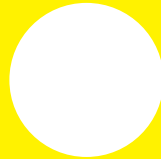
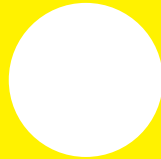
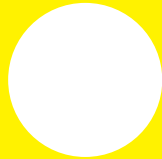
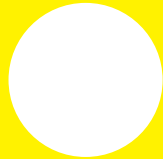


Chapter

1



Economic Governance

The proceeds of growth have to be enjoyed more equitably than has been the case in the past.



REVIEW: BUILDING A FUTURE FOR SOUTH AFRICA'S YOUTH

04

Ashraf Kariem and Sithembile Mbete

**OPINION: GENERATIONAL CHANGE AND ITS IMPACT
ON SOUTH AFRICA'S POLITICS**

New generation, old politics

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Eusebius McKaiser

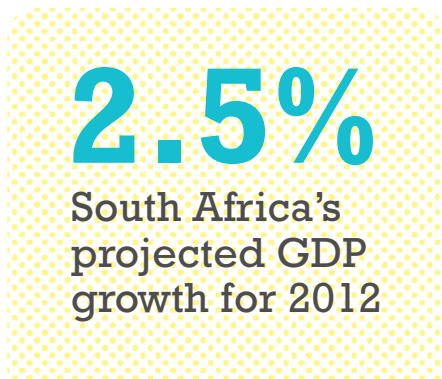
Continuity at the expense of new politics

15

Mzukisi Qobo

The Economy at a Glance

Global growth remained subdued in the face of continued uncertainty around the resolution of the Eurozone crisis, and the prospect of the US economy tipping over the proverbial 'fiscal cliff'. Declining demand in developed economies has also put a damper on forecasts for emerging markets, with growth in dynamos such as China, India and Brazil slowing down much faster than expected. Given the necessity for growth rates in excess of 6.0 per cent to achieve its developmental objectives, the National Planning Commission could not have launched its *National Development Plan 2030* at a more challenging juncture. In October, growth prospects for 2012 were revised downward from 3.1 per cent to 2.5 per cent, with the budget deficit for the period widening to 4.8 per cent. Given these tough conditions, which are likely to persist, and the prospect that the internal social instability of 2012 may spill over into 2013, the country will have to draw on all the resources at its disposal to ensure that the inclusive growth agenda remains on course.

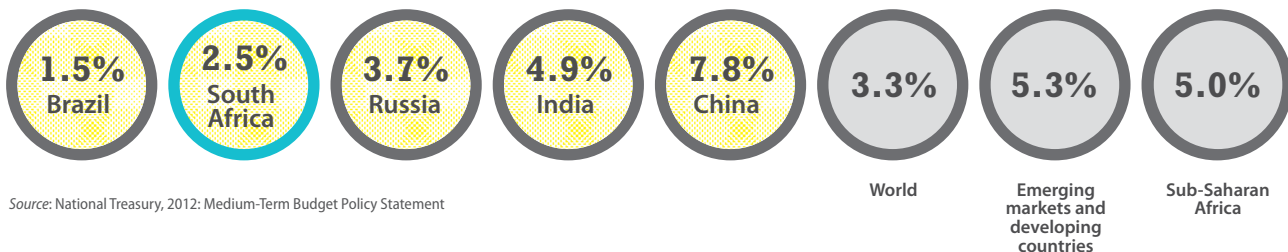


South Africa's vital economic indicators

	2011/12	2012/13 (est.)
GDP Growth	3.1%	2.5%
Total Government Revenue in Rbn	R837.0	R900.6
Total Government Expenditure in Rbn	R964.4	R1 057.1
Non-interest Expenditure	92.1%	91.6%
State Debt Cost	7.9%	8.4%
Budget Balance	4.2%	4.8%
Current Account Balance (2011)	-3.3%	5.9%
Total Gross Debt as % of GDP	39.6%	41.3%
Headline CPI Inflation (2011)	5.6%	5.7%

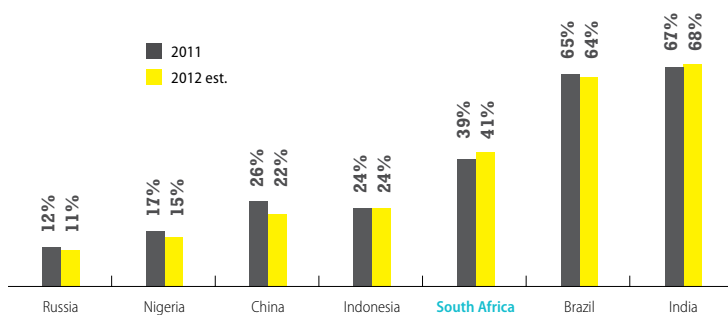
Source: National Treasury, 2012: National Budget Review and Medium-Term Budget Policy Statement

South Africa's projected GDP growth for 2012 in a comparative perspective

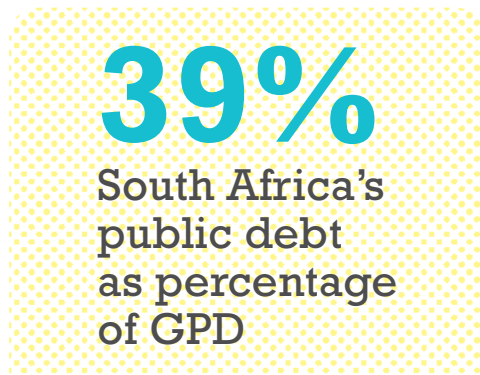


Source: National Treasury, 2012: Medium-Term Budget Policy Statement

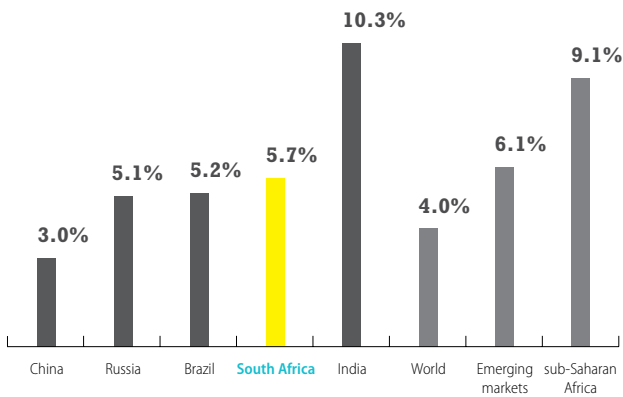
South Africa's gross debt to GDP ratio in comparative perspective



Source: International Monetary Fund, World Economic Outlook Database, October 2012



Projected inflation for 2012



Source: National Treasury, 2012: Medium-Term Budget Policy Statement

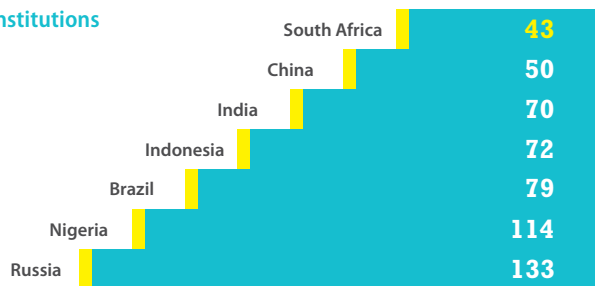
The competitiveness of the South African economy in perspective

Country/Economy	Rank 2012/13	Rank 2011/12	Change	
Brazil	48	43	-5	↓
Russian Federation	67	68	-1	↓
China	26	29	-3	↓
South Africa	52	50	2	↑
Indonesia	50	54	4	↑
Botswana	79	78	-1	↓
India	59	62	3	↑
Nigeria	115	127	12	↑

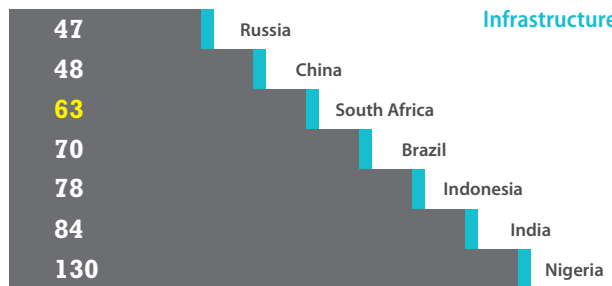
Source: World Economic Forum, 2012: The Global Competitiveness Report 2012–2013

The four basic pillars for economic competitiveness: global competitiveness report (ranking out of 144 countries)

