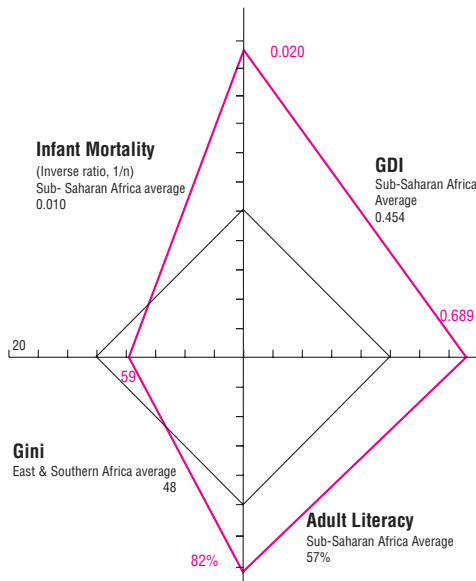


• DAVE HUSY

GROWTH, POVERTY AND INEQUALITY

elections last year. The ANC's electoral campaign was a clever mix of «a government at work» message, and a parading of its victories and progress in the arena of fiscal discipline.



The Equity Diamond: National values in terracotta compared to regional ones in blue.
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development Index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development Indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

On the other hand, in doing so, they also highlighted the following key advances in dealing with poverty and inequality:

- Only 20% of South Africans lack access to a safe supply of water in 1999, as opposed to 30% in 1994;
- 20% more South Africans have electricity in 1999 than in 1994, while 10% more have telephones;
- The national primary school nutritional programme reaches five million children every day;
- There is free health care for children under five years and pregnant women;
- 800,000 houses have been built since 1994.¹

Added to these achievements are the implementation of progressive policy and legislation in many areas of social programmes. These include the arenas of human and labour rights, gender equity, and civil liberty.

While claimed as victories, these advances hide a disturbing story of poverty and inequality. Some three million South African households, almost 18 million people, live below the poverty line, set at an income of R 353 (USD 58) per month. **Of these, African women constitute the bulk of poverty victims: 71% of African women in South Africa live below the poverty line. Most households in the poorest one-fifth are female-headed.**²

After five years of governance, the African National Congress (ANC) and its new President Thabo Mbeki enjoyed a significant victory in South Africa's second democratic

¹ «ANC's Achievements and Failures». *Southscan* 14:11, May 28th 1999. Quoted in Marais. «Topping up the Tank: How the ANC has reproduced its power since 1994». *Development Update*, Vol 3, No. 1, 1999.

² J. May. «Poverty and Inequality in South Africa». *Indicator*, 15, 2, 1998.

Poverty is also racially concentrated, with only 2.1% of whites considered poor as against 57% of Africans.³ Further examination of poverty statistics reveals a depressing situation: approximately 20% of South Africans have no formal education and only 16.4% have completed their schooling. Only 54% of South Africans live in formal housing. In 1997, only 15% of African women living in rural areas had jobs. Of these, a disturbing number were still considered poor even though they were earning wage income.⁴

South Africa is now regarded as the most unequal society on the planet. Two additional statistics reveal a sobering reality about increasing poverty in South Africa:

- From 1994 to 1999, 500,000 people were put out of work and one million jobs were made redundant, increasing unemployment levels in the country to 35%. Most of these losses were borne by rurally-based unskilled workers;⁵
- From 1991 to 1996, the incomes of the poorest 30% of South Africans have steadily declined, increasing the depth of deprivation and poverty.⁶

This unfortunate trend represents the failure of social development in South Africa and is, unfortunately, likely to continue with increasing marginalisation and poverty amongst vulnerable sectors of the society. How is this happening? And more importantly, why is this happening? A short examination of the evolution of South African development policy to a neo-liberal framework provides some clues.

THE EVOLUTION OF POLICY

Before being swept to power in 1994, the ANC engineered the drafting of the Reconstruction and Development Programme (RDP) as a national programme of action for government in its first five years. The drafting of the document signalled a seminal point in government policy, as civil society and the business sector participated in the formulation of social development targets in many policy arenas.

Unfortunately, the RDP as a programme for transformation was fraught with problems from the beginning. The base document

was lacking in definition and over-ambitious in many areas. Many government departments and planners experienced a great deal of difficulty meeting the demands of the Programme, especially as the Programme consistently failed to deliver resources and high profile reference points. Nevertheless, it provided a comprehensive set of principles and objectives across social sectors, which set the scene for target setting and institutional focus.

Immediately following their ascension to power, the ANC drove a series of policies designed to entrench progressive social rights and principles. Amongst these were a Constitution containing a Bill of Rights that outlawed discrimination, promoted gender equity, and provided a framework of human and civil rights. The Constitution also established a series of statutory vehicles for entrenching democracy, including commissions for human rights, gender equality, and land restitution. National legislation was drafted to implement and safeguard rights established in the Constitution, including a range of labour laws, equity statutes, and social programmes.

The introduction of the Growth, Employment and Redistribution (GEAR) policy in 1996 was a defining point in the evolution of South African development policy. GEAR was explicitly based on neo-liberal, trickle-down economic policy and set out thirteen strategies⁷ to achieve fiscal and monetary reform. While reforms relating to expenditure and budgeting processes introduced much needed forward planning and management by government, these were coupled with stringent expenditure targets imposed by economic growth through expansion of foreign investment and the industrial sector. In addition, the mantra of growth increasingly centred on Small, Medium and Micro Enterprises (SMME) promotion. In this way limitations were immediately imposed.

