

## **South Africa: Country Report Social Watch: 2001**

**By Andile Mngxitama, National Land Committee**

South Africa entered the second phase of its democratic "transition" from apartheid with the successful completion of peaceful national and local government elections in 1999 and 2000, respectively. More than six years have now passed since the dawn of democracy, which promised to reverse the legacy of racial capitalism and a sharply divided society and economy. But South Africa's liberation from apartheid occurred against a backdrop of a changing world economy, especially the rise of "globalisation", and this helped ensure that the country's new leaders would adopt, in 1996, a "home-grown" version of the World Bank's notorious Structural Adjustment Programmes (SAPs). Known as the Growth, Employment and Redistribution (Gear) Strategy, this policy promised economic redistribution predicated on tight fiscal discipline and high national growth rates.

Five years later, Gear has failed to meet any of its social development promises, and many of its fiscal promises as well. While Gear promised to create 1.3-million new "formal, non-agricultural" jobs by 2000, the formal economy has shed more than 500,000 jobs, driving more people into the already flooded informal economy for a net five-year job loss of 228,000 (StatsSA OHS 2000). At the same time, the poverty gap has grown, with the richest 20% of all South Africans earning 52.5% of income while the poorest 20% earn only 3.1% of total household income (Unisa BMR 2000). State-led black empowerment efforts have ensured that a small black elite has also joined the upper income ranks, but black South Africans - especially those in rural areas - still disproportionately dominate the ranks of the poor and ultra-poor. Adding to the woes of the South African poor, the HIV/AIDS crisis has mushroomed in recent years to infect nearly one in 10 people. Gear's privatisation strategy has brought no benefit to the poor, but has instead targeted the privatisation of basic service delivery. Water privatisation is widely blamed for a 2000 cholera outbreak that claimed more than 100 lives in its first six months. Meanwhile, urban-led development planning and market-led redistribution policies have severely short-circuited the land reforms that are essential to national

transformation, resulting in less than one percent of farmland changing hands from white to black since 1994. These and other policy interventions have ensured that the legacy of apartheid continues virtually intact in rural South Africa, where more than 19 million South Africans continue to eke out a living on land they cannot yet call home.

### The Policy Environment

The South African Constitution - drafted through multi-party negotiations in 1990-1993, and finalised in 1995 - is hailed as one of the world's most liberal constitutions for its strong focus on the provision of socio-economic rights. The importance of a strong state-led social development and transformation effort to overturn the legacy of settler colonialism and apartheid through intervention in key areas, such as education, health, housing, land, and welfare was recognised and enshrined in the Constitution. The early years after 1994 were largely spent building the institutions that would be tasked with overseeing this transformation and monitoring the implementation of government programmes targeting these constitution imperatives. These institutions included numerous commissions, such as the South African Human Rights Commission, the Gender Commission, the Land Rights Restitution Commission, and Youth Commission. The first official policy which emerged as a guide to the new government's economic transformation plans was the "pro-poor" Reconstruction and Development Programme (RDP), which set delivery targets for all key socio-economic portfolios. Although the government still claims to be guided by the RDP, it is widely accepted both within and outside of government that this policy was abandoned in 1996, following the adoption of the neoliberal Gear strategy, which replaced the emphasis on state-led development with a focus on market liberalization (including the gradual removal of agricultural subsidies), the privatisation of state assets, debt reduction and stringent fiscal deficit reduction targets, and flexible labour market policies aimed at attracting foreign investment. The government promised that Gear would create macro-economic stability and fiscal discipline, and that these would, in turn, attract private sector investment in social infrastructure and create jobs, thus allowing the market to correct the imbalances created by colonialism and apartheid.