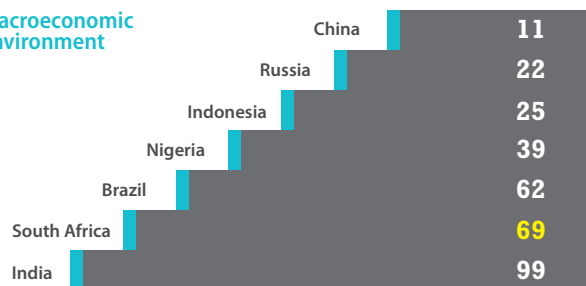
Institutions



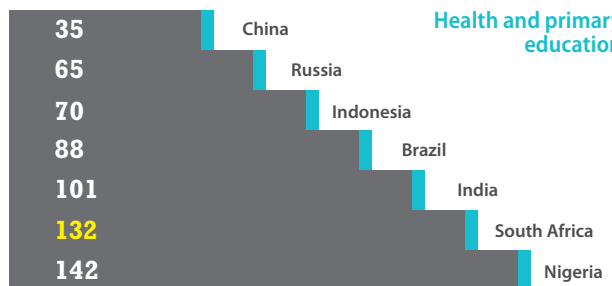
Infrastructure



Macroeconomic environment

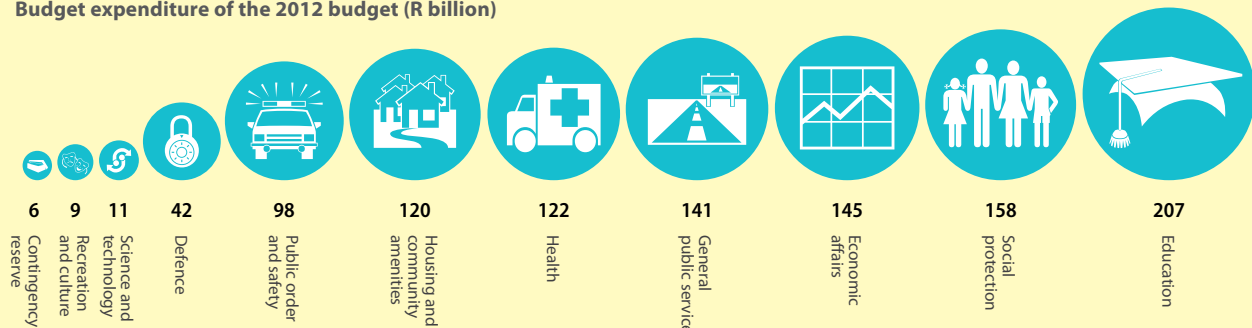


Health and primary education



Source: World Economic Forum, 2012: The Global Competitiveness Report 2012–2013

Budget expenditure of the 2012 budget (R billion)



Source: National Treasury, 2012: National Budget Review



REVIEW | Building a future for South Africa's youth

Ashraf Kariem and Sithembile Mbete

Introduction

Thandi is a 20-year-old girl from a village in KwaZulu-Natal who matriculated in 2010. Although she started school with 1.4 million other learners in January 1999, only 600 000 of her peers sat to write their matric exams in 2010. Of these learners, only 25 per cent achieved the marks necessary to enter a university or a further education and training college. Someone like Thandi who is a poor African woman from a rural area had only a 4.0 per cent chance of attaining further education. As she could not further her education, Thandi joined the 114 000 new entrants in the labour market in the first quarter of 2011. In her first year out of school, Thandi had a 13 per cent chance of getting a job. If we project this to the first five years out of school, Thandi has only a 25 per cent chance of getting a job and a 2.0 per cent chance of earning more than an average income of R4 000 per month. In all likelihood, Thandi will subsist off short-term employment for much of her working life, earning no more than the poverty-line amount of R419 per person per month. The first time she will break through the poverty barrier is when she turns 60 and is eligible for the old age pension.¹

Thandi's story illustrates the significant challenges facing South Africa's economy. Many are excluded from economic activity and have no access to opportunities to improve their lives. Unemployment and poverty levels are extremely high and persistent, and while there have been some efforts since 1994 to diversify the structure of ownership and participation in the economy, these have benefited only a few. As a consequence, inequality has continued to grow, and South Africa, having surpassed Brazil, today is rated as the most unequal emerging economy in the world. The task of undoing these stubborn structural traits of the economy has been hamstrung by a public education system that has widened access but has underperformed in providing quality education that meets the needs of the economy. Once again, black learners from disadvantaged backgrounds are being marginalised from accessing the opportunities that could drastically change their future prospects. Young people, and poor black youths, in particular, bear the brunt of South Africa's structurally flawed economy.

Like Thandi, millions of young South Africans will probably spend most of their productive years with little opportunity of

gainful employment and self-development. Their prospects of escaping marginalisation through mobility in the labour market are dim, and maybe only in their twilight years will government grants and pensions allow them temporarily to elevate their living conditions to something better. A country that offers so little hope to its youth cannot count on a prosperous, safe and stable future.

It is for this reason that South Africa urgently needed a comprehensive, integrated long-term approach providing a promise of something better. The National Planning Commission (NPC) was established to produce such a vision and an accompanying development plan for South Africa's future. Recognising that young people suffer a disproportionate burden of unemployment and poverty, the Commission adopted a 'youth lens' in preparing its plan. This article summarises the NPC's approach to improving the life chances of Thandi and millions of others like her. The revised National Development Plan (NDP) released on 15 August 2012 aims to eliminate poverty and reduce inequality in South Africa by 2030. The NPC believes that this can be achieved by growing an inclusive economy, building the capabilities of individuals, enhancing the capacity of the state and promoting a more cohesive society. The first section discusses the structural composition of the South African economy, and examines its historical foundations and contemporary features. Central to this is a discussion of the problem of youth unemployment. The article then considers the proposals of the revised NDP to create a more prosperous, equal South Africa by 2030.

The structure of South Africa's economy

South Africa's classification as a middle-income economy is misleading. As aggregate figures that are based on per capita income often do, this label obscures the country's profound social inequalities. Few live comfortably, while the vast majority toil daily to fend off the existential threats that poverty poses. The country's working middle class is small and vulnerable to external shocks.

This imbalance represents a continuation of the skewed patterns of ownership and economic participation that were forged during apartheid. Mining and agriculture provided



In short, more learners have been exposed to a system that does not adequately prepare them for the demands of a labour market with a distinct skills bias.

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the cornerstones upon which the South African economy was built, and its current configuration continues to bear evidence of this. During the twentieth century, state intervention contributed to the development of some manufacturing capacity to serve these industries and to provide consumer goods for the domestic and Western markets. The South African economy before 1994, thus, can be characterised as a mineral-energy complex in a dependent relationship with Western economies, based mainly on exports of minerals and agricultural produce and imports of capital and intermediate and finished goods (NPC 2011). Successive apartheid governments invested mainly in 'self-sufficiency' projects such as SASOL and ISCOR. These were highly capital- and resource-intensive enterprises, which, in turn, reproduced this complex of capital-intensive and energy-inefficient industries. The resilience of this model was sustained by cheap hydrocarbon energy. This path-dependency has proven stubborn and difficult for the post-apartheid government to change.

Global forces and the weak impact of domestic policies have served to reinforce these realities. Below-potential growth, and an inability to absorb more young entrants in the labour market have imposed a 'muddling through' scenario on the country, which has seen it struggling to keep pace with other emerging market peers. The NDP's diagnosis of the South African economy is that it is caught in a 'low-growth, middle-income trap' (NPC 2012: 110). The four features of this trap are: low levels of competition for goods and services; large numbers of workers that are excluded from the labour market; low savings; and a poor skills profile. As a result, the NPC contends that the economic legacy of apartheid has not yet been overcome, and that the majority of black people still struggle to find the opportunities to advance their living standards.

Low competition levels constitute one of the most stubborn remnants of South Africa's economic evolution under apartheid. Internally, economic exclusion kept the majority of citizens from competing on an equitable basis with their white counterparts. Because of apartheid laws, the consumer base was circumscribed, as was the labour profile. Racial laws constrained the growth of the domestic market and destroyed entrepreneurship among the majority black population, limiting the growth of small enterprises and the informal sector. Economic sanctions also precluded potential foreign investors from adding diversity to the market. In some instances, export substitution, the apartheid government's response to sanctions, gave rise to the development of oligopolistic relationships within specific industries. The result, uncompetitive goods and services markets, created relatively high profit margins

that were consumed by employers and existing employees, but resulted in limited innovation and investment. This legacy remains, which makes it difficult for new firms to enter the market; consequently, the potential for the creation of new jobs remains constricted.

