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THE INSTITUTE
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TRANSFORMATION AUDIT 2014 SUMMARY: BREAKING THE MOULD

EDITED BY: JAN HOFMEYR AND AYANDA NYOKA



CHAPTER 1: PROSPECTS FOR RADICAL TRANSFORMATION

CEES BRUGGEMANS

"By departing from Freedom, one jeopardizes democracy and development. This is how radicalism should be seen and defined."

Bruggeman's report interrogates why "radical" economic outcomes -- addressing inequality, eradicating poverty, improving education and living standards, better utilizing state machinery and improving general well-being -- have not been realized under the ANC government's direction. His article takes a structural perspective and assesses the internal and external conditions affecting different outcomes in the socio-economic environment. Ultimately, he asserts that we need to change our development ethos from one which relies on ephemeral "income windfalls" provided by natural advantages as the development "push factors", to one where advancing people's human capital is the main priority.

- In 20 years, we have not broken away from apartheid era 'repressed' growth potential.
- Since the global financial crash of 2008, growth has been affected by caps on the availability of electricity, a rise in tariffs and hence cost to production, austere lending policies and labour unrest in key industries such as mining and manufacturing. This has diminished output.
- The NDP does not present a radical departure from "mainstream thinking" and neglects the impact that socio-political fragmentation and polarization has on its implementation, and thus, prospects for economic growth.
- Rather than benefiting human capital to make SA competitive in the global market place; benefitting from international specialization and expanding the domestic economy; we exploit our natural advantages and rely on external "income windfalls" and allow these to establish import markets, which we later try to internalize through import-substitution and export beneficiation efforts.
- In our 1994 move towards freedom, we have rather moved away from it as the ANC government has steadily switched from the model of individual liberty and constitutional authority to an economic model that is increasingly interventionist and authoritarian. To work, this has required a steady manipulation of the rules of our democracy i.e. Parliament and constitutional institutions like the Public Protector.

The aim is to have all those who were formerly excluded able to fully participate in and enjoy a productive, modern economy. First, this requires that young people maximize their human capital through quality education. Second, if we were to experience more 'resource windfalls', we need to make it our priority to use the proceeds in ways that benefit human capital stock as our first priority.

Radical Reform Agendas usually take form under the schools of big government interventions on the one hand, and more market action on the other. The former is concerned with a fundamental change in the organization of society, where there is greater emphasis on equality and less on market-driven property ownership. Both are radical and meet potential resistance from Unions and citizens. Challenges range from affordability, technical and people capacity, as well as sectoral resistance to change. Thus, the main challenge is proposing workable reforms that are able to overcome resistance.

The constitution enshrines freedom and the rule of law and protects private property. However, the government *can*:

- Tax judiciously: obtain enough resources without creating disincentives that undermine economic activity, savings and new investment.
- Be more efficient in the public sector by employing people based on merit and experience
- Lessen state expenditure on salaries and benefits and limit deficit financing and waste through balancing income and expenditure.
- Only regulate private business where it is necessary and appropriate
- Lead by example: Present itself as a judicious “supportive agent” and ensure sufficient infrastructure, which will increase confidence and the willingness for business to expand and invest.

Bruggeman concludes by citing Nobel Prize laureate, Amartya Sen, who defines “Development as Freedom”. He asserts that it is freedom, as enshrined in our Constitution, that binds our democracy and development. Thus, rather than calling for ‘radical’ action to usurp current practices, there should be a stronger call for a ‘common sense’ where we strive for a functional and cooperative society that adheres to the rules and laws laid down in the constitution, but in an arena that is competitively structured and regulated.

CHAPTER 2: THE CHANGING LABOUR UNION LANDSCAPE

TERRY BELL

Terry Bell uses the Marikana event as a vantage point from which to assess the changing face of South Africa's Labour Union landscape. He identifies the many intertwining currents-- the divisive and exploitative migrant labour system, competition and fragmentation between Unions and contentious relations between labour, politics and business – that culminated in the Marikana Tragedy. Through an explicating historical analysis of the migrant labour system, Bell conveys how the post-apartheid adaptations of an exploitative system brought their own concomitant problems.