## Rural poverty, GEAR and Asset Redistribution

Poverty in South Africa is predominantly a rural phenomenon. Approximately half of all South Africans are poor, but in rural South Africa - home to about 48% of the country's 45 million people - at least 71% of people are classified as poor, compared to 29% in urban areas (SALDRU, 1994). The rural land ownership/ access pattern created by apartheid includes about 86% of the best land held by 60 000 white farmers, while the remaining 14% of mostly poor-quality land is occupied by about 17million blacks. The average black landholding is 1.3 hectares, compared to the white average of 1570 hectares. (Deiniger and May, 2000). Rural poverty is rooted in landlessness, but sharply worsened by the related lack of clean water, sanitation, healthcare and other basic services. The rural poor also lack access to most of the economic inputs and infrastructure which are essential to the successful pursuit of the "multiple-livelihoods" strategies which they employ in their quest for survival. Few poor rural South Africans earn enough through a single activity (like farm work) to sustain their families, so most combine the income from farm work with state pensions, informal trading, and other small enterprise activities (like sewing or motor repair), and subsistence agricultural production to survive. These activities, however, require access to roads, irrigation, markets, credit and a range of other facilities, without which the combined economic potential of these activities is sharply limited.

- Land reform promises and pitfalls

In 1994 the government introduced a three-pronged land reform programme, including land restitution (to those who could prove that apartheid policies stole their land); land redistribution (to reverse the skewed land ownership pattern of apartheid); and tenure reform (to give stronger rights to people occupying land they do not own). Nearly seven years later, these policies have barely managed to redistribute 1% of land to black people, despite an RDP promise to redistribute 30% of agricultural land by 1999. A key obstacle to real land redistribution has been the government's dedication to the market-led policies proscribed by the World Bank and IMF, and which have been tried and failed in other countries,

most notably Zimbabwe. Tenure reform has not made much better progress, with new laws drafted to protect the rights of farm dwellers (farm workers and labour tenants) bogged down in compromises made to white landowners proving unable to change the semi-slavery conditions of farm dwellers, or to stop the arbitrary evictions which contribute to rural poverty and urban migration. New land reform policies introduced in 1999 promise to virtually abandon the pro-poor focus of earlier policies in favour of the creation of a class of elite commercial African farmers, while excluding most landless blacks through the requirements of an "own contribution" from people hoping to access state land reform subsidies.

- Water privatisation and its discontents

Apartheid water provision ensured that most rural and urban black communities continued to spend a disproportionate amount of time trekking long distances to collect water from streams and rivers. The RDP promised to reverse this by extending reticulated water supplies to millions of blacks. Unfortunately, however, the government combined its work in this regard with a strict new policy on service cost recovery from recipients, and followed this with a Gear-inspired programme to privatise water delivery services across the country. This ironically resulted in some poor communities that enjoyed free water supplies during apartheid being forced to pay for water under the new government. The implementation of this policy in poor communities which were unable to pay the fees led many poor people back to a reliance on dirty natural water supplies, leading in turn to a serious cholera outbreak in the eastern seaboard province of KwaZulu-Natal in August 2000. The outbreak subsequently spread to other provinces, infecting about 72, 739 people and claiming 147 lives in the first six months (The Citizen, 19 March 2001). Even if the cholera outbreak subsides, this will not stop the estimated 50 000 annual deaths, mainly of poor rural children, from diarrhoea (Land & Rural Digest, January/February 2001), which, together with many other water-borne diseases, could easily be prevented through the provision of adequate health care, sanitation and clean safe water supplies. Although the government responded to the cholera crisis ahead of the December

2000 local government elections with promises of a free 600/L per household water supply policy, it is unclear whether and when this will reach the people who need it most, as well as falling far short of the 50/L per person daily allowance demanded by organisations working with poor communities that need water.

- HIV/AIDS and the "science" of mysticism

The emergence of a primary healthcare focus in South Africa's health policy since 1994 led to a more intensive ante-natal testing system which revealed that, contrary to earlier perceptions, South Africa's apartheid-era isolation had not shielded it from the deadly human immunodeficiency virus (HIV). The first shocking HIV infection statistics emerged from KwaZulu/Natal in the mid-1990s, with some areas reporting a 25% infection rate. Varying statistics across the country combine to report a fairly conservative estimate that one in 10 South Africans are now HIV-positive. Pressure groups working with HIV/AIDS issues began in the mid-1990s to demand free anti-retrovirals for HIV-positive pregnant women, and rape victims, projecting on the basis of various trials that this would prevent about 20,000 new infant infections each month. The cost of providing such treatment, however, led to a curious two-pronged government response to the issue: On the one hand, the health ministry took a strong stand against the pharmaceutical industry which it argued was profiting from the AIDS-misery of Africa. This fight continues today, with the government waging a precedent-setting legal battle against the combined might of the world's biggest pharmaceutical giants over South Africa's right to parallel importation of drugs, which would enable it to source the cheapest drugs from another country, thus escaping the complex pricing net of the drug corporations. On the other hand, however, the government has largely rejected the call for provision of free treatment to pregnant women and rape victims, to the extent of closing down civil society projects which are offering these at state hospitals. The government has not, however, centred its opposition to this measure on the costs involved, but has instead referred to dissident scientific opinion which rejects the widely-held view that HIV causes AIDS. President Thabo Mbeki has been the country's leading proponent of this view, and in 2000 appointed a panel of experts, including several dissidents, to determine