Unemployment means that too many South Africans are excluded from actively participating in the formal economy. South Africa's economy is highly capital intensive, and highly biased against labour. Reversing this bias is the most critical economic challenge South Africa faces. Too few South Africans work, with about 27 per cent of the working-age population being unemployed. Despite making up just 0.5 per cent of the global labour force, South Africa accounts for 2.0 per cent of global unemployment (National Treasury 2011). Only about 41 per cent of the adult population (aged 15–64 years) is employed or self-employed in the formal or informal sector. The comparative figure for emerging market peers, such as Brazil and Malaysia, is 75 per cent; for developed economies, it is 70 per cent (NPC 2011). The only examples of countries with employment levels that are equally low are found in the Middle East where women are excluded from the workforce. The dependency ratio (the number of people depending on one wage earner) is very high at 3.9 (NPC 2012). This means that each employed person supports four other people. Because of the high dependency ratio, the majority of working people live near or below the poverty line of R419 per person per month.²

Low savings translate into low levels of domestic investment. South Africa's levels of private and public investment (including maintenance) are significantly lower than those of high-growth countries such as South Korea or China. Despite having peaked at 24 per cent in 2008, the country's investment level as a proportion of GDP has averaged below 20 per cent since the mid-1980s. South Korea, in comparison, had an investment rate of about one-third of GDP during its period of rapid economic growth (NPC 2012). Because of the low savings levels, South Africa is reliant on foreign capital inflows. This has reinforced the uncompetitive nature of the economy, as foreign capital has tended to invest in existing high-profit firms, as opposed to green-field investments that create new infrastructure and employment.

A weak skills base is one of the primary reasons why investment rates have remained low in South Africa (World Bank 2011). With the global economy becoming increasingly knowledge oriented, investors have sought destinations with skills bases that meet the demands of their industries. South Africa's shortage of critical skills can be attributed partly to the education policies under apartheid, which kept the majority

of the population from entering particular highly skilled occupations. This has been exacerbated by an underperforming education system since the end of apartheid. Although substantial resources have been pumped into public education over the past 18 years, the returns on this investment have been unsatisfactory. The system's major achievement has been close to universal access at the primary level, but, as indicated elsewhere in this publication, retention levels and the quality of outputs have been low. In short, more learners have been exposed to a system that does not adequately prepare them for the demands of a labour market with a distinct skills bias. For more than a decade now, employment for low-skilled workers has grown at a lower rate than for those with higher skills. This, in turn, reinforces income inequality, because the high premium on skills has pushed up wages of workers in this category in a disproportionate measure to that of low-skilled and unskilled workers.

In addition to these challenges, there are others, which we do not go into detail about here, but are worth mentioning. These include extreme pressures on natural resources, such as water, energy constraints, skewed spatial development and limited access to large global markets, because of geographical distance.

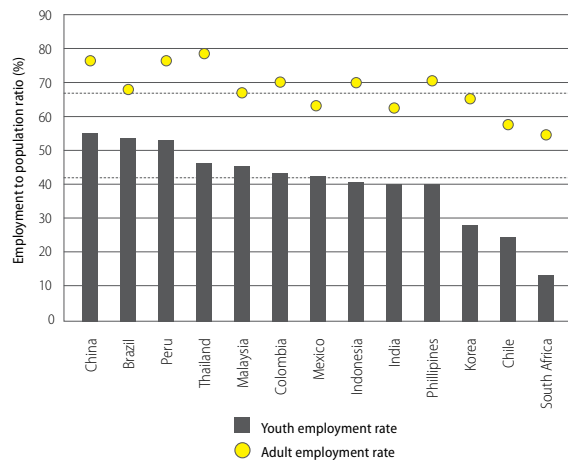
Youth unemployment: wasting the demographic dividend

While the extent of unemployment is a major concern in itself, the most frightening aspect of it is the proportion of young South Africans falling into this category. Youth unemployment may be a global phenomenon, particularly in a context of international economic stagnation, but the problem in South Africa far exceeds that of most of its peers.

Generally, youth unemployment levels are determined by several factors, including: a lack of work experience; insufficient entry-level jobs to match the number of entrants; a mismatch of available jobs to the skills of the available entrants; and a disconnect between education and the labour market (Moleke 2012). In South Africa, all of these factors are predominant; but, unlike in many other countries, youth in South Africa are not just 'hard to employ' – the majority are economically inactive. Using South Africa's official definition of youth (young people aged 15–34 years), the youth unemployment rate was about 34.5 per cent in December 2010, comprising about 72 per cent of overall unemployment. Using the International Labour Organisation's definition of youth (15–24 years), the youth unemployment rate was 49 per cent, which constituted 30 per cent of total unemployment (Altman 2102). Young black people are most affected by unemployment. In 2009, 53.4 per cent of black African youth between the ages of 15 and 24 years were unemployed, compared to 14.5 per cent of white youth (OECD 2010).

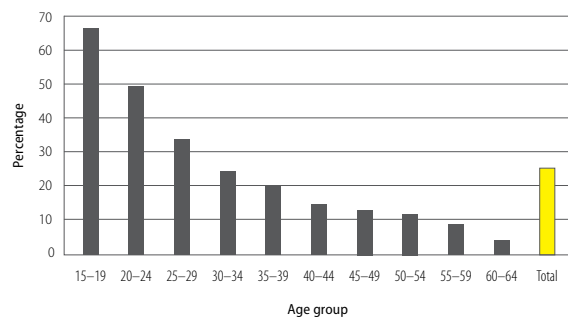
What makes this situation especially unfortunate is the fact that from a demographic perspective South Africa will never have a better opportunity to eradicate its developmental

Figure 1.1.1: Proportion of population in employment (youth aged 18–24, adults 24+)



Source: NPC (2011)

Figure 1.1.2: Unemployment rates by age, 2010 (Q3)



Source: Statistics South Africa (Stats SA) Quarterly Labour Force Survey (QLFS) (2010)

deficits. Like many developing nations, the country is experiencing a 'youth bulge', which means that the proportion of working-age people is high in comparison to the very old or the very young, who are not of working age. Under ideal conditions of full or high employment, this situation can be leveraged to direct revenue in the most optimal way for investment in infrastructure, skills and education, and support for the more vulnerable in society. As indicated above, unemployment precludes this from happening in South Africa. In the absence of better prospects for this country's young, the dependency ratio will remain high and, hence, the youth bulge, if unchecked, has the potential to become a liability rather than an opportunity. Long-term unemployment leads to alienation, increased risk behaviour and violence, which threatens social stability. At present, young people between the ages of 15 and 29 years are likely to make up more than a quarter of the total population until 2030 (NPC 2012). Therefore, there is a window of opportunity to work towards a decline in dependency rates and poverty levels. The cost of failure in this regard should serve as sufficient deterrent against complacency.

Several intertwined factors conspire to keep youth unemployment at its present levels. Firstly, economic growth has been outpaced by the growth of the labour market. While the economy expanded at an annual average of 3.2 per cent between 1993 and 2012, it could not keep up with the rate at which new entrants added to the size of the labour force. Secondly, a faltering education system has failed to keep abreast with the requirements of the new world of work. The system has struggled with high drop-out rates, especially from Grade 9 onwards. However, even those who have obtained a senior secondary certificate have come to realise that secondary schooling no longer guarantees upward mobility in the economy. Unfortunately, evidence suggests that secondary schooling is no longer perceived as a reliable signal of capabilities. While the schooling system has continued to produce weak outcomes, job opportunities for those with lower qualifications have continued to shrink. On the other hand, demand in high-skill sectors, such as finance and business services, have continued to grow, which has further amplified the mismatch between the skills-level requirements of industry and what the labour market can offer. A decade ago, a black African person with only a secondary certificate qualification had a 50 per cent chance of finding employment; the comparative figure today is 30 per cent. Eighty-six per cent of unemployed youth do not have education beyond Grade 12. Since 1995, employment for people with tertiary qualifications has increased by 7.1 per cent a year, while the comparative figure for those with only a senior secondary certificate has increased by an annual average of 4.8 per cent over the same period (Moleke 2012). The situation is even worse for those who have not obtained a senior certificate qualification. In 2012, 59.3 per cent of the unemployed had dropped out of school before obtaining their senior certificate (Stats SA 2012). Several other factors serve to compound the

youth unemployment problem. Among these are: lack of prior experience, which provides an important signal of ability to potential employers; weak social networks (especially for black youth), which link job seekers with employers; poor work-readiness; and a preference for hiring older people, which reduces the company's training bill, because of prior experience.

Given the distorted structure of the South African economy, which fails to create opportunities for the majority of citizens, and the youth in particular, targeted interventions are necessary to enable South Africa to be more prosperous and more equal in the future. The NDP aims to reverse the economic legacy of apartheid, eliminating poverty and reducing inequality by 2030. The following section provides a brief overview of some the NDP's proposed interventions to improve the prospects for young South Africans.

The NDP's vision for South Africa's economy

As intimated above, for South Africa to escape its current development trajectory, it will not only have to grow faster, but will have to do so in a more inclusive way. The proceeds of growth have to be enjoyed more equitably than has been the case in the past. In fact, higher levels of growth that are inequitably distributed can be as disruptive as no growth at all. In terms of the NDP's vision for 2030, the economy's best bet at becoming more inclusive is to ramp up employment levels to as close to full employment as possible, to diversify ownership, increase investment and foster a more capable, skilled workforce. To reach the goal of near full employment, the economy needs to grow by 5.4 per cent a year over the next 20 years and create some 11 million new jobs. The unemployment rate should fall from 25 per cent in 2011 to 14 per cent in 2020 and to 6 per cent in 2030 (NPC 2012).

