Chapter 3

South Africa: A Transformative State?

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"Transformation is this Government's reason for existence …" ("State of the Nation" address by President Mandela to parliament, 6 February 1998, quoted in Mandela, 1998.)

Introduction

The scale and depth of social transformation in South Africa in the 1990s can be gauged by comparison with the chilling reality of the 1980s: South Africa was on the brink of civil war, social infrastructure including schooling had collapsed, youths in the townships were rendering the country ungovernable, children watched the horror of burning "collaborators" alive in the streets and suffered the trauma of apartheid atrocities, security forces were lashing out in fear as the old order was falling apart and the regime could no longer rule in the old way, and the liberation forces were battle weary and the casualties were high. This political stalemate set the scene for the negotiated political settlement and historic compromise in the 1990s.

The democratic state that was born in South Africa in 1994 evolved through four transitional phases: the *pre-colonial state* characterised by the politics of conquest and incorporation, followed by the brutal land dispos- session of the *colonial state* (1652-1909), the Constitution of the *segrega- tionist state* premised on cheap labour (1910-1947) and the *apartheid regime* (1948-1993) characterised by the systematic destruction of indigenous social capital and black family and community life.

These transitional phases provide the landscape for a formidable chal- lenge: the fundamental transformation of both state and society. This chal- lenge sets apart state building in the democratic South Africa from state building elsewhere.

This chapter therefore focuses on the role of the state in social transformation, and the variety of ways in which the state carries out this particular role. The chapter further examines the construction of the necessary institutional capacity to fulfil the hegemonic project of transformation. The transformative state is thus a state whose programmatic activities are geared towards social transformation and is of necessity a strong and extended state. Examples of other transformative states include the post-revolutionary state in Russia, many post-colonial states and states undergoing transitions from authoritarianism to democracy.

The State as an Instrument of Social Transformation

The word "transformation" is found in virtually all African National Congress (ANC) documents, many speeches of ANC and government leaders, and most policy documents of the new government. These range from the ANC's policy guidelines for a democratic South Africa adopted at its 1991 national conference, *Ready to Govern*; an ANC discussion document released in November 1996*, The State and Social Transformation*; the ANC's draft strategy and tactics released before its December 1997 national conference*, All Power to the People*; to the speeches of former President Mandela and President Thabo Mbeki.

There are clear references to the important role of the state in social transformation in these documents and speeches. For example, the ANC declared that its policy document, *Ready to Govern*, was "structured so as to highlight the strong relationship between the creation of a political democracy and social and economic transformation". In this regard, the document outlines the ways in which the state could transform the state system, the economy, land ownership, the living conditions of all South Africans, education, the security apparatuses, and so on. Thus, the first step in the transformation of South Africa was the creation of a democratic state, through which political power could be used to transform state, society and the economy.

Likewise, in the opening sentence of *The State and Social Transformation* the ANC (1996) states the following: "The struggle for the social and economic transformation of the South African society is essentially the task

of replacing the Apartheid state with a democratic one." It later adds that "the collective strengths and means concentrated in the democratic state to bring about the transformation of society" should not be destroyed by measures that "weaken the democratic state". In this document, the ANC clearly points out that the democratic state has a transformative responsibility.

The ANC's 1997 *Draft Strategy and Tactics* identified "the current period as one in which all levers of power must be transformed to serve the interests of the people". For the ANC, success in transformation will depend critically on the role of the state. The document points out that "by assuming the leading position in government, the democratic movement took formal control of the state machinery, with the possibility of starting, in earnest, to transform it to serve the new order".

The ANC (1997) identified the following main features of the new democratic state:

> All citizens should be guaranteed the right to elect a government of their choice, freedom of expression, freedom from discrimina- tion, and other rights entrenched in the Constitution. They should have a government not only formally based on their will; but also one that is open and transparent, and one that consults and conti- nually involves the people in policy formulation and implementa- tion.

The ANC (1997) further characterised the new democratic state on the basis of specific tasks:

> It is a state which should mobilise the country's resources to expand the wealth base in the form of a growing economy. It is a state which should continually strive to improve people's quality of life. Such a state should ensure that all citizens are accorded equal opportunities within the context of correcting the historical injustice (of apartheid).

