Introduction

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Since 1994, the concept of 'transformation' has had a progressive connotation in South Africa. For the first 17 years after apartheid, it signified change from an inhumane system with unequal development to one that is more equal, inclusive and caring. In truth, though, the word does not exclusively denote positive change. A state can also be transformed into something other than what it intended to become if such change is not properly planned, sequenced and implemented. Importantly, planning also needs to be adjusted to prevailing and emerging trends.

This Transformation Audit was produced against the backdrop of continued global economic uncertainty. As in previous years, it continues its focus on four core areas, namely the macro-economy, skills and education, the labour market, and poverty and inequality. This year, it contains an additional chapter that presents selected public opinion data on matters of economic security, drawn from the IJR's annual SA Reconciliation Barometer Survey, which has been conducted nationally since 2003. As usual, the collection of contributions by some of the country's leading thinkers provides an overview of key trends and debates, but also asks pertinent questions about the appropriateness of prevailing development models. Do we still know where we want to go? If we do, how will we get there at a time when old certainties are increasingly challenged by economic, political and ecological events that previously have been unfathomable?

In a recent special report on Europe's ongoing debt challenges, *The Economist* cited the contention of a European central banker that, 'from the middle of a crisis, you can see how easy it is to make mistakes'.[1] This caution should also be heeded by our policy-makers across the political spectrum. *From Inequality to Inclusive Growth* seeks to provide sober insights on where we find ourselves as a nation, and to promote pragmatic thinking about how we navigate these challenging circumstances towards our goal of transformation that seeks a dignified life for all South Africans.

A volatile global economy

Towards the end of every year, financial publications dust off their crystal balls to predict trends for the ones approaching. These editions sell, because foresight is the most precious of commodities to their readerships from the worlds of finance and macroeconomic management. For the greater part of the new century, their forecasts centred on opportunities and the direction of growth. The 'Great Recession' of 2008 brought an abrupt end to this; since then, the focus has shifted decidedly towards finding ways in which calamity can be averted. Volatility has become the trademark of our time. Prognoses have become more guarded, and those that have been published for 2012 seem to be even more cautious than in recent years.

The precious little consensus that does exist is distinctly on the downside, but just how much worse it can get seems to be anybody's guess. In the otherwise secular world of business journalism, many journalists have resorted to reminding their readers of the Mayan prophecy predicting the world's demise in 2012. Although most proceeded to dismiss the possibility, this seemed to be done with less conviction at a time where the unthinkable appears to happen with growing frequency.

In 2011, citizens in undemocratic and democratic states alike rose against the disproportionate privilege of their political and economic elites. The United States, the world's largest economy, saw its credit rating downgraded. In Europe, once the epitome of political and economic stability, politicians have been in a constant fire fight to avert a crisis that could ultimately lead to a significant reconfiguration or, at worst, dissolution of the European Union as we have come to know it.

The picture looks bleak. Some have labelled the status quo as the moment of truth for many Western economies, which sooner or later had to face up to the consequences of easy money and excessive spending for close to two decades. The new realities may have induced some humility in these states as they stumble from one crisis to the next, but this might not be a good time for *schadenfreude* amongst those that have always been frustrated by the West's economic hegemony, because global contagion will also infect states in the emerging (and, up to now, satisfactorily performing) BRICS and CIVETS groups.

Whereas private debtors were the first to fall victim to their unsustainable spending habits during the American subprime crisis, European nation states in 2011 have had to face up to the wrath of the markets for their 'bold' expenditure over a protracted period. Barely had the US fallout been contained than European governments (starting with Ireland in February) began to collapse one after the other under the weight of the continent's sovereign debt crisis. At the time of writing, the count stood at six, with three having fallen in the span of three weeks during November. A rattled George

Papandreou resigned as Greek prime minister on 11 November, after first having announced a surprise referendum on the country's harsh austerity package, and then caving in to pressure from his European counterparts to retract that option. The day thereafter, Italy's flamboyant, die-hard prime minister, Sylvio Berlusconi, was next to follow as he handed over power to banker, Mario Monti. A week later, Spain's socialist government of Jose Luiz Rodriguez Zapatero was ousted by Mariano Rajoy's conservative People's Party in a landslide victory. Already, eyes are turning to France, whose banks have been highly exposed to southern European debt, while it prepares for presidential elections.