Future scenarios

In pursuit of its objective of finding an appropriate vision for the country, the NPC prepared three employment scenarios to forecast the outcomes of different policy actions or development paths. In the baseline scenario (Scenario 1), South Africa will continue along the current trajectory, 'muddling through' with no improvement to the policy environment and with poor global economic conditions. The rate of investment will remain the same, and unemployment will only decline to 19 per cent, creating a shortfall of 3.3 million jobs (from the target of 11 million jobs by 2030). The jobs deficit will have to be met by the government through more than 5 million public-works job opportunities per year by 2030.

In the solid-minerals scenario (Scenario 2), an improved global environment and good performance in infrastructure programmes will increase the growth rate and expand employment. However, investment will continue to flow to the profitable capital-intensive activities, such as mining and energy, thus reinforcing the minerals-energy complex. Many of the jobs

created would be in low-paid domestically oriented services, such as retail and personal services. The creation of private sector jobs means that only 2.6 million public-works job opportunities will have to be created per year by 2030.

In Scenario 3, the NDP proposes a development path that will create a diversified dynamic economy. Here, substantial investment is made in new and expanding firms, education outcomes are improved to produce a skilled workforce, and state capabilities are enhanced to strengthen municipal infrastructure and services. Investments are made in research and development to increase the number of South African commercial innovations. Improved state capabilities contribute to a fall in living costs, improving the quality of peoples' lives. A fall in the costs of production stimulates local industries, and value-added exports constitute a larger share of sales.

Reaching vision 2030

No doubt, the achievement of a more prosperous and equal society is a long-term project. It requires building a more competitive, diversified economy that includes a greater number of South Africans in ownership and economic activity. This will require: improvements in economic infrastructure, particularly transport; more sophisticated telecommunications; the provision of energy and water; human resources investment, through better education and healthcare; removing the spatial legacy of apartheid, by improving human settlements and public transport; strengthening public service capabilities; and promoting regional development.

The NPC has identified three strategic interventions to develop a more competitive and diversified economy: raising levels of investment; improving skills and human capital formation; and increasing net exports. It is convinced that success in these areas will lead to rising employment, increased productivity, improved living standards and declining inequality.

Higher levels of investment will initially be state-led to address those infrastructure backlogs that have created disincentives to private sector investment. This should be infrastructure that promotes efficiency in the economy and reduces the cost of business and living. Several of the projects that were announced earlier this year by President Zuma in his State of the Nation Speech are intended to do just that. Yet, the provision of infrastructure per se is not enough. For private sector investment to follow, it also needs to be backed up by policy certainty that allows South African companies to plan and be more competitive. Private sector investment in infrastructure is most likely to occur if its expansion goes into consumer markets, also in the rest of Africa.

Improved skills and enhanced human capital require not only better quality education, but also improvements in health interventions, better located and maintained infrastructure, a sound social safety net, and more efficient public services. The NPC has identified the improvement of the accessibility and effectiveness of the post-school training system as the most important task in building human capital in the short

term. This, together with active labour market policies to match job seekers and employers, will be necessary to reduce unemployment, particularly amongst young people.

Increased export volumes will be pursued through a focus on those areas in which South Africa already has endowments and comparative advantage, such as mining, construction, mid-skill manufacturing, agriculture and agro-processing, higher education, tourism and business services. Given the modest pace of growth expected for the world economy, it will be necessary to focus not only on the areas in which we have comparative advantage but also where there is growing global demand. A greater proportion of exports will be directed to emerging markets, and more strategic efforts will be made to leverage our regional position to increase trade with the rest of the continent.

Other proposals include:

- » reducing the cost of living for poor households by focusing on reducing the costs of food, commuter transport and housing, as well as raising the quality of free or low-cost education and health care;
- » reducing the costs of doing business, especially for small and medium-sized firms, by reducing the cost of regulatory compliance;
- » positioning South Africa to attract offshore business services and leverage on the success of our telecommunications, banking and retail firms operating in other countries;
- » increasing rail, water and energy infrastructure;
- » broadening the expanded public works programme to cover 2 million full-time equivalent jobs by 2020;
- » adopting a more open immigration approach to expand the supply of high-level skills;
- » simplifying dismissal procedures for non-performance or misconduct, especially for smaller firms;
- » refining the approach to handling probationary periods to reflect the intention of probation;
- » strengthening dispute resolution mechanisms in the labour market in order to reduce tension and violence; and
- » creating a larger and more effective innovation system.

Building a future for South Africa's youth

As far as the position of young people is concerned, the NPC makes a number of proposals to improve their economic opportunities. Given the causal relationship between unemployment and low educational qualifications, it is important for young people to stay in the education system for as long as possible. The NDP aims to ensure that 80 to 90 per cent of learners stay in the education system up to Grade 12, or equivalent vocational education, with at least 80 per cent successfully completing the exit exams. Assuming that the quality of the system itself improves, this should also improve the employment prospects of young people.

In the medium term, strengthening the accessibility and effectiveness of the post-school training system will be an



Given the causal relationship between unemployment and low educational qualifications, it is important for young people to stay in the education system for as long as possible.

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important step towards improving the capabilities of young people. The post-school system should be responsive to the needs of business and industry, produce highly skilled professionals and technicians, promote lifelong learning and enhance the country's research and innovation capacity. Training in entrepreneurial skills should be provided for school leavers and unemployed youth. Improvements to the education and skills system must be combined with active labour market interventions to be effective. One million learning opportunities should be provided through community education and training centres for youth to improve their qualifications. These opportunities should include non-formal education and a range of life skills.

For the short to medium term, various labour market interventions have been proposed to improve the employability of young people. The NPC proposes offering a tax subsidy to employers to reduce the initial cost of hiring young labour market entrants. This has the potential to provide many unemployed youth with that vital first work experience. In this regard, it would be important to facilitate agreement between employers and unions on entry-level wages to ensure that young, inexperienced labour does not crowd out older, experienced workers. Other short-term proposals include: providing driver's training for school leavers to increase their chance of employment; subsidising the placement sector to identify and prepare matriculants and place them in work opportunities; expanding learnerships and making training vouchers directly available to work seekers; and establishing a formalised graduate recruitment scheme for the public service to attract skilled young people to the public service.

It further suggests interventions aimed at the youth in areas outside of education and the labour market as well. Youth make up a large proportion of the urbanising population. The young people moving from rural areas to cities are largely of working age and mainly unemployed or involved in marginal enterprise. In reshaping South Africa's towns and cities, attention must be given to the needs and concerns of the youth. Rural areas should be made vibrant, productive sources of opportunity for youth. Youth-oriented spatial development includes putting in place the infrastructure they need to build their capabilities, access education and employment and engage in recreational activities. Furthermore, youth should be included in planning processes and encouraged to be active citizens.

Proposals have also been made to address the social circumstances that obstruct young people's participation in the economy. They are often the main victims and perpetrators

of crime, and, in order to build safer communities, the plan suggests mobilising the youth to participate in crime prevention and safety initiatives. Education about alcohol and substance abuse (as well as anger-management programmes) in schools from an early stage has been proposed as part of diversion initiatives for youth at risk of offending. The building of recreational facilities will also assist in this regard. In cases where crimes have been committed, the Department of Correctional Services will have to prioritise rehabilitation to increase young offenders' chances of making a meaningful contribution to society in future.

Finally, South Africa will be unable to reap the dividend of a young population if they do not remain healthy. The plan makes proposals for addressing lifestyle diseases such as diabetes, obesity and alcoholism. It also addresses the prevention and treatment of HIV/AIDS, which disproportionately affects young women.

Sequencing interventions for sustained growth

Achieving and sustaining GDP growth in excess of 5.0 per cent over the next 20 years will be a difficult feat. Most countries sustain accelerated growth for about eight years. Only 13 countries have achieved an average of 7.0 per cent a year for 20 years. To reach South Africa's growth targets, the NDP recommends adopting a binding-constraints approach – identifying the key constraints to growth, eliminating them, and then advancing to the next round of constraints. This sequencing of actions to remove those constraints to growth that are within the power of policy-makers to address can be an effective way to sustain growth.

The NDP makes proposals for the short, medium and long term. In the short term, the emphasis should be on absorbing the unemployed, especially youth, into economic activity. Ultimately, skilled labour should be the predominant feature of the workforce. Urgent investments must be made in rail, water and energy infrastructure to reduce business costs, and regulatory reforms must be implemented to reduce policy uncertainty. Opportunities for mass exports to sub-Saharan Africa and other emerging markets should be prioritised. To prepare for the next phase, the government will have to commit to: improving education standards and throughput at the primary and secondary levels; improving the labour relations environment; ensuring the supply of energy and water; changing the approach to land tenure systems to stimulate production and economic opportunity; and expanding public employment programmes.

