato, 2006). Of the increased number of households registered during the period 1996-2001, 93 percent of the increase was witnessed among poor African households (Hemson & O'Donovan, 2006). These factors, including changes in demographics, the static conception of the population by the government while fixing targets, and low levels of service delivery, further added to the backlogs in service delivery. It also indicated that backlogs among the dispossessed tend to grow at a faster rate than the rate of increase in delivery in many sectors.

Impact on Service Delivery of Water, Electricity, and Housing

At the time of the transition to a democratic state in South Africa in 1994, about 14 million people did not have reasonable access to water, and about 21 million (nearly half the total population) did not have adequate sanitation (toilets and refuse removal) (Department of Water Affairs and Forestry, 2004, p. 4). The rural population was worse off, with nearly half the rural population without access to clean water and one person in seven having some access to sanitation facilities (African National Congress, 1994, p. 28). In 1994, only 55 percent of all households had access to electricity (Hemson & O'Donovan, 2006, p. 29). Further, the urban-rural divide was quite evident. Whereas approximately 85 percent of urban areas had access to electricity, only 28 percent of rural areas were connected to a public electricity line (African National Congress, 2003). And while almost 100 percent of whites were linked to the national power grid, the corresponding figure for Africans was only 37 percent (Gumede, 2008, p. 99). According to a conservative estimate by the ANC, the housing backlog for both urban and rural areas was 3 million units (African National Congress, 1994, p. 27). A Council for Scientific and Industrial Research (CSIR) report cited in the Race Relations Survey 1994-95 estimated that, of the 2.2 million formal housing units, only 25 percent were occupied by African households (South Africa Institute of Race Relations, 1995). It also indicated a total shortage of 1.3 million houses among African households in urban areas (South Africa Institute of Race Relations, 1995).

With regard to the accessibility of water by the public, the ANC-led government's policy framework stipulated in the RDP that the right to access clean water is a fundamental principle of the South African state's water resources policy and promised 'water security for all' (African National Congress, 1994, p. 28). In line with the policy recommendations stipulated in the RDP, the ANC-led government brought out the first comprehensive water sector policy document, The White Paper on Water and Sanitation, in November 1994 (Department of Water Affairs and Forestry, 2004, p. 5). It defined basic water supply as "a standpipe supplying 25 liters per capita per day within 200m of the household and with a minimum flow of 10 liters per second" (Department of Water Affairs and Forestry, 2004, p. 5). Intent on showing its commitment to addressing past service imbalances, the ANC government initiated 12 projects, which came to be known as the Presidential Lead Projects, with an initial budget of R282 million (Department of

Water Affairs and Forestry, 2004, p. 5). Its aim was to provide access to basic levels of service to nearly 1.7 million people (Department of Water Affairs and Forestry, 2004, p. 5). The program roll-out was further bolstered by hundreds of newer projects with allocated funds totaling R629 million, R950 million, and R1 billion, respectively, for 1996, 1997, and 1998 (Department of Water Affairs and Forestry, 2004, p. 7). While the program roll-out was commendable, and the milestone of the one-millionth person receiving a basic water supply from the RDP program was achieved in May 1997, the government accepted that processes leading towards universal basic service coverage was slow and extended its stipulated target from 2001 to 2006 (Department of Water Affairs and Forestry, 2004, p. 7).

With respect to electricity, the government mandated investments of R12 billion to implement an accelerated and sustainable electrification program that would cover 2.5 million households by the year 2000 (African National Congress, 1994). The progress for increased access to electricity under the RDP was relatively more successful. By 2003, nearly 78 percent of all households had access to electricity (Hemson & O'Donovan, 2006, p. 29). Informal and traditional dwellings benefited significantly more than formal settlements in the urban areas. More than a third of all informal and traditional dwellings had access to electricity by 2003, as opposed to only an additional 19 percent of households in the urban setting (Hemson & O'Donovan, 2006, p. 29).