At the close of 2011, everybody looked towards Germany, as the largest and most stable of the Eurozone economies, for answers. By the end of November, however, it appeared that investors doubted Germany's ability to steer through the crisis with limited damage, when it failed to obtain full subscription for €6 billion worth of government bonds that were released on the markets – another unpalatable first since the introduction of the Euro.

Although the European crisis deflected attention, the woes of the US economy continued on the other side of the Atlantic. Ironically, in the same week as President Barrack Obama urged European politicians to 'get their act together',[2] a US cross-party 'super committee' failed to agree on strategies to address the country's precipitous federal debt. This will curb Obama's plans for increased spending and, together with European austerity measures, will put a lid on the global growth that has been driven by emerging economies like China, India and Brazil.

At home the challenge will get bigger

Where does this scenario leave South Africa's developmental ambitions? The answer, in short, is: very exposed. Since its political liberation in 1994, the South African economy has largely mirrored average global trends. Despite its membership of the high-growth BRICS and CIVETS groups, the country has never been able to sustain the same levels of economic expansion that the other countries in the groups have managed to achieve over a protracted period. Nevertheless, even if South Africa's growth path were more closely aligned to the emerging economies of the global South, these economies, as indicated above, are not insulated from the crisis in the North.

Finance Minister Pravin Gordhan noted in September at the Southern Africa Volunteer Action Conference that the recent crises underscored the 'very interconnected and interdependent' nature of a global economy from which uncoupling was not an option.[3] In his 2011 Medium-Term Budget Policy Statement (MTBPS) a month later, he proceeded to outline how this intertwined relationship has a bearing on our present situation.[4] Gordhan predicted that the country would probably achieve a lower than expected growth of 3.1 per cent for 2011, followed by 3.4 per cent the following year, and 4 per cent the year thereafter. In a very forthright analysis of the current state of the economy, the minister noted that the country's sound financial and fiscal institutions alone cannot shelter it from the impact of global economic instability on job creation, poverty and levels of inequality.

According to Gordhan, tackling these challenges will require 'an extraordinary national effort'. Yet, he bemoaned the fact that, if our primary developmental objective has been to create greater convergence between the living conditions of the poor and the rich, progress has been insufficient. Funding will always be in short supply, but the minister went to great lengths to underscore the need for more efficient expenditure, noting that consecutive increases in government expenditure over the years have translated into higher consumption and lower levels of capital spending. Thus, when government expenditure patterns are taken to their logical conclusion, it means that a focus on the present is crowding out investment for the future. This, by definition, is what unsustainability means.

The challenge of positive transformation, therefore, is not only one of addressing immediate needs, but also of ensuring that today's spending is part of a plan to reproduce development and prosperity tomorrow. Within our context, this means that expenditure on the challenges of the present – including those aimed at imbalances relating to our history of exclusion and discrimination – must be made with due respect for the required balance of investing in a society that over time will provide better education, create more jobs, offer better health care and see more people live longer in dignity. Investment requires patience, but in difficult times like these, populist pressure to throw caution to the wind is always likely to arise; hence, it is critical to anchor forward-looking policy within a national planning framework.

In addition to the obvious utility of providing clear parameters for the nature and sequencing of developmental strategy, planning documents also need to obtain the kind of prominence necessary, in the eyes of bureaucrats, business, labour and ordinary citizens alike, to galvanise energy and make sacrifices possible. They need to be the central reference points for development. To date, policy has been largely the outcome of fierce contests for the influence of exclusive interests in a crowded and highly charged policy space. The fact that these contests have occurred in democratic processes, in which outcomes have been accepted, bears testimony to the vitality of our democratic institutions. However, the outcomes themselves, more often than not, have failed to bring inclusive, win-win solutions for all stakeholders. Credible planning, forged through a common vision and legitimate processes, which bind the government, labour, business and civil society to outcomes, can go a long way in addressing this.