The end of influx control (1994) precipitated major rural to urban migrations of people in search of work. Informal settlements started to develop in the areas surrounding major mines. However, the land in the Marikana area is an ethnic 'homeland' under the tribal authority, the Royal Bafokeng Nation (RBN), where xenophobic legislation prohibits non-Bafokeng people from living permanently on or trading on RBN land. The social consequences of this are dire and multiple:

- Non-Bafokeng living on the land, who cannot legally apply for residential or commercial standing, are locked into dependence on Bafokeng landlords.
- Desperate job seekers are further exploited by labour-broking companies, which outsource services to the mines on a contract basis. Their operation within the mines led to a situation of wage differentials between the company employees and the 'contract workers'.

These structural conditions set the stage for the accumulating labour tension and political conflict.

- Wage differentials and support of the NUM for the equalization of wages.
- Actual and perceived co-optation of the union NUM, as mining companies' management.
- Fragmentation of union groups i.e. the rise of Amcu as a response to NUM monopoly and collusion within the mining companies.
- Competition and scapegoating tactics. e.g. NUM accusing Amcu of being sponsored by other mining companies like BHP Billiton in order to "undermine NUM".
- In the week leading up to the massacre most of the striking miners were NUM; however, after two strikers were shot dead, allegedly by NUM officials, there was a surge in Amcu membership (at NUM's expense). The levels of violence rose.
- As NUM is an integral part of the ANC-led alliance via membership of Cosatu, political parties begin to intervene.
- Expelled former president of the ANC youth League, Julius Malema, along with members of the Democratic Socialist Movement (DSM), Democratic Left front (DLF) and United Democratic Movement (UDM) arrive on the scene to express solidarity for the miners, as well as gain party support.

Following the massacre:

- Considerable damage was done to the ANC's image, yet the ANC and its Allies remained in defensive mode. No formal apology was made and there was little attempt to 'build bridges' or admit wrongdoing on the part of the ruling party, its allies or the police.
- The largest political and trade union fallout that emerged from Marikana was the expulsion of NUMSA from Cosatu – NUMSA had developed from the 'workerist' Metal and Allied Workers' Union that had denounced the SACP as "Stalinist".
- Historical divisions within the governing alliance (the SACP and Cosatu) begin to rear their heads once again.

Bell's account includes the decisive effect of memory and folk consciousness that draws on the lived experiences of generations of young men. It is through this process that Marikana echoed moments of past resistance. Bell references the brave stand and violent killing of the amaMpondo at Ngquza Hill (Lusikisiki on 6 June, 1960) who rebelled against ill-treatment by both the apartheid state and autocratic tribal authorities; and also refers to the 1996 miner rebellion against Amplatz management and NUM, the latter believed to be in league with the company.

The Marikana event is a watershed for post-apartheid politics and has served as a wakeup call to Union officials and a warning to mining houses for what may happen if basic requisites of human dignity are not recognized by both the State and business. Marikana was indeed a "tipping point" catalyzed by many factors; however, the tragedy that occurred can be pinned down to a lack of sensitivity and communication between management and union officials. With increasing signs of factionalism within political parties, Bell predicts a future plagued by greater social turmoil and perhaps even "the declaration of a state of emergency". His resonating message is that numerous problems need to be overcome in order to attenuate the deep chasms within the Labour movement, but that "it is...possible that a more democratic direction may be found". Although he does not state it explicitly, one may extrapolate what this 'democratic direction' would look like: a future in which interactions characterized by sensitivity and clear communication, rather than competition and resentment, has become the only game in town.

CHAPTER 3: STATE POLICY FAILURE IN OVERCOMING LOW EMPLOYER DEMAND FOR SKILLS IN SOUTH AFRICA

ANDRÉ KRAAK

André Kraak's examination of South Africa's state policy reform in the further education and training (FET) college sector delineates that after nearly two decades of supply-side restructuring, it is apparent that the model is just not working. The ideological framework that has shaped education and training policy traditionally is that increased investment in human capital would usher in an era in which mundane, lower paid work would be replaced by knowledge work. However, South Africa exhibits a very different state of affairs.