The *Draft Strategy and Tactics* also pointed out that this gives the democratic movement "immense possibilities to use the new situation as a beachhead to fundamentally transform society". One section of the draft,

entitled "Programme of National Democratic Transformation in the Current Phase", outlines four main transformative tasks for the democratic state:

- *Democratisation and governance*: here the central aim is to create a democratic state underpinned by principles of "good governance".
- *Transformation of state machinery*: here the central aim is to change the doctrines, the composition and the management style of the civil service, judiciary, army, police and intelligence structures.
- *Economic transformation*: here the central aim is to promote growth and development in order to effect the redistribution of wealth and income in favour of those previously excluded from the economic mainstream.
- *Meeting social needs*: here the central aim of transformation is to improve the living conditions of the people, especially the poor.

The central role of the state in social transformation was acknowledged by President Thabo Mbeki in his address to the ANC Youth League congress in 1996:

> We consider the attainment of political democracy as a precondition for the continuing struggle aimed at the achievement of full social [and] economic emancipation for all the people. Commendable progress is already being made in putting building blocks aimed at ensuring the democratisation of the political order, the deracialisation and rebuilding of the economy, the public service, security organs of state, social services and cultural institutions. The success of our policy of reconciliation, national unity and nation-building also depends on the progress we make in addressing the political and socio-economic divisions in the conditions of life of the people.

Nelson Mandela's report to the 50th conference of the ANC in 1997 made reference to the need for a democratic state for the transformation of state, society and the economy in South Africa:

Having been elected into government, one of the first things that was very clear to us is that we cannot effectively use our access to political power to effect a fundamental transformation of our society by relying on the old apartheid state machinery. One of the central tasks of the democratic revolution is the abolition of the apartheid state and its replacement by a democratic state.

The transformative role of the state is also acknowledged in the speeches of various cabinet ministers. Former Labour Minister Tito Mboweni, for instance, stated the following in his speech on the labour budget vote in 1997:

The government as a whole faces major tasks before it. … The critical issue for us is that on an hourly, daily, weekly, monthly and yearly basis, we have to be hard at work, *laying the foundations for continuous processes of change and progressive transformation*. Achieving a better life for all is therefore not an event but a process. *That process has been joined by this first democratic government*. (Emphasis added.)

Likewise, at the launch of Curriculum 2005, the former Minister of Education, Sibusiso Bengu, stated:

Because education and training are central activities of our society and are of vital interest to every family and to the health and prosperity of our national economy, the government is committed, as a matter of national importance, to changing education and training in South Africa.

The former Minister of Justice, Dullah Omar, pointed out at a media briefing in February 1997 that the mission of his department is directed at, amongst others, the following aim:

To establish and maintain, in the spirit of the Constitution, and through a democratic process of transformation, a legitimate administration of justice which is efficient, accessible, accountable, just, user-friendly and representative of the South African community.

Finally, the transformative role of the state is explicitly recognised in most policy documents of the new democratic state. This is reflected in two ways. First, a number of these policy documents include the term "transformation" in their titles. These include the White Paper of the Department of Health, *Transformation of the Health System*, the *White Paper on Transformation of the Public Service*, the *White Paper on Transforming Service Delivery*, and *A Programme for the Transformation of Further Education and Training* (Education White Paper No. 4).

Second, a clear indication of the priority given to social transformation is found in most policy documents of government departments. For instance, in the introduction to the *White Paper on Education and Training in a Democratic South Africa,* the Minister of Education stated:

> This policy document describes the process of transformation in education and training which will bring into being a system serving all the people, our new democracy, and our Reconstruction and Development Programme.

He added that

> … a priority for the national and provincial Ministries of Education is to create a transformative, democratic mission and ethos in the new departments of education which can completely supersede the separate identities of the former departments.

The Minister acknowledged that his "Ministry is acutely aware of the heavy responsibility it bears for managing the transformation and redirection of the system of education and training …".

In the same vein, the focus of the defence force is clear. The *Defence in Democracy White Paper on National Defence for the Republic of South Africa* considers "transforming defence policy and armed forces in the context of the Constitution, national security policy, the RDP [Reconstruction and Development Programme], and international law on armed conflict" as the "overarching challenge". Transformation is seen as essential because of the history of the armed forces in the country, new strategic considerations in the international, regional and domestic environment and, most important, the advent of democracy in South Africa.

These examples clearly demonstrate the programmatic vision of various organs of the transformative state.

Implementing Social Transformation

The next section in this chapter is to examine the nature of the transformation of state and society in South Africa in terms of the four transformative tasks set for the state by the ANC.