The 2010 Audit, *Vision or Vacuum*, contended that the country's current development model is not sustainable. It also made the case for the creation of a longer-term perspective that would harness the country's resources to bring substantive social transformation. The publication alluded to the New Growth Path (NGP) document, which was released by the Ministry of Economic Development in the latter part of 2010. Although the NGP has found expression in government documentation and strategies as a guiding instrument – most recently in the MTBPS – it still needs to gain currency as a central reference point for the broader set of policy stakeholders outside the government.

The NGP signified the government's intention to think critically about transforming the South African economy into one that sustains a higher growth trajectory, that is more inclusive and, importantly, also labour intensive. With regard to the latter, it sets the target of 5 million new jobs by 2020, but notes that this can be achieved only with sustained annual GDP growth of between 4 and 7 per cent, which is underpinned by a labour to capital ratio of 0.5-0.8 per year.[5] Given the current prognoses here and abroad for economic recovery (if things do not get worse before they get better), this will be difficult to achieve in the short to medium term. According to MTBPS projections, the lower margin of 4 per cent may be reached only by 2013, and as a result job creation is likely to remain under pressure. Clearly, there is a need for greater engagement around the document, also from outside the government, to ensure that the achievement of the original targets is kept within sight.

In 2011, the National Planning Commission (NPC) released two further notable documents aimed at charting South Africa's way forward into the future. The first, a Diagnostic Report, outlined the major challenges that face the country up to 2030, as well as their root causes. The report, which was presented to President Zuma in June, identified nine core areas that deserve emphasis:

» creating jobs and livelihoods;
» expanding infrastructure;
» transitioning to a low-carbon economy;
» transforming urban and rural spaces;
» improving education and training;
» providing quality health care;
» building a capable state;
» fighting corruption and enhancing accountability; and
» transforming society and uniting the nation.

November saw the release of the NPC's draft National Development Plan (NDP), in which the commission provided a comprehensive 440-page response to the challenges that were outlined in the Diagnostic Report. Some proposals underscore what we already know about the need for responsible countercyclical fiscal and monetary policies, price stability, higher savings, investment in economic infrastructure and a dramatic improvement in our educational outputs. Others, such as suggestions to make the labour market more flexible to promote youth employment, are more controversial and at odds with what some within the ruling party and its alliance partners believe. Such bold engagement should have been expected, given that all commissioners, with the exception of the Minister in the Presidency for National Planning, Trevor Manuel, represent diverse constituencies outside of the government. More important is the fact that a document has been put on the table that can guide more focused debate.[6]

Probably the most significant hurdle that the NDP will have to overcome is raised in the draft document itself: politics. In its chapter on the building of a capable state, the NDP contends that decision-making and implementation over the past 17 years often have been bedevilled by narrow political agendas. In response, it contains proposals that aim to insulate the state bureaucracy from undue intervention. Commissioners must have had the political fall-out around the African National Congress' (ANC) 2007 National Conference in Polokwane in mind when they flagged this concern in the report. Prior and subsequent to the 2007 conference, the heads of several departmental chiefs with strong political allegiances rolled, which inevitably resulted in delivery delays across government. This had an impact not only on critical social delivery clusters, but also on issues of national security, as members of critical agencies became embroiled in the leadership tussle between factions that supported Thabo Mbeki and Jacob Zuma. At the end of 2012, the ruling party will gather once again for its national conference – this time in Mangaung – and one hopes that a repeat of the events in Polokwane will be averted.

What is becoming clear within the present jittery global environment is that policy certainty is critical. The smallest hint of risk will be enough to drive nervous domestic and international investors away from potentially beneficial investment. Towards the end of 2011, international ratings agency, Moody's downgraded South Africa's credit rating to negative. While much bigger economies had to experience the same indignity this year, Moody's concern did not necessarily lie with matters of policy. In fact, the ratings agency in the past has expressed its satisfaction with the country's conservative fiscal approach. At stake rather was the question of whether it would be able to sustain it in the face of mounting popular and internal pressure from within the ANC and its alliance partners.