On the housing front, at a minimum, the government's objective through the RDP was to construct one million low-cost houses by the year 1999 (African National Congress, 1994, p. 27). The RDP also mandated as a minimum housing standard that all housing must provide protection from weather, a durable structure, and reasonable living space and privacy (African National Congress, 1994, p. 27). It also stipulated that all houses must include sanitary facilities, storm-water drainage, direct energy supply, and convenient access to clean water (African National Congress, 1994, p. 27). Moreover, it prescribed the implementation of legislation that would address issues such as tenants' rights, squatters' rights, the rights of people living in informal settlements, community reinvestment by banks, protection from evictions, consumer protection, land restoration, community participation in planning and development and anti-discrimination protection (African National Congress, 1994, p. 27).

Between 1994 and 2003, approximately one million houses were completed under the RDP subsidy scheme, which had a strong bearing on service levels in general (Hemson & O'Donovan, 2006, pp. 22-23). The 'RDP' houses, which are typically serviced with on-site running water,

sanitation, sewerage services, and electricity, provided a substantial fillip to the prevalence of ancillary services such as water, sanitation, and electricity. Between 1994 and 2003, subsidies were issued to nearly 2 million people with an approved expenditure of R24.22 billion (African National Congress, 2003, p. 25). Moreover, nearly half a million houses that were built in the Apartheid era were transferred to African occupants through the discount benefit scheme (African National Congress, 2003, p. 25). One of the biggest targets of the new government was to build one million houses before 1999. To this effect, 5% of the state budget was set aside for the provision of housing. However, during these years, it is estimated that the actual budget was, on average, in the range of 1.5% only (Bond & Khosa, 1999). Between 1996 and 2001, there was a marked increase in the number of people living in all varieties of dwellings. During this period, the number of households living in shacks had increased by 26 percent, the number of households living in formal dwellings had increased by 32 percent (or 7.7 million households and there was a marginal increase of people living in traditional dwellings (Hemson & O'Donovan, 2006, p. 23). Despite the progress on these various fronts, the RDP failed to address the key issues of the housing crisis.

In 1996, with the shift in the ANC government's macro-economic policies from the redistribution oriented RDP to the exclusively growth focused GEAR; the government felt a need to revise its social and sectoral policy framework (African National Congress, 1996, p. 15). In terms of aims and objectives, GEAR reiterated those mandated in the RDP. The state committed a further R1.5 billion to augment projects related to water and sanitation (African National Congress, 1996, p. 16). It also stated, "Improved water and sanitation is typically the first priority of rural communities" (African National Congress, 1996, p. 16). To attain a higher rate of economic growth, it also asserted the requirement for increased public expenditure and accelerated rates of capital investment in the electricity and housing sectors (African National Congress, 1996, p. 16).

However, during the years following the adoption of GEAR, the government felt there were inefficiencies in municipal delivery and expressed an increasing need to engage private-sector partners in the delivery of services. Accordingly, a number of projects were initiated through partnerships with private-sector enterprises under a Build, Operate, Train and Transfer (BOTT) contract basis (Department of Water Affairs and Forestry, 2004, p. 11); management contracts;

and fixed-term concessions that varied from 5 to 30 years; or alternatively, some form of corporatization (Pitcher, 2012, p. 250). While many of these initiatives aimed at increasing the rate of service delivery, the shift in focus to increased cost efficiency resulted in compromising the consistency, sustainability, and quality of the services delivered (Bond & Khosa, 1999).

The period immediately following the adoption of GEAR witnessed large-scale budgetary cuts apart from a strict fiscal discipline being enforced on various government departments (Charlton & Kihato, 2006). The emphasis shifted to efficiency and optimization of resources in the allocation of funds. A vast majority of infrastructure and development-related projects were also shifted from the purview of the national government to the local governments, which were supported by shoestring budgets (Atkinson, 2007). With the government focusing on revenue maximization, there was the added issue of reduction in spending on free services targeted at the poorest sections of society coupled with optimization of capital expenditure to sustain the extension of services (Bond & Khosa, 1999). The cost-recovery policy, introduced as an incentive for better demand management and sustainability of services and infrastructure, and the increasing commodification of provisions under basic needs further undermined the position of the poor. The high levels of disconnections were seen in the large numbers of poor households who were illegally cut off from access to such basic services as water, electricity, and housing. According to David Macdonald and John Pape (McDonald & Pape, 2002), by 2001, the number of people affected by water cut-offs was fewer than 10 million, with the same number affected by electricity cut-offs (and about 7.5 million people experienced both). As a result of failure to pay for their water and/or electricity, approximately 2 million people were evicted from their houses, and a further 1.5 million people had their properties seized (McDonald & Pape, 2002).