Establishing Democratic Governance

The first challenge of transformation faced by the democratic state was democratisation and democratic governance. The starting point for an analysis of policy frameworks for transformation in these areas must be the ANC's Reconstruction and Development Programme, "an integrated, coherent socio-economic policy framework", which underpinned most government policies during the first years of the democratic state (ANC, 1994). Here the ANC included the *democratisation of state and society* among the main priorities of the democratic government. The ANC envisaged, amongst others, the following activities:

- Extending access to power and the right to exercise that power to all South Africans through the enfranchisement of all;

- Empowering the population through expanded rights, meaningful information and education, and an institutional network fostering representative, participatory and direct democracy;

- Creating a wide range of institutions of participatory democracy in partnership with civil society to facilitate direct democracy;

- Transforming the Public Service to make it more efficient, responsive, transparent and accountable while increasing the capacity of the public sector to deliver improved and extended public services to all South Africans; and

- Transforming the security apparatuses (defence force, police and intelligence services) from agents of oppression into effective servants of the community (ANC, 1994, pp. 120-121).

The Democratic State

The first democratic election on 27 April 1994 brought into being the first democratic state in South Africa. The first stage of democratic governance in South Africa was informed by the provisions of the interim Constitution. The interim Constitution set out the nature of citizenship and extended universal franchise to all citizens and permanent residents of the country. It also contained a Bill of Rights that enshrined the fundamental rights and freedoms of the subjects of the state. It established the Government of National Unity (GNU), run by a president, two executive deputy presidents and a cabinet drawn from the leading parties in the election. Political parties holding at least 80 seats (at least 20% of representation) in the national assembly were entitled to an executive deputy president, and all parties holding at least 20 seats (5% of representation) in the national assembly were entitled to ministers and deputy ministers (Venter, 1994; Basson, 1994).

The interim Constitution provided for a bicameral Parliament (a national assembly consisting of 400 members and a Senate consisting of 90 members, ten from each province). These two houses jointly functioned as a constitutional assembly with the task of drafting and passing a new Constitution. Parliament had to make laws in accordance with the Constitution. This represented a fundamental change from earlier Constitutions based upon the principle of parliamentary supremacy. The Constitution is regarded as the supreme law of the country and would bind all organs of state at all levels of government, including Parliament. The Constitutional Court had jurisdiction to inquire into the constitutionality of any bill or act.

The members of the legislature were elected on a proportional representation basis, half from national lists and half from provincial lists of party candidates. This system restricted voters to choosing the political party of their choice, which contrasted with the racially exclusive constituency-based electoral process of the previous era.

Initially, the Senate under the interim Constitution functioned as a legislative organ. However, its transformation into the National Council of Provinces promoted a second broad function: intergovernmental co-operation

and co-ordination. Hence members of the council became responsible to the provincial and the national legislatures, since they participated at both levels.

Nine provinces were established under the interim Constitution. Each had its own legislature that, as the legislative authority in the province, had the power to make laws for the province in accordance with the interim Constitution. The provincial legislatures were not empowered to infringe upon the provisions of the Constitution. The laws made by a provincial legis-lature applied only within the territory of the province concerned. The interim Constitution provided for provincial legislatures of between 30 and 100 members elected in terms of the system of proportional representation. The premier was the head of the executive council, which comprised members holding portfolios from all parties holding at least 10% of the seats in the provincial legislature.

Metropolitan, urban and rural local governments, each category having differentiated powers, functions and structures, could be established under the provisions of the interim Constitution. Local governments were not autonomous and could regulate their affairs only within the limits prescribed by law. Consequently, Parliament and provincial legislatures could prescribe the limits to local government powers and functions. The elections for the first democratic local government structures were held on 1 November 1995, bringing into being the third tier of democratic government in the new South Africa.

One of the most significant changes from the previous era was the introduction of a Constitutional Court. The Constitutional Court had juris-diction as a court of final instance over all matters relating to the inter-pretation, protection and enforcement of the provisions of the Constitution. It had to determine the constitutionality of national and provincial laws as well as defend the fundamental rights of individuals. Furthermore, the interim Constitution empowered the Constitutional Court as well as ordinary courts of law to test all actions of the executive as well as acts of Parliament. These powers of the Constitutional Court abolished the supremacy of Parliament as a law-making body as well as placed a limit on the power of government in exercising a governance role.