One does not need to subscribe to official policy or trust in the accuracy of international ratings agencies to realise that predictability is the key issue here. One way of dealing with this would be to continue to straddle the interests of everyone; an alternative would be to slow down the process towards the publication of the final NPD document. While it may be opportune for our government not to engage with potentially sensitive issues in a politically significant year, the short-term gains of postponing critical decisions will be overshadowed by the longer-term consequences of inaction. Some argue that we are paying the price for this already. The bold option would be to make strategic, but difficult, choices now to avoid delaying accelerated development any longer. This would not only provide predictability (and encourage employmentgenerating investment) but – if communicated properly – would also give South African policy stakeholders a common vision to pursue.

Chapter summaries

The chapter format of this year's Audit looks slightly different from that of preceding publications. Scorecards have been updated to provide a more longitudinal picture of developments within each focus area. In addition, statistics from selected emerging countries are provided, which allow for peer comparisons on selected indicators. As far as chapter contributions are concerned, we have opted to provide one comprehensive overview for each focal area, followed by two opinion articles that argue different positions on the same topical area. This change serves to provide readers with longer opinion pieces in which authors are afforded the opportunity to expand on arguments that are normally presented in abbreviated form in newspaper columns. The 2011 Audit also sees the addition of another chapter that reports on public opinion regarding personal economic security and the impact of development on ordinary people. Data have been obtained from the IJR's annual SA Reconciliation Barometer Survey.

Chapter 1: The macro-economy

The overview article of this chapter by Neva Makgetla deals with the challenges of economic policy-making in a complex domestic policy context, where the contest for influence is fierce, and, at the same time, highly exposed to a very fluid global environment. Makgetla notes that while policy stability has remained a trademark of the country's economic management for most of the democratic era, its vulnerability can be ascribed largely to a continued dependence on the mining value chain, and the exponential growth of the financial sector that has been driven by large inflows of portfolio capital. Neither of the two sectors has been good at creating employment, and when recession struck in 2009, the formal labour market shed nearly 6 per cent of employed South Africans.

Labour-intensive growth has become a clearly articulated policy priority in documents such as the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) and the NGP. Both emphasise the need to diversify the economy in ways that would open up new opportunities for the marginalised majority, mostly through employment but also through support for small enterprises. Makgetla notes, however, that it is easier to conceptualise than to implement a development strategy that would sustain growth and simultaneously encourage employment creation and equity. She notes that much of this may have to do with historical distrust, which has made the search for common ground difficult. This, in addition, has been exacerbated by uneven implementation, resulting from varied exposure that different levels of government has had to specialised lobbying groups with their own particular needs. This, Makgetla suggests, has been further accentuated by the fragmentation of economic policy-making between too many state departments, and has lent itself to endless debates and deadlocks between different government entities.

Despite the problematic nature of the country's 'resource addiction', mining and its downstream activities remain one of South Africa's primary revenue drivers. As a result, there has been a growing debate about how mining could be used more effectively to address South Africa's developmental challenges more directly. One suggestion, initially raised by the ANC Youth League (ANCYL), has been the nationalisation in the mining sector. Given mining's central role in the economy, this proposal has elicited much heated (and, some would argue, polarising) debate.

In the opinion section of this chapter, Chris Malikane, Congress of South African Trade Unions (COSATU) head of economic policy, makes the case for nationalisation by pointing out that investments in this sector would always be tenuous for as long as ownership of mineral wealth remains a contested issue. He bases his argument on the provision of the *Freedom Charter* that states that the country's mineral wealth 'shall be transferred to the ownership of the people',[7] noting that the experience of countries like Vietnam points to modern-day examples of how a nationalised mining industry can function in joint ventures with the private sector.

Michael Spicer, Vice-President of Business Leadership South Africa, which represents an association of leaders of the 80 largest South African companies and multinationals that do business in the country, argues that nationalisation will not serve the ultimate ideals of greater material dignity and opportunity for individuals. Spicer suggests that current proposals for nationalisation grossly underestimate the input costs of mining, which may ultimately become an onerous burden on a state that already suffers under capacity constraints. He concludes that much progress has already been made in terms of working towards greater equity, through the revised Mining Charter. In its new form, the charter is the product of protracted negotiation, and contains measurable targets that are worth pursuing over time, according to Spicer. In similar vein, he mentions the importance of the work of the Mining Industry Growth, Development and Employment Task Team, which is mandated with finding ways to ensure equitable inclusion in the growth of the mining sector.