The greater irony of developments in the post-GEAR period was that the ANC government aggressively promoted that its social spending had increased during the early 2000s as a result of increased savings from budgetary cuts during the late 1990s. As the then minister of finance, Trevor Manuel, stated, "...the fiscal consolidation of the late 1990s has provided the resources to accelerate the implementation of the RDP at a pace even its authors could not have forecast" (Manuel, 2006). However, various studies, most notably a review of service delivery issues between 1993 and 2004, have shown that the provision of basic services increased at a faster rate during the period 1993-1999 than from 1999-2004 (Bhorat, 2004).

'There Shall Be Work and Security!'

South Africa's economic structure, argue Asghar Adelzadeh, Cynthia Alvillar, and Charles Mather (Adelzadeh et al., 2001, p. 235), is largely inherited from the apartheid era. They state that the legacy of apartheid limits access and participation and perpetuates the vulnerability of its majority black African population. Its structural problems can be classified into three categories—key micro- and macroeconomic attributes, backlogs in advancing human resources and social services, and labor market constraints on job creation and poverty eradication (Adelzadeh et al., 2001, p. 235). Micro- and macroeconomic attributes that have contributed to high unemployment and poverty include (Bhorat, 2004) (Marais, 2011, p. 178):

- Slow, zero, or negative growth since the early 1980s: Between 1982 and 1994, the real Gross Domestic Product (GDP) growth rates were below 3 percent. Since 1995, the real GDP has averaged annual growth of slightly over 3 percent.
- Substantial capitalization of production processes since the 1960s: Between 1960 and 1995, the use of capital relative to labor more than doubled throughout the economy.
- Underdeveloped home market: The high level of poverty among the majority of the population has led to their extremely limited purchasing power.
- Wealth and decision-making were concentrated in the real estate and financial sectors of the economy.

The persistence of poverty and unsustainable livelihoods in South Africa is directly linked to significant backlogs in investment in human resource development and the delivery of basic social services, such as education, health, and housing, to the majority of the population (Adelzadeh et al., 2001, p. 238). These backlogs have led to a lack of skills development, access to social services, and access to critical economic assets such as land and credit (Bhorat & Kanbur, 2006). The current difficulties of the labor market cannot be separated from the policies of apartheid. The difficulties in South Africa's current labor market are deeply rooted in the historical legacy of apartheid policies, which systematically marginalized certain population groups and created enduring socio-economic disparities. Data consistently shows that historically disadvantaged groups, such as black South Africans, experience higher unemployment rates. Even decades after apartheid, the Quarterly Labour Force Survey (QLFS) by Statistics South Africa demonstrates disparities, with unemployment rates among black South Africans

significantly higher than among white South Africans (Murray Leibbrandt, 2009). Despite legal efforts to address wage inequalities, there are still wage gaps between different racial groups in South Africa. Reports from institutions like the South African Labour Market Observatory highlight these disparities, indicating that historically disadvantaged groups tend to earn less compared to their white counterparts (Tinarwo, 2021). Apartheid policies also created structural economic imbalances, leading to ongoing spatial inequalities and unequal access to economic opportunities. This contributes to persistent unemployment and underemployment among certain communities, particularly in historically marginalized areas. This legacy continues to shape the labor market landscape. These policies dispossessed the black population from their self-sustaining economic base while actively undermining their ability to create a new one. They also created a massive landless, low-wage labor pool to service white capital (Marais, 2011).