Public Participation

The new political environment led to the introduction of a political culture radically different from that which marked the apartheid era. Perhaps the most significant example of the new political culture was the Constitutional Assembly Project (CAP), which aimed at drawing the bulk of the population into Constitution writing. Underlying the CAP was the ANC's earlier commitment to democratic participation. It enabled non-governmental institutions and organisations to participate in decision making.

The aim of the CAP was to make Constitution writing as inclusive as possible. This was done in a number of ways. Six theme committees were set up by the Constitutional Assembly to consider and collate submissions from a wide variety of stakeholders, including organs of civil society, ordinary individuals, political parties and all those who had an interest in contributing to the new Constitution. Popular participation in Constitution writing was made possible by encouraging the population to make submissions in their own languages, resulting in some 2,5 million written submissions. This was supplemented by thousands of public meetings in almost every town and village to give people an opportunity to express their views on what should be included in the new Constitution. People were encouraged to attend these meetings through advertisements on television and radio. Popular awareness of the issues involved was further encouraged by the distribution of a regular newspaper, *Constitutional Talk*, a television talk show by the same name, and numerous radio programmes dealing with Constitution making (Hlophe & Naidoo, 1996).

Public Accountability

Public accountability is central to democratic governance. In the system of parliamentary democracy, the legislature constitutes the supreme authority as the elected representatives. The executive derives its authority from the legislature and is accountable to the legislature for its actions. The effectiveness of the legislature in holding government accountable depends on the quality of the elected representatives in terms of professional expertise and direct accountability to constituencies.

Specialised committees (e.g. portfolio committees) and the opening of hearings and proceedings of parliamentary committees to the public as well as the provision of research support enhance the capacity of the legislature to scrutinise government. The interests of governance and public scrutiny have to be balanced, though. In the first two years of democratic rule in South Africa, the Portfolio Committees tackled their responsibility of holding government accountable with considerable fervour. The newly elected representatives also distrusted the old guard civil service as the initiators of legislation. Legislation was therefore duly scrutinised, leading to considerable delays and constraining the ability of the new executive to enact new policy. The pressure of the parliamentary time schedule together with appeals to comradely support improved co-operation between the executive and the legislature in the same party. This set the stage for classic oppositional politics within the legislature, with the opposition spearheading the drive for public scrutiny and the majority party in the legislature "defending" the interests of the executive.

That there is robust opposition to and scrutiny of government actions cannot be doubted. Overall the transparent functioning of portfolio committees and the dedication of a key number of parliamentary activists in committee work bode well in terms of accountability.

Institutions Supporting Democracy

The South African Constitution has enshrined a number of institutions supporting constitutional democracy. These include the Public Protector, the Auditor-General, the Public Service Commission, the Human Rights Commission, the Commission for Gender Equality, the Independent Electoral Commission and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities. The independence and impartiality of these institutions are enshrined in the Constitution.

The Auditor-General has the standing and resources to fulfil its functions, and has elicited unqualified parliamentary support. Indeed Parliament sanctioned the behaviour of the executive in infringing on the autonomy of the Auditor-General on two occasions. In both instances the ministers were cautioned by Parliament against contravening rule 99. This level of parlia-

mentary protection has not been demonstrated with the other commissions, who equally battle to gain government co-operation and compliance in the exercise of their functions.

The provisions of the Promotion of Access to Information Act, which safeguards whistle-blowing and independent access to public information as well as institutions buttressing democracy, bode well in terms of account-ability.

Transforming State Machinery

The second challenge of transformation, the transformation of state machinery, is to change the doctrines, composition and management style of the civil service, judiciary, army, police and intelligence structures. Because of space constraints, we will focus on the transformation of the Public Service Commission (PSC) and the South African National Defence Force (SANDF).

Civil Service Reform

A number of policy documents were developed to address the transformation of the Public Service and to increase the capacity of the public sector to deliver improved and extended public services to all South Africans. The *White Paper on the Transformation of the Public Service* (WPTPS), published in 1995, identified

> the need to reverse the systematic exclusion of Black people and women from positions of influence within the public service that had characterised the apartheid system, as well as the systematic exclusion of people with disabilities from positions at all levels within the service (Presidential Review Commission (PRC), 1998, para. 4.2.5.1).