Chapter 2: The labour market

The South African economy's brief dip into recession during 2009 has had a disproportionately devastating impact on the labour market. Already characterised by high levels of structural unemployment, the 2009 recession took with it close to a million jobs. The economy has not managed to regain the number of jobs lost.

The overview article in this section by Saliem Patel from the Cape Town-based Labour Research Service reviews the current state of the labour market and the challenges that unions face in serving the interests of their constituencies. Patel's review shows that the complexion and character of the South African labour market have not changed significantly since 1994, despite the many legislative gains that have been made in favour of the rights of workers. If anything, the uncertainty resulting from volatile markets at the time of writing in late 2011 has placed workers under even more pressure than in the past. Mass retrenchments, according to Patel, could become the catalyst for violent action, which unions would not be able to contain. It is, therefore, in the interests of all stakeholders to co-operate in the search for inclusive solutions to the country's unemployment question.

In recent years unions have frequently been accused of representing workers' interests to the detriment of the unemployed poor. In fact, some have argued that by insisting on greater labour protection they have exacerbated the plight of the poor. In the opinion section of this chapter, the question is asked as to whether trade unions can still be regarded as representing the interests of the country's working class as a whole. Independent analyst and writer, Ebrahim-Khalil Hassen argues that while they can still be regarded as doing so, unions will have to learn to adapt to rapidly changing circumstances. He notes that several innovations are required for trade unions to continue to legitimately claim to speak on behalf of the entire working class. Primary amongst these is the need to find new membership models, which take cognisance of the emergence of new social movements, as well as strategies that support self-organisation by the unemployed and atypical workers.

Financial journalist, Carol Paton notes that while unions have the potential to regain their status as the voice of marginalised people, they are largely failing to do so. What is required is a more pragmatic approach, devoid of ideology and revolutionary positions, to find practical solutions that address the plight of the poor. According to Paton, the zealous pursuit of unions to undo the practice of labour brokering provides an example of how they can become an obstacle that runs contrary to the objective of creating new employment. She, therefore, advocates soul-searching amongst union leaders, but also adds that it would be unfair of the government and the private sector to expect concessions from labour, without offering a *quid pro quo*.

Chapter 3: Education and skills

Before crises can be addressed comprehensively, they first need to be classified as such. Policy-makers are often cautious to do so, because such decisions have implications for prioritisation in a context of limited resources. Whereas education has, somewhat euphemistically, been described as a 'significant stumbling block' to South Africa's developmental aspirations during the first years of post-apartheid government, it is now broadly recognised as the most critical variable to unlocking higher levels of employment that are needed to reverse poverty and inequality.

According to Linda Chisholm, prioritisation and the actual policy-making around education is complicated, because performance in the classroom cannot be separated from the adverse social circumstances that many learners experience at home and in their communities. Therefore, policy interventions demand a comprehensive understanding of the dimensions of the problem. According to her, a greater recognition of the depth and breadth of the challenge in recent years has allowed for better mobilisation and rallying of significant sectors in society. This new momentum is in itself a significant achievement.

In her overview, Chisholm surveys the scale and the causes of the challenges involved, and proceeds to outline government responses at various levels. These steps have included: ongoing dialogue and consultation with prominent stake-holders in business and labour, but also with parents; due recognition for the growing demands of diversity in classrooms; improved alignment between interventions of the national and provincial education departments; curriculum reform, with particular attention to early childhood development; teacher recruitment; resource efficiency; greater accountability of teachers and managers within the education system; and the setting of appropriate targets at national, provincial and school level in those areas that require most attention.