- Education reforms designed to enhance the responsiveness of college curricula to employers' needs and economic policy initiatives, have instead led to employer disillusionment as they have been centrally imposed with little consultation with employers.
- In South Africa, reforms have resulted in (1) a supply-led system of vocational education and training (VET) provision; (2) the introduction of sector skills councils (SSCs); (3) a national qualifications framework (NQF); (4) competitive and marketised funding arrangements; (5) 'New Public Management' methods of performance and appraisal; and (6) a new set of National vocational qualifications (NVQs).

However, strategic intervention has occurred primarily at the *supply end* and thus despite large investments in these areas, we have not seen a corresponding increase in the number of skilled people, or South Africa's competitiveness. Kraak examines how the introduction of the new curriculum, the National Certificate Vocational (NCV), decreased NATED ('N') enrolment - the theoretical component of the old trade-oriented programme of the apprenticeship system. The NCV was designed to shift training away from the narrow 'trade training model' to focus on 'general vocational skills' combined with a strong 'general education foundation' (DoE, 2008).

Kraak identifies key moments in the government's attempt to transform the FET sector.

- 2001: *A New Educational Landscape* recommends the establishment of 50 public FET colleges out of a merger of 152 former technical colleges to pool resources and overcome historical inequalities.
- 2006: The FET Act, which envisioned a 'modern, vibrant FET college system' and launching of the NCV - as well as a decentralised governance structure with independent college councils.
- 2008: The *National Plan for Further Education and Training Colleges in South Africa*, which branded the colleges as institutions of choice. The aims were increase participation in the colleges to 1 million enrolled by 2014 and building links with industry to support opportunities for work experience.
- 2009: The Zuma Administration created several new government departments such as the integrated post-school Department of Higher Education and Training. Having been administered at the provincial level since 1994, FET colleges, once again, become a national competence.
- 2012: The *Green paper for Post-School Education and Training*, which set new targets to be reached by 2030 i.e double university enrolment to 1.5 million as well as increase enrolment in colleges to 4 million.

Conversely, and primarily owing to poor implementation, the dramatic changes have had unintended

consequences.

- The NCV is academically challenging and many students do not progress to the next level. There is an 8.8% completion rate of NCV level 2 and about a 3.2% rate for NCV level 3.
- Lecturers struggle to teach the new NCV syllabus, having only taught N-courses in the past.
- As many of the college lecturers have technical qualifications but no formal pedagogical training, learner assessment is problematic.
- Curricula are not matched with industry, which has catalyzed high rates of unemployment among FET college graduates.

The article suggests that demand-side interventions are necessary, in which:

- 'economic development' and 'workforce development' is integrated
- There is a more active labour market intervention where the employment and training agencies interact directly with firms
- More jobs are created in the 'green economy'
- The development focus is more localised: i.e. people "learn by doing"
- Skills are upgraded in line with the product market and changing production processes.

Kraak concludes by stating that while the focus on skills development is indeed important to improve in the realm of productivity, to combat low wages and increase competitiveness; perhaps South Africa needs a system more resembling of the developmental states', like Singapore and South Korea. This would afford the State increased opportunity to steer conditions on both the supply and demand-side.

CHAPTER 4: THE MILLIENNIUM DEVELOPMENT GOALS-TOWARDS A POST-2015 DEVELOPMENT AGENDA FOR SOUTH AFRICA

VUSI GUMEDE

2014 marked South Africa's twentieth year as a constitutional democracy. Additionally, it was the year by which the government had aimed to meet and surpass most of the Millennium Development goals (MDGs). Vusi Gumede's article maintains that since the mid-2000s a notable "policy paralysis" in economic performance, the labour market, healthcare and education has restricted South Africa's ability to meet the MGDs in the time projected. Through an analysis of the past two decades of policy reform, Gumede suggests possible routes that South Africa may take to achieve its targets.

South Africa's inability to meet the MDGs is contextualized by highlighting the Apartheid's legacies – strained race relations, economic inequality and poverty. Explanations for Africa's inability to meet many of the MDGs are both endogenous and exogenous: External factors of the international political economy (i.e. the global financial crash of 2008) impacted to some extent, but the Continent also faces poor governance, corruption, poor economic policy choices and the continued infringement of people's human rights.