The WPTPS included among the main requirements for reform and transformation a change in the racial and gender composition of the workforce in the Public Service, and the equitable inclusion of people with disabilities. It stipulated that in order to address this, within four years at least 50% of managers in all departments must be from the black

communities and 30% of new recruits to the middle and senior management echelons should be women; and within ten years, people with disabilities should comprise 2% of public service personnel. In addition, the *White Paper on a New Employment Policy for the Public Service* (WPNEPPS), published in October 1997, stipulated that

> [a] professional, impartial Public Service which is representative of all sections of society is essential to efficient and effective government and the achievement of South Africa's democratic, economic and social goals (WPNEPPS, para. 1.1).

A representative public service is also necessary because it will include public servants who are "able to relate closely to every section of South Africa's diverse society; public servants who are familiar with people's needs, can communicate in their languages, and can respond to their concerns" (WPNEPPS, para. 3.13).

At the beginning of 1994, only 2%, 1%, 3% and 5% of the managers in the Public Service were African, coloured, Indian or women respectively (PRC, Table 4.1). White males dominated the management echelons while African workers, who constituted 70% of public sector workers, were located largely in categories defined as unskilled. However, the Presidential Review Commission (PRC), charged with conducting a review of the Public Service, stated in 1997 that despite the challenges facing the new government, remarkable progress had been made in transforming the Public Service, including national and provincial structures which had "become remarkably more representative in a relatively short space of time" (para. 2.1.3). Equal access to employment opportunities and affirmative action strategies were the main measures for increasing the social mobility of previously disadvantaged communities.

In late 1997 black people accounted for 79% of the Public Service while 49% of public servants were women. Thirty-eight per cent of managers at director level and above were black, and 11% were women, of whom four were employed as directors-general (WPNEPPS, para. 3.9). Yet the various departments emphasised different aspects of transformation: representivity,

accountability, service delivery or institutional change (paras. 2.5.1 and 4.2.1).

The PRC points out that the Department of Health (DoH) has emphasised changes in human resource management, leading to a change in the profile of managers in the department from 99,6% white males prior to 1994, to 50% in 1997. All the finance-related departments (Finance, State Expenditure and the South African Revenue Service) have experienced difficulties in transforming the racial, gender and occupational profiles of their personnel. The ratio in the Department of Finance, for example, is approximately 60% white and 40% black, with most of the latter falling below the managerial echelons. This profile is also evident in other departments that require "professional" skills for which they compete with the private sector. The departments of Justice and Foreign Affairs have avoided the introduction of well-articulated affirmative action policies and strategies, preferring instead to rely on a "flexible approach" or "placement guidelines", which have resulted in few changes to the profile of their departments.

Finally, the *Batho Pele* (meaning "people first") *White Paper on Transforming Service Delivery* commits public servants to consultation, service standards, fairness, efficiency, courtesy, access, information, transparency, redress and value for money at customer desks, and to an annual departmental report to citizens on meeting service delivery targets. This contrasts sharply with the apartheid-era civil service, which was, essentially, "constructed and managed for the purpose of regulation, control and constraint, and not for those of community empowerment and development".

The most far-reaching act of reform in the civil service was the unbundling of the PSC and the separation of its executive and oversight functions.

The PSC role of checking on administration and the political executive finds its origins in the English civil service of the mid-19th century. Its task was to uphold the merit principle and guard against cronyism and nepotism, as well as to protect civil service employees from arbitrary political abuse. The South African Public Service Commission, however, assumed both the functions of establishing the rules of administration and checking the exercise thereof (Muthien, 1996; Motala, 1997). Moreover, the commission held

all executive powers in administration, with the power to refuse ministerial requests for staff and salary increases, and for changes to conditions of service and organisational design.

The unbundling of the PSC was an attempt to democratise the state from within. Policy functions were located with a line-function ministry; executive decision making was devolved to cabinet ministers and greater managerial autonomy was afforded to line-function agencies; and the PSC assumed a purely oversight function. The contradictions of its previously fused functions, however, created confusion, with neither the executive nor the legislature accepting guardianship of the body. The ability of these institutions to serve as a check on the executive is dependent on the levels of co-operation it secures and the ultimate sanction that Parliament can exercise to secure public accountability.

There can be no doubt that a professional civil service, insulated from political power, serves democracy best and that the distance from direct democracy in itself constitutes part of accountability and constraint of political power. The inherent problem of democratising state administration is vested in reconciling the political imperatives of public accountability with the managerial imperatives of administrative flexibility and responsiveness (Balfour, 1997; Ruscio, 1997).