In the medium term, the country should focus on the diversi-

fication of its economic base. This includes developing the resource-cluster to produce capital goods, provide engineering services and engage in beneficiation activities. Innovation across the state, business and social sectors should be prioritised to improve public services that serve low-income sectors, but also to increase efficiency across the economy.

In the long term, South Africa will have to consolidate the gains made in innovation, productivity and global market share.

What does all this mean for Thandi?

To improve Thandi's life chances, three priorities must be reached by 2030. The most critical of these is the sustained growth of the economy to raise employment. The state must support the development of new businesses that will be the main employers of the future. In the short term, improving the operation of public employment schemes will be important for enabling the state to service and support communities, while employing individuals. The upgrading of the education system will be critical to Thandi's chances of getting employment. For someone who has already left school, this requires improving post-school training, particularly through community education and training centres. Training in entrepreneurship and business skills will be crucial for enabling young people to create their own opportunities and employ themselves. Thandi needs the state to deliver the basic services necessary for building her capabilities; this means the efficient provision of electricity and water, public transport, social security and public employment schemes.

For the goals of the NDP to be realised, South Africa requires focused leadership, broad support across society, capable institutions and increased accountability. If each South African plays a role in their corner of the country, these goals can be achieved. Following the submission of the NDP to the government, the next challenge will be to galvanise the energies of the state and all citizens towards making it work.

Notes

- 1 Taken from *Planning for Thandi's future – Diagnostic report*, video produced by the National Planning Commission. Available at <http://www.youtube.com/watch?v=pliRsFYsRcg>.
- 2 In 2009 prices.

OPINION | Generational change and its impact on South Africa's politics

ONE

NEW GENERATION, OLD POLITICS

Eusebius McKaiser

Introduction

Many South Africans fervently believe that the quality of our political discourse – and the business of governing the country – will improve as people with apartheid memory die out and make way for a new generation, who have spent their formative years growing up in the post-apartheid era. Those who do so are likely to be disappointed. This article reflects on why the current character of our party-political contestation – a dominant but divided African National Congress (ANC), on the one hand, which covers up weak governance and corruption with fuzzy historicism, and the Democratic Alliance (DA), on the other, which compromises its support with approaches that are devoid of any historicism – is unlikely to be transformed by the replacement of stalwarts with more youthful faces. In both, party discipline trumps the fresh thinking that is required to challenge the status quo, and, until this changes, they will continue to reproduce a present that is stuck in a contested past.

The status quo: lazy historicism, overactive ahistoricism

To evaluate the prospects for political renewal accompanied by generational change, it is important to have a sense of the nature of current political contestation, the thinking that underpins it and the leadership that guides it. Given the steady demise of smaller political parties in successive elections, I will restrict myself here to the two major contenders, the ruling ANC and the DA, which seems to have absorbed much of the drift away from smaller parties.

Almost two decades after the country's political transition, the shine of the ANC's public image as a liberator, moral paragon and people's movement is gradually wearing off. Current president, Jacob Zuma, once famously remarked that the party would rule until Jesus Christ returns. Yet, today it increasingly has to contemplate its political mortality, as it comes to terms as a party with fierce and debilitating leader-

ship battles, and as a government with rampant corruption, skills deficits and weak implementation capacity. To counter the erosion of its social capital, the ANC has resorted to lazy historicism that it hopes will cover up for its shortcomings. For example, in his medium-term budget statement in October, Finance Minister Pravin Gordhan pointed out that South Africa's stunted economic performance, in comparison to booming African peers, is due to the global economic crisis impacting on South Africa more than it has on other developing economies. In other words, a recent historic structural factor is cited to soften underachievement by the state. (Gordhan did also mention weaknesses internal to the state but reference to historic structural factors is too often the more immediate explanatory narrative chosen by many ANC politicians.) The frequent citation of the longer political and socio-economic shadow cast by a history of colonialism and apartheid has become an enduring feature of government briefings on why targets have not been met. In many instances this has been done legitimately, but in others the cynical incantation of history, such as the president's recent attempt to absolve the government for its role in the Limpopo textbook crisis, has been opportunistic. In simple terms, this strategy suggests a sense of historical entitlement to be excused for underperformance.

Here is the problem with this historicism. While it appears empirically sound and politically coherent – some 20 years of democratic governance could not reasonably be considered an adequate time frame to fully undo the legacy of centuries of social, political and economic subjugation – the ruling party has become the architect of its own misery by failing to manage citizen expectations. Instead of asking for patience with gradual steps, it has postured – often for short-term electoral gain – in ways suggesting the capability of making gigantic leaps. Once looming deadlines appear on the horizon, sudden panic erupts about the message that has to be crafted in response to the visceral disappointment of its mainly black African constituency. While there is indeed a sense in which



Party discipline trumps the fresh thinking that is required to challenge the status quo.

present challenges can and must be historically situated, this has frequently been done in an irresponsible way.

Too often, this historicism is lazily trotted out to mask non-historic realities, such as the cadre deployment policy, and corrupt behaviour on the part of politicians and public servants. History might explain the desire to live well for the first time. It does not explain why some, but not others, loot the state. The fact that not every liberation movement here is corrupt is evidence that some politicians simply choose to exercise their political agency in ways that are self-serving and often illegal. Instead of rooting out these rogue elements from the system, lazy historicism redeems their actions and allows them to continue stripping the state of its resources. In effect, this adds insult to injury to a state bureaucracy that is already limping along as a result of skills deficits.

The media chooses to focus frequently on titillating personality squabbles and, occasionally, on ideological debates, such as whether 'to privatise or to nationalise'. Rarely, however, does it ponder the impact of such stories on the institutional character of the state. While it may be more boring, our intellectual energies need to be directed towards building a bureaucracy that works. Without it, all policy and ideological battles of this generation and the ones to follow will be pointless. As far as personalities are concerned, it is naturally true that we are more likely to build a functioning bureaucracy if we have skilled political principals leading state departments and parastatals. However, there are thousands of men and women within the state who never meet a director-general or a minister in the course of their careers. We, therefore, cannot reduce the challenge of building a bureaucracy to the identity of top leaders of the ruling party, or who they appoint to act as the political heads of state departments. This is not to underestimate these appointments; it is rather to caution against an exclusive public focus on the most prominent positions within the ANC and the state at the risk of institutional meltdown.

Where does this leave us in terms of political leadership within the ANC? Too many current ANC leaders do not grasp this insight. They trade on struggle credentials. They hide behind lazy historicism to mask choices they make that have no foundation in history. Moreover, they are short on ideas about how to move from ideological and personality battles to pragmatic leadership focused on building a state that has men and women who are technically able to improve citizens' lives.

If the ANC suffers from the reflex historicism, the DA has the opposite problem – overactive ahistoricism. The DA's core philosophical belief is that equal opportunities ought to be created for all South Africans to have a shot at living fulfilling lives. While it may sound innocuous – spot-on, even – it is far

from that. Political philosophers have wrestled with many different conceptions of equality over the centuries, and the DA's neat repetition of the idea of 'equal opportunities' not only masks deep conceptual differences between philosophers, it also almost masks the ahistoricism behind their chosen philosophical foundation.

Countless classic texts have been written on equality. A critical engagement with that literature is beyond the scope of this article, but there are intuitive differences between various conceptions of equality that are relatively easy to make sense of, and which will suffice to show up the need for conceptual rigour in the DA's foundational principle. One interpretation of equal opportunities is to simply give every person the right to start a race, for example by placing everyone at the beginning of a marathon race, say. There is nothing stopping you from competing. You have an equal chance, in that sense, of winning the race. Of course, the problem is that in reality being allowed to enter the race does not mean that all have the same shot at winning. There are many other determinants of success, ranging from genetic luck (some are born with greater capacity to excel on the sports field) to environmental luck (including a range of fortuitous factors, such as diet consumed over the years, prior opportunities to practise, etc.) Once we flesh out the more complex array of determinants of athletic achievement, it is clear that a 'fair race' cannot be reduced simply to 'a race in which everyone is allowed to participate'.

That is precisely the problem with a basic, formalistic conception of equality: it takes inadequate account of the histories of individuals and communities. It is, in that regard, typically ahistorical, and it is this kind of conception of equality that the DA is infatuated with, and which leads to its overactive ahistoricism in how it analyses contemporary challenges in South Africa. It is almost as if merely placing everyone at the beginning of a race will suffice to guarantee a more just and equitable society. That is not just naïve; it is irresponsible and poorly thought through from an intellectual and political viewpoint.

How does this bear on the leadership challenges within the DA? The DA's challenge is to find leaders who do not let the ANC get away with lazy historicism, without becoming ahistorical themselves. That is very difficult: many older white leaders within the DA find comfort in conceptions of equality – like 'equality of opportunity' – that de-emphasise history's reach. This does not play well with the vast majority of black Africans, who still experience the structural impact of our ugly past. At the same time, one is tempted at least to empathise with the desire on the part of DA leaders to sketch a genuine post-democratic alternative vision for the country,

one that lets go of the past. Strategically, however, the DA makes the mistake of not engaging voters' current psychologies because it is so enamoured with the *ideal* of a colour-blind society founded on equal opportunities for all. Thus, the question for the DA is whether a new generation of leadership can take sufficient account of this balance between selling the electorate an ideal society not held hostage by our past and, simultaneously, embracing practical solutions to achieve a just society that take effective account of history.