The first and most obvious limitation was the restriction of resources for social reform. Many social programmes are expensive and at odds with the austerity of GEAR ideology. As with many neo-liberal programmes, the GEAR environment has seen significant cut-backs in the budgets for land reform and other redistributive programmes. These budget trimmings and the fact that land reform and resource redistribution are not a political priority are frustrating any attempts at meaningful transformation.

A second limitation was the aura of protection built around «productive» sectors of the economy, particularly export-oriented manufacturing and agricultural sectors. One implication of this was the entrenchment of wealth and ownership. Meanwhile, the

3 The terms «white» and «African» have specific meaning in analysing the South African context. While all South Africans are essentially speaking «africans», the term «African» is taken to mean a black-african South African, as opposed to a «white» South African, a «coloured» South African, or an «indian» South African. The terms derive from the policy of Apartheid, which directed different policies and accorded different «privileges» towards each of these «defined» racial groups. The terms are retained for the purposes of analysis because it is necessary to see how social development initiatives have addressed the inequalities between them. To complicate matters further, the term would not strictly be correct if altered to «black South African», because the term «blacks» or «black South Africans» include coloured and indian South Africans. The point is that poverty is stratified and concentrated according to these racial categories as a direct result of Apartheid, and while we need to bury Apartheid it is still necessary to measure social progress according to some of its categories.

4 J. May, *et al. Poverty and Inequality in South Africa*— Report produced for the Deputy President's Office. 1998.

5 Reported in the *Business Day*, February 18th 2000.

6 Reported in *Mail & Guardian*, January 28th 2000.

7 *Growth, Employment and Redistribution: A Macro-Economic Strategy*. Department of Finance, 1996.

perception grew that rural areas outside of commercial farming sectors—where the majority of South Africa’s poor live—required welfarist, rather than economic, attention. The focus of GEAR on small and medium entrepreneurs as drivers of the economy symbolises the shift in policy: instead of an anti-poverty thrust, the focus of reform policy is on those who have the resources to accumulate—in this case existing farmers and wealthy urbanites.

PROMOTING SOCIAL DEVELOPMENT?

A prominent South African gender analyst, Shamim Meer, has noted that the social gains made by women over the last five years have been enjoyed almost exclusively by the urban elite.⁸ Women living in rural poor households are experiencing greater hardship and pressure than ever before, and violence against women, especially in poor communities, remains shockingly high. A prominent gender commissioner has also complained that, while the Commission for Gender Equality is deeply committed to rural women, it lacks infrastructure and resources to address systemic inequality.

A similar litany of problems emerge in government development programmes. Labour legislation is critically lacking enforcement in economic sectors characterised by exploitation and lack of worker organisation. Many water and electricity projects have been «switched off» because beneficiaries are unable to pay for services. Houses built are of sub-standard quality and size, and clinics and schools are under-stocked with desperately needed resources and adequately trained personnel. A particular irony of the many thousands of short-term jobs created by the government’s public works programmes has been the undermining of community led self-help employment projects.

In the arena of Africa, South Africa has played a crucial role in raising the profile of Africa as a developing continent. Conflict mediation and trade relations characterise an «African Renaissance» initiative, led by President Mbeki and a host of African leaders, which strives to promote positive profiles for the issues and problems faced by African nations. The promotion of Africa is not without its contradictions and problems, however. For example, the South African government has pursued a separate trade

relationship with the European Union, leaving many African observers questioning the implications of such a relationship on the opportunities afforded them under the Lome convention. Equally, South Africa’s treatment of foreign nationals—many of them from African nations—consistently contradicts the rights set out in its own policy framework and the principles of cooperation established with its neighbours.

In light of these shortcomings, it is surprising that government has not increased the profile of programmes to combat poverty and social marginalisation on a national and regional level. Discussions and programmes around the WSSD commitments, for example, are tucked away in a technical committee within the Department of Welfare, while overtures by the South African NGO Coalition to launch a ‘War On Poverty’ forum have met with a cool response. Crucially, agrarian and land reform has been reformulated to focus on promoting existing and potential black commercial farmers, shifting the benefits away from the rural poor and landless.

There has also been little attempt to set national anti-poverty targets, such as those proposed for the post-2000 WSSD commitments, which creates a critical weakness in co-ordinating national development programmes. Part of the reason for this is the caution exercised with the setting of targets, a result of the RDP failures, as well as a blind faith in the ability of the GEAR programme to deliver economic and social benefits to the poor. Given its track record thus far, and the South African government’s renewed fervour to restructure state assets and the civil service, it is highly unlikely that GEAR will stem the employment losses and provide positive economic benefits to the poor.

It has become clear that despite the design and enactment of progressive social policy and programmes and the establishment of mechanisms to entrench and promote democracy, South African economic policy is eroding the opportunities and gains made amongst the poor. Unless serious political support is given to promoting poverty eradication targets, such as those developed through the WSSD review process, the omens are not good for the poor as South Africa experiences a «GEPI» phenomenon: a growth of economy, but also of poverty and inequality.

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