Security

Various government departments set out policy frameworks to transform the security apparatuses from agents of oppression into effective servants for empowerment. For example, among the main transformative priorities of the SANDF are the consolidation of democracy, the achievement of social justice, economic development and a safe environment as well as a substantial reduction in crime, violence and political instability. Civil-military relations, under the terms of the defence white paper, are to be transformed by making the SANDF a non-partisan military force, subject to control and oversight by a duly elected and appointed civilian authority, and obliged to perform its functions in accordance with the law. The white paper also committed the SANDF to reflect the composition of the country by encouraging affirmative action and introducing equal opportunity programmes.

The challenge of transforming the defence force has been steered by the need to ensure that the military's role and conduct are consistent with democracy, the Constitution and international norms, and consistent with the need to develop an approach to security that is not reliant on the use of force, but places emphasis on the achievement of social justice, economic development and a safe environment (Nathan, 1995). Therefore, in order to instill democratic values throughout the SANDF, the military and the civilian functions were separated through the establishment of the Defence Secretariat and the Civic Education Programme. The SANDF has also become more representative of the South African population: It has 69% black members, including 13 black generals, one of whom is the first black female general, and 19% female members.

Among the objectives the Department of Safety and Security set out in its white paper was "the development of appropriate policing services in South Africa" through "a shift from an inheritance of authoritarian law and order responses, to a broader concept of safety and security for all citizens". In particular, it was recognised "that policing in a democracy requires professional law enforcement which does not infringe upon human rights".

Public Policy Making

A significant feature of transformation during the first term of office of the democratic government has been the democratisation of public policy-making processes. In particular, a shift occurred from semi-secretive, technocratic and authoritarian policy making to more public and accountable policy making.

The new policy-making approach was a result of the new government's active interest in transforming the relationship between organs of civil society and the state. Introducing participatory democracy, accountability and transparency, the approach was aimed at bringing about fundamental changes in the policy environment in South Africa. Policy making/formulation was to be substantially more open to public input than under the racist and authoritarian apartheid state. The substantive change in policy formulation and implementation penetrated several other areas. Examples of a broadening base for public input in policy making include the manner in

which ministries develop policies and processes through public participation in the legislative process. These include the publication of green and white papers to encourage public submissions, and the holding of conferences and workshops to include a wide variety of stakeholders in discussions on specific policy issues. The legislative process provides for a wide range of opportunities for the public to participate in policy making. These include the consideration of written submissions, the holding of public hearings and the public's interaction with parliamentary committees.

Perhaps one of the most significant features of the new policy making is the proliferation of statutory and other consultative bodies that aim at involving civil society in policy making. Examples of these at the local level include local development forums, local water committees and community police forums. What these demonstrate is a transformation from top-down decision making to a process driven from the bottom.

An important new consultative body is the National Economic Development and Labour Council (NEDLAC). A statutory body, it was established as a forum for consensus seeking and inclusive decision making on national economic and social issues by representatives of organised labour, business, community organisations and the government. The government is committed to placing all issues or laws relating to labour, social or economic policy before NEDLAC prior to introducing them in Parliament or implementing them. NEDLAC's main objectives are to reach consensus and conclude agreements which increase participation of all major stakeholders in shaping policy on economic, labour and development issues, and which promote sustainable economic growth and greater social equity in the community and the workplace.

Economic Transformation

The third challenge of social transformation is economic transformation. However, the ANC has not been consistent in its policy on the role of the state in economic transformation. It has moved from initial commitment to public ownership, albeit in a limited form in the Freedom Charter, compromise around a "mixed economy" and "growth through redistribution" to the current emphasis on growth as a necessary condition for both employ-

ment and redistribution. The ANC's Freedom Charter included a number of clauses that were aimed at economic transformation. For example, it proposed that "the mineral wealth of our country, the banks and monopoly industry shall be transferred to the ownership of the people as a whole". By the time the ANC entered into negotiations, however, it had moved away from a commitment to nationalisation to accept a limited role for the state in a mixed economy. Thus, neither the RDP nor the government's Growth, Employment and Redistribution (GEAR) macroeconomic policy framework, unveiled in June 1996, provided a policy framework for economic trans-formation. Indeed, the focus shifted from redistribution so as to promote growth, to growth and development so as to effect the redistribution of wealth and income. The changed focus led to the introduction of policy initiatives around affirmative action, black economic empowerment, support for small and medium-sized enterprises and support for black farmers.