Gumede provides a thorough breakdown and evaluation of eight of the MDGs and their realization in South Africa.

1. *The Eradication of Extreme Hunger and Poverty*: Poverty is identified as a structural pathology that is perpetuated by capital intensity, the preeminence of the mineral-energy-complex and the high skill demand in the labour market. This creates a situation where South Africa may have economic growth, yet due to its capital intensive nature, little job creation. This, added to continued weaknesses in education reform, means that a large portion of the young and unemployed have not been absorbed into the working world. A shocking National Treasury Statistic (2011) revealed that over 50 % of youth (18-24 years) are neither employed nor in school.
2. *Achieving Universal Primary Education*: has been achieved in South Africa. The 2011 General Household Survey (GHS) indicates that 98.8% of children, age 7-15 were attending school. However, dropout rates are high and the quality of education needs to increase significantly.
3. *The Promotion of Gender Equality and the Empowerment of Women*: Policies such as the Women Empowerment and Gender Equity Bill have been implemented to establish a legislative framework for the economic empowerment of women. These policies formally provide for increasing gender equality and representation in decision-making structures, where South Africa currently has approximately 42% female representation in parliament. However, although the data suggests progress, continued gender based violence undermines the strides that have made in empowering women.
4. *Reducing Child Mortality*: Diachronic systemic institutional weakness in the health sector has not allowed the MDG of reducing child mortality by two thirds between 1990 and 2015 to be met. Service delivery has improved in some areas and a result; under-5 mortality fell from 74 to 47 per 1000 live births between 2000 and 2011. There remains much to do in terms of reducing mother to child transmission of HIV
5. *Improving Maternal Health*: The MDG ration for maternal mortality is 38/100 000 live births. A government campaign

was launched in 2012 (CARMMA) that aims to improve maternal mortality. The theme is: “Africa Cares. No woman should die While Giving Life”.

6. *Combating HIV/AIDS, Malaria and other diseases:* The HIV Aids epidemic seems to have stabilized since 2009, but infection rates remain high. Malaria- related deaths decreased between 2000 and 2010. Approximately 80 % of the South African population is infected with the TB Bacillus; however not everyone who is infected will progress to the active TB disease.
7. *Ensuring Environmental Sustainability:* The government is attempting to respond to climate change impacts where an educational approach in engaging with climate change politics has been adopted. Green business developments are encouraged.
8. *Developing Global Partnerships for Development:* South Africa has played a leading role in developing the New Partnership for Africa’s Development (NEPAD). Aligned with the African Union (AU), European Union (EU) and the G8, NEPAD is the key frame of reference for intra-Africa relations. South-South cooperation has increased through the BRICS bloc of emerging economies.

South Africa has done relatively well in MGDs 2, 3 and 8, but still has a tall order to fill. Deficiencies are identified largely as an effect of Apartheid’s socio-economic legacies and inefficient policy. There is a need for South Africa to tap into existing knowledge on the “development continuum” and work with social partners to realize national priorities. Gumede concludes by noting that we need to place the alleviation of income inequality, job creation, poverty reduction and social cohesion at the forefront of national agenda, as improvements in these areas will spill over to enhance performance in all others.

ABOUT THE INSTITUTE FOR JUSTICE AND RECONCILIATION

The Institute for Justice and Reconciliation (IJR) was launched in 2000 by officials who worked in the South African Truth and Reconciliation Commission, with the aim of ensuring that lessons learnt from South Africa's transition from apartheid to democracy are taken into account and utilised in advancing the interests of national reconciliation across Africa. IJR works with partner organisations across Africa to promote reconciliation and socio-economic justice in countries emerging from conflict or undergoing democratic transition. IJR is based in Cape Town, South Africa. For more information, visit <http://www.ijr.org.za>, and for comments or enquiries contact info@ijr.org.za.

CONTACT US

Tel: 021 202 4071 Email: info@ijr.org.za

Physical and Postal Address

105 Hatfield Street Gardens 8001 Cape Town

South Africa

www.ijr.org.za



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