Ultimately, the success or failure of these interventions becomes apparent in the results obtained by learners. In South Africa, the most publicised of these are the results of Grade 12 (matric) learners in their final year of schooling. In recent years, it has been asked increasingly whether a uniform standard provides an accurate reflection of school, teacher and learner performance. The question has been raised, furthermore, as to whether such standards do not have the unintended consequence of further exacerbating the already challenging circumstances of learners from disadvantaged backgrounds.

In the first of the opinion articles, Nick Taylor notes that targets have a dual purpose. On the one hand, they are measures of performance and, on the other, they set objectives to aim for. Ultimately, they are meant to provide an education that allows learners to seize opportunities in the labour market. Measures can be introduced in an attempt to ensure that targets are reached, but performance incentives may also lead to perverse outcomes when short cuts are taken. For example, pressure to perform can lead to the adjustment of aggregate figures, which gives a warped impression of actual educational achievement. This practice, which has also taken root in South African matric exams, defeats not only the developmental purpose of schooling, but also the economic imperative of a better-educated labour force.

In the light of this, Taylor argues for a more balanced set of performance indicators that include pass rates, but which are driven also by the imperatives of quality, equity and opportunity. Without measures that incorporate these values, pass rates will continue to render an inaccurate picture of progress (or otherwise) within the education system.

Russell Wildeman, in the second indicator-related piece, contends that the introduction of uniform school rankings, by means of league tables, would disadvantage poor schools. The intakes of schools in traditionally poor areas are characterised by a learner profile that has had less exposure to additional educational resources, and hence these schools start at a disadvantage to their more affluent peers. This also has a bearing on teaching outcomes, resulting in teachers in poor schools often being branded, unfairly, as lazy and inefficient. Wildeman proposes that more resources be invested in data-gathering that tracks school effects (the value that schooling adds to aggregate levels of education in schools with particular socio-economic backgrounds), as opposed to blunt uniform standards that value final outcomes but not achievement.

Chapter 4: Poverty and inequality

Ultimately, poverty and inequality remain the core indicators of South Africa's social transformation, because the struggle against apartheid oppression was, more than anything else, a struggle for human dignity.

Arden Finn, Murray Leibbrandt and Eva Wegner show in their overview article that while some inroads have been made in terms of poverty alleviation over the past 17 years, inequality levels have been exacerbated; and, today, South Africa is, arguably, the most unequal emerging state. Their exploration hones in on the primary drivers of inequality, and finds that the character of the South African labour market has managed to keep patterns of skewed distribution intact. The authors' analysis shows that employment rates in the top income deciles have remained higher than those in lower income groups. Since 1993, and especially since 2000, unemployment has actually declined in the upper categories. Those in lower income categories, however, have experienced a sharp increase in unemployment. Given the country's oversupply of unskilled and low-skilled labour, its overall unemployment rate has increased by a substantial margin, with significant consequences for equity. Without solving the labour market question, they argue, South Africa will not solve the inequality question.

These employment patterns are stubbornly entrenched, and the article asks to what extent fiscal redistribution has been successful in addressing the roots of inequality. Their focus falls on education as the primary driver of opportunity within the labour market. The data that they present show slow progress towards the objective of broadened access to quality education, despite high levels of resource mobilisation. In some instances, the performance of formerly disadvantaged schools has declined, and the gap between their performance and that of schools in privileged areas has actually increased. They ascribe this to various factors. Firstly, there is the unequal starting point for measurement, due to the persistent legacy of apartheid underdevelopment. Secondly, and linked to this, is the nature of South Africa's compromise political transition, which constrained far-reaching corrective policy. Thirdly, they mention the scourge of corruption and maladministration within the government. Finally, it is argued that the equalisation of teacher salaries, which took on a political character in the first years after the transition, saw salary expenditure consume a disproportionate slice of the education budget.

Therefore, while the constraints on spending have been significant, the data lead the authors to ask whether education has indeed been a primary priority for the government. Following on this, they question whether there has been enough commitment to greater equity between schools that serve affluent and disadvantaged communities. The consequence of inequitable spending in schooling, they contend, is the inevitable reinforcement of inequitable development.