GEAR emphasises the redistributive thrust of the reprioritisation of government expenditure and the role of social and sectoral policies in meeting basic needs, improving services available to the poor and building social infrastructure. GEAR affirms that growth needs to be translated into redistribution of incomes and opportunities through appropriate social development policies and programmes, and deliberate promotion of em-ployment creation. GEAR envisages increased state expenditure on infra-structure as a growth enhancer. Privatisation is seen as a means of re-ducing debt. At the same time, the government must play a central redistributive role through such policies as land reform and the provision of basic social services (Donaldson, 1997; Nattrass, 1996).

GEAR, however, indicates a commitment to market-orientated econo-mic reform in line with what has been termed the "Washington consen-sus", a type of economic reform demanded by the World Bank and the International Monetary Fund. These include fiscal discipline, to which the government has responded by reducing the budget deficit, reallocating state expenditure to health, education and infrastructure, broadening the tax base and reducing marginal tax rates, abolishing the dual exchange rate in 1995 and phasing out exchange controls, securing property rights, increasing deregulation, trade liberalisation and privatisation, and

removing barriers to direct foreign investment and financial liberalisation. In short, it appears that the government has restricted its role to setting the framework within which a free market can operate (Calitz, 1997).

The poor track record of GEAR in delivering on economic growth, job creation and social upliftment led to severe criticism by the ANC's alliance partners, COSATU and the SACP. By the end of 1998 the ANC was forced to concede that GEAR failed to live up to its promise and to re-introduce the RDP as the government's primary development agenda.

Affirmative Action

The apartheid legacy of racial and gender discrimination is also evident in private sector employment patterns. Over one-third of women is self-employed and 70% of women workers in the formal sector earn less than R500 a month. Only 1% of disabled people are employed in the formal sector of the economy. African and women workers are concentrated in low-wage, low-skill employment, while white men dominate the high-paying managerial and executive positions. The average ratio of the salaries of managing director to the wages of the lowest paid worker is about 100:1. In addition, there are huge disparities in the gradations between unskilled workers, semi-skilled workers and artisans; blue and white-collar workers; and production and technical/professional employees.

The main measure introduced to promote affirmative action in the private sector is the Employment Equity Act. This Act has two objectives: to implement measures to eliminate discrimination in employment and to provide guidelines for companies to promote occupational equity by encouraging the equal representation of black and women workers and the disabled. The Act calls on companies to draw up "equity plans" that include numerical goals (for increasing the number of blacks, women and disabled workers so as to approximate their proportional representation in the total South African population), a timetable for implementing "equity plans", mechanisms to bring about equity and union-management consultation procedures (Ray, 1998).

Black Economic Empowerment

The government has facilitated black economic empowerment through the Affirmative Procurement Policy according to which government contracts under R2 million are allocated to firms owned by disadvantaged groups. This has resulted in an increase in the share of procurement by affirmative enterprises to an estimated 37% of the total value of government contracts at the end of 1997. The government also committed itself to the establishment of a National Empowerment Fund to provide funds for the previously disadvantaged groups to acquire a stake in restructured public enterprises. However, the fund is only expected to have a visible impact in 2001.

The state has also developed a policy framework for assisting small, medium and micro non-farm enterprises (SMMEs), which are generally dominated by the historically disadvantaged communities. SMMEs are viewed as key vehicles for attaining a number of objectives, including job creation and income redistribution. The government has established a number of institutions to implement the national SMME development strategy by means of the Ntsika Enterprise Promotion Agency and Khula Enterprise Finance. Ntsika focuses largely on the establishment of a network of local business service centres to deliver non-financial support to SMMEs, including support to strengthen their competitiveness. Khula began its operations at the beginning of 1997, but the value of loans made has not been sufficient to meet SMME needs.

Government initiatives for redressing racial imbalances in access to agricultural opportunities are largely mentioned in the *White Paper on Agriculture* published in 1995. The White Paper recommends that special attention be given to the needs of small-scale farmers to ensure equitable access to markets; that access to agricultural financing be broadened to include previously disadvantaged and beginner farmers; and that access to existing institutional infrastructure such as the co-operative system be broadened to include those previously denied access. However, one such initiative, the Broadening Access to Agriculture Trust (BATAT), envisaged as a supply-side initiative aimed at widening access to agriculture for those who previously lacked access, failed to materialise. Two of the main development finance institutions, the Land Bank and the Industrial Develop-

ment Corporation (IDC), have committed themselves to putting greater emphasis on small and medium-firm development and black empowerment in industrial agricultural concerns.