This, then, is the party political backdrop to the generational question. The leadership challenges in our two largest political parties run deep, and the question is whether the mere fact that younger political leaders are younger, born into a new democracy rather than into a system of racial apartheid, should give us hope of a successful changing of the guard? I believe this is wishful thinking. I will first outline why in each party there is evidence that many of the younger politicians are inheriting the political sins of their mentors. Then, I will conclude with reflections on what it will take for the situation to change for the better.

New ANC generation, old politics

Inside the ANC, there is little visible talent in the under-40 age group. The most prominent exponent of the ANC Youth League in recent years, of course, has been Julius Malema. The fiery leader from Limpopo lives a lavish lifestyle that is near impossible to achieve, unless you are a trust-fund baby or *the business whiz kid* of your generation. Neither of these applies to Malema, and after persistent allegations of wrongdoing and excellent investigative journalism, the law caught up with him and he is currently being investigated for corruption, money laundering and tax evasion.

The point of the Malema example is this: he is not the first ANC leader that has fallen victim to the trappings of money in politics, and he will certainly not be the last. Its tentacles have spread from the older generations down to the youngest; hence, the assumption that political leaders under the age of 35 will be more responsive to the needs of South Africans than their elders have been is based on wishful thinking rather than grounded in reality.

Of course, Malema does not a winter maketh, one might say. The truth is, firstly, that he did not rise to senior positions within the Youth League structures by himself. Many of his contemporaries supported him and, consequently, their ability to judge quality leadership is also implicated; secondly, many of the Youth League leaders less prominent than Malema have also grossly underperformed. His sidekick and former spokesperson for the League, Floyd Shivambu, is a case in point. His insight on issues of national importance is limited and he routinely pronounces on them with stunning factual inaccuracy. At times, these flippant statements on crucial issues of national concern such as nationalisation encroach on some of the basic normative features of the constitutional

democracy the country has developed. Even the stand-in leader of the Youth League, Ronald Lamola, often gives the impression that he is (worse, in this regard) deliberately underplaying his formal education in law, glibly articulating views about policy issues such as land reform and nationalisation of the mines. (The most intellectually and politically impressive ANC Youth League leader I have met in recent years is undoubtedly its former secretary general, Vuyiswa Tulelo, who fortunately appears not to be lost to the state, at least, as a possible career diplomat.)

Not only is there a dearth of talent within the Youth League's top leadership structure, there is also an irritating habit of many talented young politicians – perhaps rationally so – doing what they need to in order to ensure career progress, rather than stirring the pot through more honest engagement with their elders. Take Buti Manamela, the Young Communist League boss. He is undoubtedly one of the most talented political brains among the younger politicians, but his slavish defence of the Zuma administration's weaknesses – including its bungling of the education system in Limpopo – is so spectacularly at odds with his more honest critiques of the status quo prior to his becoming a parliamentarian that one cannot help suspecting that, rather than being motivated by sheer intellectual and political integrity, career politicking is the more potent determinant of how he engaged political issues ahead of Mangaung. That, of course, is true of most politicians, but the point is that if you were hoping to find *a new kind of politics* among younger politicians, then you need to think again. Old habits die hard. As with all children who end up repeating their parents' mistakes, despite swearing that they will do better, so too young politicians often repeat the political sins of their leaders. A new politics in the ANC will clearly take more than a *mere* generational shift.

New DA generation, old politics

The DA has a better leadership incubation programme than that of the ANC. It produces young leaders that are well versed in the essentials of political communication, the basic philosophical foundations of the DA (or, at least, its 'core value') and some of the main policy debates in the country.

However, as with the ANC, older politicians in the DA often create clones of themselves, rather than nurturing a new generation of leaders who are inherently critical and sceptical – in a philosophical sense – of received wisdoms within the party. In public, many young DA leaders struggle to justify the party's de-emphasis of race in its policy prescriptions. In private, some are willing to confide their discomfort with this approach, which I have critiqued elsewhere in a *Mail & Guardian* essay that has caused a stir among DA politicians.¹

Yet, when pressed to explain publicly why they agree with these criticisms, there is awkward silence. The implication is clear: they do not feel up to the task of adopting a critical posture towards their political mentors and principals. How

much hope is there then of a different kind of DA leader emerging if this space for deep, open disagreement about even the fundamental positions within the party is smaller than many realise?

This is why it is difficult to draw an ideological wedge between the younger politicians and the older ones within the DA. In a sense, despite their insensitivity to evidence, it is easier to map out policy and value differences between ANC Youth League leaders and their 'elders' than it is to do so between young leaders within the DA and the older ones.

This is not to deny that there are differences among the leaders of the DA. Indeed, a leader like Athol Trollip has a very different take on how to grow the DA than does the party's leader, Helen Zille. The point, rather, is that there is no sharp break between these leaders' dialectic and what you would hear and see among those politicians under the age of 40. As with the ANC, this is suggestive of the truth that a mere change in demographics cannot be guaranteed to deliver a better quality of political leader than is currently the case.

It is surprising, for example, that the same ahistoricism and class-obsession (as a crude substitute for race-based analysis) in the politics of senior DA leaders should be found in the speeches of younger leaders. Where is the visible minority of young leaders with a different conception of what economic justice entails? Where, for that matter, is the visible minority of young DA leaders with alternative conceptions of equality, ones that are not formalistic at the core? Where, one wonders, are the young leaders who challenge policies unrelated to race – on social questions such as sex work, say – and who are fighting for a classic brand of liberalism, as opposed to the liberalism-lite of many older DA politicians (white *and* black)? The absence of these strands of alternative thinking about the DA and its future in younger DA politicians bears evidence of the fact that, like their ANC counterparts, too many young DA politicians simply inherit the political sins of their elders.

Where to from here?

The main insight of this article may not be particularly ground-breaking: a generational shift in demographics does not guarantee a positive transformation in the quality of political leadership in South Africa. It is, however, an insight worth reflecting on, because so many of us pin our hopes for a more responsive government on young people. We often straightforwardly assume that children born in the dying days of apartheid or, even better, during democracy, will naturally be endowed with great empathetic capacity to feel for those worse off than themselves. We conclude this hopeful projection by also imagining that they are, in practise, likely to actually demonstrate greater political leadership. The

tentative evidence, based on the performance of the current crop of young political leaders, is that such hopes are misplaced. The basic reason is simple: we reproduce, all too often, the worst weaknesses of those who have role-modelled leadership to us. This leaves us with a very difficult challenge: where to from here?

Most importantly, there needs to be an improvement in the quality of political mentorship. In theory, this should not be a massive challenge for the DA; it simply needs to tweak content on their cadet programme to orient those who undergo such training to engage the material critically. One gets the sense, however, that the DA's core philosophical value is taught as an ideological *fait accompli*, rather than presented in the context of a range of competing accounts of equality. The bigger challenge for the DA will be to attract a wider range of young people to the party's youth structures, beyond the self-selection that currently happens at tertiary institutions, which feed into the youth training programmes. South Africa is not going to be a colour-blind society in our lifetime (if ever), and indifference to the look and sound of the public faces and voices of the party is a losing political non-strategy.

Equally, inside the ANC and its alliance structures, political mentors have the near impossible task of mentoring younger politicians to stand up to them (the mentors), to not repeat their mistakes and to learn to be comfortable with the demands of a competitive, liberal democracy. This is 'near impossible' because it requires political mentors to have the capacity to step back from their own performances within the political space, and to selflessly instil a different style and approach to politics in their mentees. There is little reason to be optimistic that political players, who underperform grossly in their own careers, can still be brilliant private mentors to future generations of leaders.

Ultimately, we might have to look at leadership outside the formal space of party politics in order to sustain optimism about whether or not we, as a country, will turn around our dismal rankings on global poverty, inequality, unemployment and education indices. Here, fortunately, there is good news, which is criminally underreported – there are (despite enduring weaknesses in the sector) some excellent, vigorous and effective civil society organisations and young leaders within the civil society sector. It might be worth devoting more energy to reflect on this sector, rather than focusing solely on the more depressing reality that the younger politicians inside the main political parties look and sound uncannily like their elders.

Notes:

1. See <http://mg.co.za/article/2012-04-26-more-hugs-less-zille-will-help-the-da-to-grow>.

CONTINUITY AT THE EXPENSE OF NEW POLITICS

Mzukisi Qobo

The false imagery of liberation

Almost two decades have passed since South Africa became a democracy. It has been an uneasy journey. In part, it has been filled with a sense of idealism, driven by the promise of change and a better life, but, with time, hope has gradually made way for brutal realism. The honeymoon is long over and impatience with unfulfilled expectations and inept governance is increasingly bubbling to the surface.