whether HIV causes AIDS, or whether AIDS is caused by something else - like poverty. This approach to scientific questions is ostensibly rooted in Mbeki's view that Africa should not merely accept the wisdom of the industrialised world without its own investigation, but the government's failure to sufficiently fund efforts at prevention until some new wisdom can gain credence has ensured that poor HIV-positive people are unable to access treatment; that their newborn children are likely to be infected; and that the confusion mitigates against successful prevention efforts. Government officials quoted in the late 1990s have widened the divide between the government and the AIDS lobby with comments to the effect that saving the babies of AIDS mothers would merely increase the burden on the state.

- Labour flexibility and the creation of a black buffer class

The Gear macroeconomic strategy and the neo-liberal development path that inspired it have seen the erosion of the most of the socio-economic transformation promises that led the anti-apartheid liberation movement into a negotiated settlement with the apartheid state in the early 1990s. The notion of state-led development has been replaced by promises of an African Renaissance led by the private sector, and delivery priorities have consequently shifted away from the provision of basic needs programmes toward the provision of the fundamentals required for private sector expansion. As was the case in most developing countries directed by the World Bank throughout the 1980s, a key strategy employed by the government to sell this dramatic policy shift includes the creation of a black elite which it hopes, will make the new era of private sector dominance look different from the old days when white business interests propped up the apartheid regime. Affirmative action and black economic empowerment policies are the main instruments through which this strategy is pursued, and these have resulted in many white-owned corporations seeking to "blacken" their management and ownership structures. The effectiveness of this strategy is revealed by a recent study (Unisa, BMR, 2001) projects that collective black income will outstrip white income for the first time ever in 2001, with blacks now occupying 23% of the wealthiest income spots in the country. The importance of

this achievement is, however, dampened by the finding that the black low-income group now contributes less than it did five years ago to national earnings, while black middle incomes have remained static over the same period. This accords with the observations of leading black entrepreneur Cyril Ramaphosa that the country has seen more "black enrichment" than black empowerment. An important corollary exists between the growth of this new black elite (many of whom come from the ranks of the labour union federation ally of the ruling party) in the domestic corporate strata and the emergence of a new "social accord" lingua franca that seeks to impose "labour flexibility" on workers to attract investors with the promise of a docile labour market that sees its future tied to the profit gains of the corporate sector. Since 1999, attempts to roll back progressive labour legislation gains of the 1994-1996 period have taken precedence over labour-led efforts to expand worker rights, while at the same time "commercialisation" programmes to prepare state enterprises for privatisation have contributed to the casualisation of labour.

## Conclusion

The failure of the new government to fundamentally transform South Africa's social and economic landscape since 1994, combined with the country's insertion into the globalising economy at the precise moment of its birth, has ensured the reproduction of the social and economic divisions of the past. As a result, the white minority continues to hold disproportionate economic, political and social power over the majority of blacks who remain poor and severely disempowered in the land of their birth. While racism remains the dominant social dividing line, the growth of a small black elite as the primary beneficiaries of the end of apartheid has sharpened the divide between rich and poor. As the white and black elite divide up the nation's wealth in the country's boardrooms, the masses of the people, particularly the poor and unemployed, have turned to narrow nationalist identities to explain their suffering, thus worsening the divide between the country's 11 language groups, and feeding a new xenophobia towards visitors from South Africa's northern neighbours who flock to the country in search of safety, or work. As South Africa's leaders have sought to place the country on the world map since 1994, many of its national policies, as well as the growing animosity of its population are once

again leading to a perception of an aggressive powerhouse that seeks to exploit the rest of the continent.