Impact on Employment Generation and Income Inequality

The stark contrast in socio-economic conditions for the minority white and majority black population at the time of the transition to the post-apartheid era was evident in the levels of poverty and inequality. As William Gumede (Gumede, 2008, p. 98) points out, in 1993-94, nearly one-third to almost half of the South African population was classified as poor. A strong racial bias could be noticed underlying these poverty figures. Of the 71 percent Africans, 10 percent Coloreds, 16 percent whites, and 3 percent Indians that constituted the total South African population, the corresponding figure of poor was nearly 95 percent for Africans, 5 percent for Coloreds, and nearly 1 percent for whites and Indians combined (Bhorat & Kanbur, 2006). Poverty distribution was also marked by gender and urban-rural dichotomies. Households headed by women were 50 percent more prone to poverty than households headed by men (Gumede, 2008, p. 98). Further, 75 percent of the population that was housed in rural areas accounted for 50 percent of the population labeled poor (Bhorat & Kanbur, 2006). Income distribution as measured by the Gini coefficient¹² of .61 for 1993 revealed further underlying disparities within the post-apartheid South African society (Bhorat, Westhuizen, & Jacobs, 2009).

¹² The Gini coefficient is a measurement of the income distribution of a country's citizens. It is represented through a number that varies between 0 and 1, with 0 representing perfect equality and 1 representing perfect inequality. In the case of South Africa, the Gini coefficient of .61 in 1993 reveals the vast disparity (among the worst in the world at that time) in income distribution within the population. In other words, the average income per capita of the richest 10 percent of households was 125 times higher than that of the poorest 10 percent.

The huge disparity based on racial lines was a key underlying factor for other indices of welfare and development as well. The primarily uneducated black workforce was instrumental in sustaining the apartheid economy. In the post-apartheid period, the legacy of the inferior Bantu Education policy¹³ The lack of a skilled labor force further strained the economy. Unemployment, which stood at 30 percent of the economically active population in 1993, was also divided racially, with 39 percent of Africans remaining unemployed as opposed to 5 percent of whites (Gumede, 2008, p. 99).

In attempting to analyze the effects of the government's policies on the emerging class structure of post-apartheid South Africa, one can notice that it comprised three major groups of classes (Seekings & Nattrass, 2002, p. 2). The upper class/ elite comprised an increasingly multi-racial population. Workers across a range of classes, including the 'semi-professional' class (teachers and nurses), the 'intermediate' class (i.e., white-collar workers in public and private sectors), and most of the 'core' or urban industrial working class constituted the middle rung. At the bottom were the marginalized sections of the working class (farm and domestic workers and their dependents) and households where no one was employed.

The formation of this class structure was also a result of the various labor legislations instituted by the multi-racial democratic government led by the ANC. Since 1994, new legislation and institutions have been introduced in collaboration with labor (Moleke, 2006). While the government sought regulations that would positively affect growth and efficiency, labor unions were more concerned about greater security for workers. Labor market flexibility, which would have aided the fixing of cheaper wages by the capitalist class, was a hotly debated issue since workers generally associated it with insecurity and lowering of wages (Houston, 2001). In order to balance the bargaining arrangements between employer and employee representatives, the

13 The Bantu Educational system formalized through the Bantu Education Act (1953) was designed to 'train and fit' Africans for their role in the then evolving apartheid society and was instrumental in the racist compartmentalizing of education. Prior to the apartheid government's Bantu Education Act, 90% of black South African schools were state-aided mission schools. The Act demanded that all such schools register with the state and removed control of African education from the churches and provincial authorities. This control was centralized in the Bantu Education Department, a body dedicated to keeping it separate and inferior. The 1953 Act also separated the financing of education for Africans from general state spending and linked it to direct tax paid by Africans themselves, with the result that far less was spent on black children than on white children.

government instituted the National Economic Development and Labour Council (NEDLAC) (Marais, 2011). Among the significant new pieces of labor legislation, the Labor Relations Act (LRA) 1995 was instrumental in extending protection to workers from all sectors, including farm and domestic workers (Adelzadeh, Alvillar, & Mather, 2001). It embodied the philosophy of collective bargaining as a means to achieving harmonious industrial relations and economic growth and bound the country to International Labour Organisation (ILO) conventions (Moleke, 2006), which would aid in keeping a check on the exploitation of workers at the hands of the capital class.