The final opinion section of this year's publication asks whether social development policy can contribute to rectifying unequal development at a time when resources are under particular strain. In recent years, the term 'developmental state' has been much bandied about in economic policy-making circles. In essence, the concept refers to a state that seeks to play an active role in promoting development through the alignment of policies in various spheres of government. What form it takes depends on the particular challenges, but ultimately the characterisation of a state as such depends on its capacity to effect change through the instruments at its disposal.

Patrick Bond maintains that the country's current developmental model – which has been fashioned according to the prescriptions of global financial institutions that have shown themselves to be out touch with developmental realities – has reached its expiry date. It requires a fundamental reconfiguration of thinking about how economies ought to function to address human needs. Using the issue of climate change, and its impact on the poor as a prism, Bond suggests that somehow the courage for bolder steps seems to be absent. In this regard, he notes that the NDP represents a missed opportunity to confront the country's development challenges head-on.

In the second opinion contribution to the chapter, Vusi Gumede reviews the South African state's developmental achievements over the past 17 years. He finds that although present-day South Africa is a decidedly better place to live in than its apartheid predecessor, its unequal development track record does not suggest that the term 'developmental' is an appropriate characterisation of our state. While progressing towards a stage where it could wield more influence over development, Gumede suggests that a more appropriate description at this stage may be that of a 'developmental state in the making'.

Chapter 5: Public opinion on human security

This final chapter is a new addition to the Transformation Audit. If we assume that the ultimate objective of economic transformation is an improved sense of well-being and dignity in citizens, then it is important to understand how they feel about their economic disposition and to track it over time. In a recent Organisation for Economic Co-operation and Development (OECD) publication, titled *Social cohesion in a shifting world*, it is argued that the perception as much as the reality of inequality in development is a driving factor of social instability.[8] Within this context, the new section serves to complement the macro picture that is presented elsewhere in this publication.

The opinion data are derived from the IJR's own SA Reconciliation Barometer Survey, which is conducted annually on a national basis with a representative sample of the South African population. The selected figures in this section show how perceptions of well-being have varied in recent years and how they have largely correlated with economic fluctuations.

From Inequality to Inclusive Growth

This collection of articles asks how we set goals and achieve them in a global climate that is hostile, unpredictable and a threat to painstakingly achieved gains. For close to two decades, South African researchers have done exhaustive analyses of the developmental challenges that this country faces. We have embarked on bold scenario exercises and, over the past two years, in particular, forward-looking strategies have been crafted to address these challenges. Courage is now needed to take decisions on which strategies to follow and which to jettison. Either way, the country needs clear objectives to pursue at a juncture where we cannot afford to waste time. As in previous years, this publication seeks to contribute in this regard by providing analysis and provoking debate by South Africa's foremost thinkers.

Notes

1. *The Economist*, Staring into the abyss, 12–18 November 2011.
2. See *The Guardian*, Euro bailout wrangles spook markets as fears of slump intensify. Available at: www.guardian.co.uk/world/2011/oct/25/euro-bailout-wrangles-spook-markets [accessed 29 November 2011].
3. Business Live (2011) *Human Development as Important as GDP*: *Gordhan*. Available at: www.businesslive.co.za/southafrica/sa_generalnews/2011/10/17/human-development-as-important-as-gdp-gordhan [accessed 27 November 2011].
4. National Treasury (2011) *Medium-Term Budget Statement 2011*. Available at: www.treasury.gov.za/documents/mtbps/2011/mtbps/speech.pdf [accessed 28 November 2011].
5. South Africa Government Online, *The New Growth Path*. Available at: www.info.gov.za/view/DownloadFileAction?id=135748 [accessed 29 November 2011].
6. Since the release of the NDP occurred at a time when this publication was being finalised, it does not contain a comprehensive response to the entire document. Where appropriate, authors have engaged with it in their contributions. In 2012, however, the IJR's Inclusive Economies Project will engage with individual proposals through its Policy Brief series.
7. *The Freedom Charter*. Available at: http://www.anc.org.za/show.php?id=72 [accessed 29 November 2011].
8. OECD (2011) *Perspectives on global development 2012: Social cohesion in a shifting world*. OECD Publishing.