The surplus social capital that the African National Congress (ANC) possessed during the early years of the transition is in deficit. The goodwill that excited and propelled the ruling party when it assumed power in 1994 has dissipated. Fragmented and politically compromised institutions are trembling under the weight of growing demands that range from jobs, education and quality healthcare to the provision of minimum basic services. As a result, trust in political leaders, the political custodians of these institutions, is at a nadir. Unlike in the earlier stages of the political transition, it is no longer possible to simply implore people to be patient. A change in leadership and the embracing of progressive values are what would bring healing to the country.

While the plight of the government must be viewed sympathetically against the backdrop of resource constraints, induced by a volatile global economic environment, there can be no excuse for the way in which weak governance compounds the problem. Every year, reports from the offices of the Special Investigating Unit and the Auditor-General paint a grim picture of maladministration and corruption that affect critical spheres of government. Their frequency and the seemingly lukewarm response from the authorities serve to deflate the hopes of citizens, as well as their confidence in the current political leadership to deliver the future that they have been promised.

South Africa's leadership transitions and national priorities

The challenges that confront South Africa today are the product of a volatile present, largely induced by factors related to globalisation; importantly, however, these have been superimposed upon an ugly past that fragmented the country along racial and economic lines. The traces of apartheid's social architecture are still evident in human settlement, educational

attainment, capacity for resilience in the face of economic adversity, access to opportunities for betterment that life has to offer, and the extent of participation in economic activity.

There is no doubt that the ruling party has had some notable achievements in reducing the socio-economic deficits created by the apartheid system, but these have not been consistent or of the required quality. According to data published by the South African Institute of Race Relations (SAIRR 2012), there were improvements in the delivery of key services between 1996 and 2010. The number of South African households living in formal houses increased from 5.8 million to 11 million, with the proportion of all households living in formal housing increasing from 64 to 76 per cent. The SAIRR (2012) study further noted that the number of South African households with access to electricity had increased from 58 to 83 per cent. Equally important gains were made with regard to access to clean tap water.

These absolute gains in service delivery, however, must not be regarded as something out of the ordinary. Given the promises that were made, South Africans expected nothing less than access to the most basic of services. With enhanced political awareness and a better sense of what is rightfully due to them, citizens have gained more confidence to demand better public services. They are also less inclined to tolerate gaps and inconsistencies in public service delivery. They know that they are living in a democracy and that it should deliver more effectively than in the past.

In fact, much of what has been achieved by way of public service delivery since democracy arguably falls short of expectations. Millions have benefitted, but millions also feel aggrieved. When bureaucrats parade their statistical gains in presentations to show progress, most fail to grasp that aggregated data do not soften the real day-to-day experiences of those who have not benefitted yet from healthcare services, access to education, public transport and policing, and still experience the trials of being unemployed and poor. What aggravates their sense of betrayal is the dysfunction of public institutions that interface with them at the local level. In the 2010/11 financial year, only 13 of 343 municipalities received clean audits from the Auditor-General, with capital budget underspending of 30 per cent during the same period. This is



With enhanced political awareness and a better sense of what is rightfully due to them, citizens have gained more confidence to demand better public services.

a sign of poor institutional capabilities and underperformance in meeting the reasonable expectations of citizens. In its recent downgrade of South Africa, Moody's rating agency underlined weak institutional capacity as one of the reasons for the downgrade, with political instability in the future as one of the major risks for the country.

Thus, despite the numerous percentage improvements that are often trumpeted by the ruling party, income levels and the quality of material well-being are perceived to be stagnating. Inequality is exacerbated by an underperforming education system that sustains the stark imbalance between the supply of and demand for better-paid skilled positions. Even with the continued improvement of services, the fact that the ruling party started off on a very low base means that it will become increasingly difficult to meet expectations. The dwindling fiscal resources will certainly add to social strain and fuel the cauldron of social discontent.

To avert implosion under the weight of rising expectations and constrained fiscal room, South Africa will have to develop a different kind of leadership, which can tackle current socio-economic difficulties and is ready to confront the coming economic battles. Such leadership would have to be in tune with the needs of the country's citizens – not only to regain their trust, but also to understand and act upon their expectations.

This raises important questions about the possibilities of change emerging from within a new, younger generation of leaders. Is there hope for a different ethos and approach within a younger generation of leaders that can shift the political discourse to become more inclusive and responsive? If not, where does the hope for change lie?

Generational change and a new kind of politics

Slowly but surely, new faces, which were too young to participate in the politics of the transitional years, are emerging on all sides of our political spectrum. They have lived most of their adult lives in a democratic South Africa, and while the remnants of the apartheid legacy are still there for everybody to see, their realities have been and are being shaped by a country in which the divisions of the past are increasingly blurred and where new social contradictions are constantly emerging.

South African politics, however, have become too static to respond with urgency to the demands that a fluid society imposes. This lack of responsiveness is underpinned by fragmentation and polarisation within and between political parties. The cost of concession seems too high, and factions,

parties and lobby groups have adopted an all-or-nothing approach as their way of conducting politics. This has come at the expense of the interests of citizens. The country desperately needs visionary leadership that is capable of navigating the realities and demands of an emerging society. As such, we need to ask whether and how these new leaders can work towards a more inclusive and just society that is informed, but not defined, by the experiences of generations before it. We need to ask this of the ruling ANC, but also of those that present themselves as an alternative government, the DA.

A major obstacle to more visionary leadership emerging from the ruling party is that its view of the future is deeply premised on an interpretation of the past that emphasises victims and villains, scripted on a black and white canvass. The ANC's definition of the future is limited to a negative discourse that seeks to construct a South Africa that is *anything* but apartheid. As such, the ANC sees itself as the ultimate bulwark against the return of the past, and uses history, memory and symbolism of the struggle as an ultimate mobilising tool. Because traces of our racial past are ever present, and marked in patterns of unemployment, human settlement, differential educational standards and participation in economic activity, the ruling party frames the present as a continuity of the apartheid social legacy. It insists that its character as a liberation movement remains relevant to remove all vestiges of the past.

Left unexamined is the ANC's own role in failing not only to create conditions that reduce the social legacy of apartheid but also to facilitate a continuation of a genuine and healthy dialogue, beyond the rhetoric of non-racialism, to allow for the healing of the scars of the past. Accordingly, it is only a step better than apartheid, and it wallows in such comparisons. So, there are no new minimum standards of what is acceptable to secure good governance and human dignity. For the ANC, the barometer is the apartheid past. In this way, the ruling party can deflect its own culpability for the current state of affairs by portraying it solely as a historical legacy, and by emphasising its historically bestowed task of delivering the economic spoils of freedom alongside political liberation. The reality, though, is that inequalities have deepened under the ruling party.

In rationalising its governance failures of the past 18 years, the ANC has presented a picture of itself as shackled by the post-1994 political compromise expressed in the country's liberal constitutional order. Some in the party, with President Jacob Zuma a vocal advocate, have pushed strongly for the adoption of a 'second transition' – a view suggesting that what has gone wrong in the past 18 years has little to do with the

internally degenerative state of the ANC, but much to do with the deformity of a political order that has imposed strictures on economic transformation (ANC 2012).

This perspective conveniently overlooks the fact that the ANC's political mandate entailed authority to manage economic transformation, which is why it was able in October 1998 to put in place a black economic empowerment (BEE) programme, and this goes through cycles of review by the Department of Trade and Industry. Further, the ANC has presided over government machinery and designed a welter of other economic policy instruments that could have been better shaped and directed towards improving the quality of services and producing better economic outcomes for the majority of citizens. That has not happened.

Ignoring the intricate linkage of the political and economic mandate, the ANC has argued, from its 'second transition' perspective, that an explicitly economic mandate would reposition it better as an economic liberator. This view misrepresents the complexity and causes of the country's socio-economic challenges, of which the youth carry a disproportionate burden with the unemployment rate in this category at 50 per cent. There is keen awareness in the ANC that the swelling of the ranks of the unemployed, the growing inequalities, the rise in crime and the sporadic incidents of public service delivery protest signal a weakening in the legitimacy of the ANC.

Improbabilities of generational shift in the ANC

Against this backdrop, it is inconceivable that generational change within the ANC will translate automatically into a change in the conduct of its politics. The younger generation that is currently coming through the ANC's ranks has been socialised too deeply into its culture and ideology to offer any hope of a clean break that would lead to the emergence of a new kind of politics. At the leadership level, the ANC Youth League is caught up in the web of the party's factional battles and is a product of the malaise rather than its cure. The breeding ground for a new layer of leadership in the ANC includes its youth league, branch structures and, to some extent, the student bodies at both high school (Congress of South African Students) and higher education levels (South African Students Congress). Such structures do not depart from the ANC's philosophy and practices. Not only do they continue its chaotic existence, they exacerbate it.