As a result, the organized African working class began to enjoy household incomes above the median levels enjoyed by an average South African, but incomes were still largely below the mean levels of the average South African (Seekings & Natrass, 2002, p. 4). While they still earned much below the levels of income of the privileged elite, their semi-privileged status enabled them to support government policies that would protect their status. Thus, they supported policies that would avoid increased labor absorption, leaving large sections of unorganized and unskilled workers out of the labor force (Adelzadeh, Alvillar, & Mather, 2001). The organized class of workers also resisted any moves by the government to increase tax rates since that would entail them contributing more to the fiscal redistributive scheme than being net beneficiaries of the policy (Moleke, 2006).

The poorer and unskilled working class sections of society, though electorally strong in number, had a lesser capacity to influence government policies. This was because of a variety of reasons (Seekings & Natrass, 2002, p. 5). Firstly, their expectations of increased material gains in the short term were limited, and also because they recognized the limited resource capabilities of the government. Secondly, the poor did not have much of an alternative in terms of voting for a pro-poor party other than the ANC. Thirdly, while the poor are cognizant of the immediate benefits in terms of access to basic services such as RDP housing, water, and electricity, their ability to attribute government responsibility to the shortage of employment opportunities for the unemployed is not as clear. Thus, while being critical of trade unions' activities for impeding job creation and agitating against immigrant populations, taking up increasingly scarce opportunities for employment, the poor continued to favor the ANC government electorally (Seekings & Natrass, 2002, p. 5).

In the period after the adoption of GEAR, the ANC government promised an annual increase in employment by 4,00,000 jobs and to achieve an annual economic growth rate of 6 percent by the year 2000 (ANC, 1996). As a result of the South African economy becoming increasingly capital and technology-intensive, the nature of employment was also increasingly focused on skilled workers (Bhorat, 2004, p. 1). Thus, in shifting away from unskilled labor, between 1993 and 2000, employment in the non-agricultural, private, and public sectors fell each year (except 1995) by an average of 1.7 percent (Gumede, 2008, p. 120). The agricultural sector was the worst hit, with commercial farms shedding nearly 1,40,000 jobs during the ten-year period between 1993 and 2003. In the manufacturing sector, most notably in the labor-intensive mining sector, formal jobs dropped from 1.6 million in 1990 to 1.2 million in 2004 (Gumede, 2008, p. 120). Typically, most of those who lost their jobs were low-level and unskilled. Job creation in the informal sector, excluding agriculture, was more rapid, but most of those jobs were casual and low-paid. There was also a rise in the number of 'working poor' – people who have formal jobs but remain poor. In 1995, they numbered an estimated 9,00,000; by the end of 2003, this figure stood at 2 million (Altman, 2005).

'All Shall Be Equal Before the Law!'

During the same period, there was also increasing evidence of declining inter-racial inequality (though, on average, there were still wide disparities) (Whiteford & Seventer, 2000) cited in (Seekings & Natrass, 2002, p. 14). On the other hand, intra-racial inequality witnessed an increase, with the incomes of the richest ten percent of African households having seen an increase of 17 percent and the incomes of the poorest 40 percent of African households falling by 21 percent. The real beneficiaries of the government's policies were increasingly the better-off African households.

Thus, in securing a lion's share in the increased income, the better off African households (though a small number compared to the white middle and upper classes) contributed significantly to expanding the South African middle class. Despite being a smaller segment, better-off African households experienced upward economic mobility post-apartheid. Reports from the South African Institute of Race Relations (IRR) and Statistics South Africa indicate that a portion of African households, primarily in urban areas, moved into higher income brackets due to increased educational opportunities and better access to employment post-1994 (Matose,

