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e1 Edition**sa economic growth creates job opportunities but mainly in high-skills sector****BYLINE:** Ralph Mathegka**SECTION:** NEWS; Pg. 11**LENGTH:** 1540 words

In some circumstances, the relationship between democracy and economic progress is not contentious because the two spheres are regarded as separate. Thus one can determine progress in democratic development separately from that of economic progress.

While this approach may work for post-industrial societies - where the economies are to a greater extent capable of distributing resources to citizens - the reality in South Africa is that the standing of our democratic institutions is under threat. This is because democracy continues to be perceived by the majority as not advancing their material betterment.

And public confidence in the state and its organs has shown a rapid decline as evidenced by the findings of the Institute of Justice and Reconciliation's South African Reconciliation Barometer (SARB) survey, which shows a slump of 20% in confidence in the state by those who took part in it. Democracy in South Africa cannot be assessed separately from economic performance.

Democratic stability and economic performance are believed to reinforce each other. However, the perceived disconnection between political and economic systems in South Africa has become bigger, fed as it is by political tension among the ruling elites. There is a disconnection between political institutions on the one hand, and solutions to the social question on the other, that is the main driver of the present political infighting within the ANC. The need for democratic performance and economic sense to mesh is not a philosophical or ideological construct, but rather is informed by the realpolitik of gross poverty and inequalities. The idea of democracy in such a situation is not therefore employed for its aesthetic value, but as a vehicle through which the material needs of society can be realised. Assessment of transformation in post-apartheid South Africa hinges on how democratic institutions have contributed towards bridging the economic gap in the country.

SARB 2007 shows that confidence in a number of key institutions has waned significantly over the past year. Institutions at national, provincial, and local level have in the past two years seen a major reversal of public approval and, in the past year, each of the three branches of government has declined in public approval. We need to ask whether this increased public cynicism has to do with perceived limitations of democracy as a vehicle to reach the ultimate goal of a better life for all South Africans. If so, then democracy's inability to bring about an equitable economic structure poses a risk to democracy itself. So how do we assess the relationship between democratic institutions and economic performance?

South Africa has experienced a remarkable economic turnaround since 1994, in circumstances not always favourable to recovery. This becomes evident when one takes into account that the process of regaining the country's fiscal stability

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had to commence from the ravages left by a bankrupt apartheid economy, and was later severely constrained by the Asian and emerging market crises of the late 1990s.

Among the fiscal problems that the newly elected democratic government had to face was that of ensuring that foreign debt did not mount. The priority of the new government was to restore fiscal stability, and end the 1980s' rapid oscillation between recession and low growth. This has been attained, and South Africa has proved before the eyes of international capital that the government is indeed capable of managing the economy.

There have been differences on how to attain economic growth with transformation in South Africa. Some have favoured the Reconstruction and Development Programme (RDP) approach, which prioritised immediate major redistribution as a basis for growth, but risked triggering a debt crisis, a fear which led to the early adoption and sustained implementation of the market-friendly Growth, Employment and Redistribution (Gear) policy.

Gear has highlighted the fact that economic growth does not always resolve the social question, and that stability does not guarantee strong growth. Economic growth thus far has not met the ever-increasing demand for jobs, largely because the great majority of unemployed are unskilled and semi-skilled, while a substantial proportion of jobs created - many of which stand empty - require skills.

The pattern of economic growth seen in the last decade has not as such been sufficiently distributive in its reach. Here, the view is not necessarily that Gear has failed, but that it has not been able to address the longstanding social question in South Africa. The expectation has been that economic policy, and the ensuing growth pattern, should create jobs for the majority of citizens. Hence this administration has in the past three years introduced the concept of a "developmental state". This amounts to a tacit acknowledgement on government's part that economic growth needs to be directed by state intervention in a way that creates a substantial number of low-skilled jobs, thereby lessening the burden on the majority of citizens.

Recent strong increases in public infrastructure investment, too, are part of policy efforts to catch up on capital expenditure neglected in the 1990s in favour of social-service development, to ensure that South economic growth spins off employment growth in labour-intensive sectors such as manufacturing and construction, rather than mainly in the skill-intensive service sectors.

The picture would not be complete without emphasising the importance of social expenditure.

One of the key bottlenecks identified in South Africa's growth pattern is the question of skills shortage, with the economy growing most strongly in sectors in which there are not sufficient skills.

The government's Joint Initiative for Priority Skills Acquisition (Jipsa) is another attempt - following for example such so-far dubiously successful interventions as the Sector Education and Training Authorities (SETAs) - to address the constraint of skill shortage.

A long-term solution to this challenge would be to increase effective expenditure in education, emphasising science, technology and artisanship.

The picture is inevitably more complicated than that presented above, but the main imperative can be summarised as the need to ensure that the economic framework in South Africa is not totally disconnected from the objectives of building a more equitable society in the country.

The question then remains, since this priority is strongly endorsed by all elements within the ruling party, why has it not featured in the reigning political debate, particularly the ANC's leadership race?

For the first time since the inauguration of democracy in South Africa, the impact of democracy on the economic lives of ordinary citizens is a question that has emerged in the past year as one of the sources of division and political

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tensions within the ruling party.

It is noteworthy that there appears not to be ideological dispute within the ANC around the current economic policy. The party adopted the policy as a pragmatic solution to South Africa's problems, and has maintained a united front while the policy has evolved. However, the extent to which economic policies have successfully played a role in driving the party's liberation project has become a point of contention for the ANC's leadership.

The social question is central to the ANC's popular mandate. At present, members' perceptions are negative. Recapturing the mandate is likely to be a central undertaking for the ANC in the coming year. The post-Polokwane scenario will anchor itself on the economy's ability to eradicate poverty and bring about real changes for the majority. The gains for democracy in this case would be that the incumbent administration, with its experience, would have the expertise to close the gaps and prioritise poverty reduction and job creation. When a new administration takes over, the same principle will apply: it will still be imperative for the ANC as a party to be seen to address the social question via the economy in order to avoid further internal divisions, or criticisms from outside the party.

South Africa has the institutions needed to deepen democracy. The major delivery problem is commitment on the part of those responsible for implementation of policies. This dulls our institutions and their performance, and by extension it erodes legitimacy.

That the debate about the economy and consequently about the depth of democracy in South Africa has resulted in political tensions within the ANC should not be viewed negatively. It elevates an already pressing question to a more prominent status.

As long as this question is linked to political survival within the dominant party in the country, the need to address it will be more pressing than ever. South Africa has already borne the cost of delays in terms of distribution.

Democracy needs to be seen to improve the lives of those who employ it, or face attack on its institutions.

1 This is an edited version of **Mathekga's** article in the Institute for Justice and Reconciliation's transformation audit report entitled Leadership and Legitimacy. **Mathekga** is a lecturer in Political Science at the University of the Western Cape.

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