Given the limited extent to which generational shift within the ANC could bring about organisational renewal and a repositioning of the party and the state, prospects for change are more likely to emerge from two other sources. The first traces its origins from within the ANC, and has a potentially

populist-nationalistic character. It may take the form of a party that splits from the ANC, exploiting existing disaffection with the leadership, and presenting itself as a new hope for the poor. This may gain traction in the current climate of discontent over public service delivery and the wave of industrial strikes.

The second could be driven by a new breed of younger politicians, with the mobilising framework created by the existing opposition parties, and drawing upon active, politically inclined professionals who want to reverse the tidal drift experienced under the ruling party. The advantage of this possibility would lie not only in the youthfulness of its make-up, but in the ability to find a better balance between the interests of the middle classes and the underprivileged.

Possibilities of generational shift in the DA

The DA, the official opposition, faces different, but equally complex, challenges in ensuring that generational succession also brings with it the kind of renewal that will make it appeal to a broader range of voters. One of the things that gives succour to the ANC is the framing of the DA as a party representing the aspirations of those who benefitted from apartheid or whose interests exclude the poor. As such, the ANC constituency strongly associates the DA brand with being anti-poor and anti-black. What has lent credence to this view is the sense that the DA does not seem to consider itself as having a shared responsibility to offer meaningful solutions to the complex challenges of race and socio-economic inequality in a way that transcends ideology. As such, the ANC exploits this weakness of the DA and uses its lack of progress in overcoming racial and socio-economic divides in the Western Cape to frame it as a party of the rich, clamouring for a return to the past.

Perceptions have a greater force than reality, especially when one stacks these up against the fact that 57 per cent of the DA's total budget in Cape Town is spent on underprivileged black communities. Its public administration is run far better than municipalities and provinces under ANC control, which regularly receive qualified audits. Significantly, the DA's membership is also more racially diverse than any other party, including the ruling party. It has made serious inroads in traditional ANC constituencies, such as townships, some rural villages and predominantly black university campuses through its student movement, the DA Students Organisation. Its leadership mix at the top is also diverse, dynamic and youthful.

However, the DA has significant self-imposed limitations. Beyond the nitty-gritty of managing public administration and getting budgetary allocations right, the kind of leadership that is equal to the weight of the country's racial past is absent.

The country desperately needs visionary leadership that is capable of navigating the realities and demands of an emerging society.



Social mobility is happening at too slow a pace to make any significant dent in racially configured social inequalities.

There are no meaningful conversations within the DA on issues of race and socio-economic cohesiveness. Instead, it resorts to standard philosophical explanations leaning on liberalism, in particular placing emphasis on the phoney notion of an equal-opportunity society, without so much as an attempt to identify the root causes of inequalities in the first place and to address them vigorously at the core. This is made trickier by the strong association of social inequalities with the politics of race, even in the light of the growing middle class. You will encounter more blacks than whites amongst the poor, and more whites than blacks in the richer segments of our society.

The DA leaves answers to socio-economic inequalities to the trickle-down effects of GDP growth, according to which growing aggregate output leads to a levelling of social inequalities. Essentially, the DA has failed to hone a genuine transformational narrative that connects the aspirations of black communities and expectations of the well-off in the Western Cape. The DA does not need to adopt the ANC's or any populist thesis on race, but should have a deep internal conversation about it. Moreover, it should evolve its own philosophy, which it can present as more fluent and credible, and with more substance than anything we have had in the past. Being transformational does not mean looking more like the ANC; it entails taking the necessary step to connect deeply with social reality from the standpoint of legitimate social purpose, principle and a broadly supported governing programme.

In addition, to establish solid legitimacy, the DA will need to go beyond finesse in public administration and showcase a better picture of the future in the province it currently runs. That it has failed to capture hearts and minds in a sufficiently broad-based manner undermines any claim that it can be an alternative party of the future. It would also need to deal decisively with its own legacy challenges of being identified as a party pandering to a core constituency that has deep financial pockets, and is middle-aged and white, which restrains it from experimenting with fundamental and progressive change.

One of the biggest challenges that the current DA leader, Helen Zille has is to use her political capital with the white core constituency of the DA to challenge and persuade it to embrace an inclusive political and economic future for South Africa. The DA leader could play a role similar to Nelson Mandela's promotion of reconciliation by managing the expectations of the black majority. In this case, it would be challenging the DA's core constituency to buy into a new and well-defined compact that reflects active support by the

white sections of society for policies aimed at redressing the legacy of the past, their involvement in and support of a social dialogue about tackling the challenges of the present and painting an inclusive future, and their contribution as active citizens who participate in efforts or pioneer initiatives aimed at enhancing the well-being of the country beyond just politics.

Granted, there is a case to be made that most of these efforts and initiatives are not limited to the white community but are applicable to anyone who has the capacity to make a contribution towards the country's well-being. In the context where there remains a deep resentment around race and inequalities, and a growing sense amongst sections of the black community that Mandela's rainbow vision was an unreciprocated gesture to reassure the white population at the expense of black aspirations, positive gestures inspired by the leadership of the opposition could help promote better race relations and rebuild the platform of nation-building. The DA's core constituencies would have to be challenged to embrace such a vision, and if they cannot buy into it, they must be shown the door.

Elements of change in the DA's internal character would entail a radical shift in leadership at the top to broaden and deepen diversity in leadership across various structures. This would have to be undertaken authentically rather than through superficial means of merely co-opting black leaders as tokens. Secondly, the party would need to reframe its philosophical core with relevance to South Africa's unique social challenges. This would require tempering liberalism with an emphasis on social redress. As such, the party would need to locate its ideological commitments in the political centre – championing the politics of liberalism, while seizing ground on tackling social inequities. Finally, the party would need to rebrand, focusing strongly on presenting itself as an inclusive party, and a party of the present and the future. Skilful and empathetic management of diversity, rather than assimilation of new entrants, would enable the party to transcend its past and reposition it better in a changing social context. It cannot hope to remain culturally and philosophically the same and still have a moral claim to being a party for change.

Conclusion

There is a generational shift within the ANC, but this does not provide much comfort that there will be substantive change in how the party manages its affairs and governs the country. Its youth are deeply socialised in the party's culture from branch to national level. A hallmark of the ANC's succession processes is that it entrenches continuity.

While four of the top six office-bearers of the ANC are aged 60 years or more, there is a generational mix in the rest of the National Executive Committee (NEC) and various regional and provincial executive committees. This will continue to be the case as the Youth League pushes for more generational shift, but also as an adaptation to the demographic realities of a youthful country. There is a clear directional change in the ANC pointing towards a more youthful but radicalised leadership in future.

Leadership succession within the ANC may appear disorderly with respect to the top six NEC positions; however, there is a loosely structured internal succession process from branch to provincial to national that seems to signal a seamless passing of the baton. Most of the youth that the ANC draws its membership from, and who make the transition from its youth league to the mother body, are from tough conditions in the townships. They can draw parallels between their socio-economic circumstances and the relatively privileged existence of their peers across the colour line.

Given the low success rate of matriculants and that there are few who transition to a middle class life via higher education or commercial enterprise amongst black youth, this segment may be more ideologically inclined to the ANC or a radicalised alternative than to a party in the shape of the DA or similar option. Even though the average ANC Youth League member or sympathiser today would have been born a few years before the country became a democracy in 1994, the social legacy of apartheid is reproduced in the patterns of human settlement, educational attainment and participation in economic activity.

Even amongst those who successfully go through higher education, their socio-economic background remains the reference point of their political and ideological orientation,

and they are likely to be drawn towards ideas that promote radical change in society. Conditions of social inequality are reproduced by poor educational outcomes amongst the black population. Social mobility is happening at too slow a pace to make any significant dent in racially configured social inequalities. This lends the ANC greater appeal for those who see it as the ultimate liberator, on the strength of its liberationist rhetoric. Under the current social conditions, the ANC may even locate itself not just as a bulwark against the imaginary resurgence of apartheid, but also as a bulwark against a more radical alternative. Generational shift within the ANC is unlikely to deliver a society that overcomes the divides of the past, reduces social inequalities and improves quality of life.

While the ANC is showing signs of decline, the DA is not yet the party of the future. The future movement for change would be comprised largely of the black middle class, but would seek to reach for the kind of politics that could secure a stable future for generations to come, and that would be sensitive to the systemic political risks posed by deep socio-economic inequalities in society. Persisting inequalities, unemployment and poor standards of education undermine social stability. The effects of instability would be borne by the poor and middle classes alike, so it is in the interests of the middle classes to strive for a socio-political framework that is inclusive.

It must be stressed that it is not just good policies, in the technocratic sense, as important as these are, that would guarantee stability; transformational leadership that has legitimacy across society is also required. The ANC seized the centre-ground in 1994 not on the basis of coherent policies but on the promise of its moral leadership. The betrayal of this promise is symptomatic in governance failures, and it is this that needs to be seized and recast.