2013). This section of the South African population benefitted from increased opportunities as a result of improved access to education, removal of any remaining restrictions on upward occupational mobility, and targeted affirmative action policies by both the state and private sector. A segment of better-off African households gained access to professional careers and entrepreneurship opportunities. Studies by the University of Cape Town's Southern Africa Labour and Development Research Unit (SALDRU) highlight the rise of African professionals and business owners contributing to the growth of the middle class (Simone Schotte, 2017). While upward mobility was largely restricted to the semi-professional class (teachers, nurses, and manufacturing foremen characterized by limited authority at their places of employment) during apartheid, the new set of policies by the ANC government also led to increased opportunities that were hitherto denied to the African population. The Black Economic Empowerment (BEE) program was instrumental in placing the rising African middle class in senior and managerial positions across the public, para-statal, and private sectors (Southall, 2004). There was also a rise in the black corporate class, which by the end of 2000 had captured nearly 6 percent of the market capitalization on the Johannesburg Stock Exchange (JSE) from a one percent stake they enjoyed at the start of 1995 (BusinessMap, 2001, p. 25). Some business tycoons such as Saki Macozoma, Tokyo Sexwale, and Cyril Ramaphosa played key roles in the drafting of policy documents, such as the BEE policy, the amendment of the Small Business Development Act, strategy framework documents, and the subsequent transformation policies such as Accelerated and Shared Growth Strategies (ASGISA) (Southall, 2004).

These developments simultaneously occurred with an increase in people who were not engaged in any form of regular employment (Moleke, 2006). Many of them did not have the necessary skills to secure jobs in a skill-intensive economy even when the growth rate had picked up (Seekings & Nattrass, 2002, p. 17). The emphasis on the casualization of labor and out-sourcing further exacerbated the situation and marginalized this underclass of South African society (Moleke, 2006). To conclude, while the upward mobility of a minority of African people led to decreasing inter-racial inequalities, overall class inequalities showed little sign of abating.

Conclusion

In assessing the impact of the ANC government's macroeconomic policies with regard to social development and service delivery, it can be concluded that while there has been substantial progress from the abysmal conditions of the apartheid era, the achievements can be at the most

patchy and uneven. While it indicates that households in urban areas have benefited more than rural households and that a greater number of African households have shifted from informal shacks to formal dwellings, the poor and marginalized households have witnessed lesser benefits accruing from government subsidies and service provisions. The government's policies aiding a certain class of relatively affluent Africans who have the ability to sustain a higher level of income and thus access to services were further marginalizing the poor with relatively fewer resources and ending up paying a greater price to access the same basic services. As a result, inequality is probably becoming more prevalent than ever in South Africa, with the poorer sections of society becoming more impoverished and positioned further away from the socio-economic transformation promised as part of the transition to democracy.

South African society, in the first decade of its democracy, evolved into more than a nation divided by interracial inequality. The divisions within the country are better explained through the nuances within the varying classes that make up South Africa. The multi-racial upper class now comprises not just the elite but also a new set of African professional, managerial, and business households. The earlier 'intermediate' class now boasts of a new set of upwardly mobile skilled urban population. While the underclass, though still a marginalized class of outsiders, comprising the many unemployed as well as agricultural workers and domestic employment, continues to grow. Racial differences still permeate income levels across South Africa. However, while the changing nature of the rich is a substantive aspect of transformation within South Africa, the larger egalitarian transformation of its society through increased employment opportunities and substantial redistribution of wealth cannot be ignored.

To conclude, South Africa's transition into a multi-racial democracy under the ANC-led government reflected a corresponding shift of the party's policy orientation from that of large-scale reconstruction and development of the South African economy through redistribution of wealth and investments in social welfare sectors to that which prioritized macro-economic growth and stability. In the process of this transition, the marginalized sections characterized by low levels of skills, chronic endemic poverty, and high levels of unemployment were further marginalized, leaving a small section of the multi-racial upper class and an emerging black African middle class to benefit from the government's policies. While there is clear evidence of increased levels of welfare on almost all counts of development as compared to the dismal social

welfare levels recorded at the time of the dismantling of the apartheid system, the ANC-led government's social and macroeconomic policies have not significantly transformed the socio-economic situation of large sections of South African society, especially the poor and marginalized class and the unskilled labor force. This further indicates that the economic policies do not function in a manner that is beneficial to all sections of South African society, giving rise to developmental outcomes that are highly unequal and continuing to exclude vast sections of its population.

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