Meeting Social Needs

The fourth and final challenge of transformation, namely meeting social needs, is geared towards improving the living conditions of the people, especially the poor. The eradication of racial inequalities in access to social services is particularly evident here.

Lack of basic amenities such as electricity, flush toilets and piped water can be linked to poverty. In 1993, only 22,7% of poor households had access to electricity, 19,5% had access to flush toilets and 28,4% had access to piped water. At the end of 1994 almost 50% of poor households still had no electricity supply. The backlogs in education infrastructure were enormous, with just under half of all schools having no electricity and 24% having no access to water in 1996. The total shortage of classrooms countrywide in 1996 was 57 499. Large backlogs exist in the provision of health care facilities, requiring a sustained average 3,3% annual increase in the health care budget for ten years (or 6,9% for five years), over and above the increase necessary to service the needs of the growing population who use the existing hospitals. The housing backlog at the beginning of 1994 was estimated at three million units.

The RDP provides the basis for various policy frameworks aimed at meeting social needs. The ANC hoped to meet the need for jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care and social welfare. This was to be achieved through programmes to redistribute land to landless people; ten years of compulsory education for all school-goers; building over one million houses; providing clean water and sanitation to all; electrifying 2,5 million homes; and providing access for all to affordable health care and telecommunications (ANC, 1994, pp. 7-8). Many of these programmes were covered in policy documents of various government departments.

For example, the *White Paper on South African Land Policy* introduced three major land reform programmes: the redistribution of land to meet the

need for land and to reverse the racial geography of the country; the restitution of land rights to restore land which was forcibly taken from people during the apartheid era; and tenure reform to provide secure land tenure and to resolve conflicting rights and claims to the same land.

Apartheid accounted for unequal access to land asset and resources. Hence the overwhelming majority of people were restricted to owning land in approximately 13% of the country. Land redistribution, which has been facilitated by the R15 000 subsidy per household for the acquisition of land, resulted in the transfer of 324 486 hectare of land to just over 20 000 households and 100 000 people by the end of 1997. The ANC promised to redistribute 30% of agricultural land within the first five years of the implementation of the land redistribution programme. By September 1998, however, only 1% of all agricultural land had been redistributed, leaving the government with just under a year to redistribute the remaining 29% (Tilley, 1998). Restitution of land rights proved even more difficult to effect and only 18 restitution claims had been resolved by the end of 1997. This resulted in approximately 27 000 people recovering about 150 000 hectares that had been taken from them during the apartheid period. Finally, the Extension of Security of Tenure Act was passed in 1997 to provide secure tenure for the approximately six million black households located on white-owned farms (Bond & Khosa, 1999). Among the most important constraints on delivery in this area were administrative capacity, particularly at the local level, an inadequate budget to implement the policies and the limited availability of state land and the difficulty to dispose of it.

The Department of Housing aimed to approach the housing challenge by:

- stabilising the housing environment in order to ensure maximal utilisa-tion of state housing expenditure and mobilising private sector invest-ment;

- facilitating the establishment or directly establishing a range of institu-tional, technical and logistical housing support mechanisms to enable communities to improve their housing circumstances on a continuous basis;

- mobilising private savings (whether by individuals or collectively) and housing credit at scale and on a sustainable basis, and simultaneously ensuring adequate protection for consumers;

- providing subsidy to disadvantaged individuals to assist them to gain access to housing;

- rationalising institutional capacities in the housing sector within a sustainable long-term institutional framework;

- facilitating the speedy release and servicing of land;

- co-ordinating and integrating public sector investment and inter-vention on a multi-functional basis.

In the area of housing delivery, the 1994 *White Paper on Housing* aimed to give all South Africans access to a permanent residential structure with secure tenure and adequate water, sanitation, waste disposal and electricity services. A core element of the housing programme was the subsidy scheme for land, housing and infrastructure to those earning less than R3 500 per month. This was supplemented by the expansion of housing credit to the poor, with the government assuming some of the risk inherent in lending to low-income groups (mortgage indemnity schemes) (Bond & Khosa, 1999). By the end of 1997 over 400 000 houses had been completed or were under construction, while approximately 700 000 housing subsidies had been allocated. This has resulted in the provision of housing to 1,2 million South Africans since 1994 (*President's Report to the Nation*, 1998). There was, however, shortfall on the government's target of one million new houses by the end of the first term of the ANC-led government in 1999.

The Department of Health hoped to meet basic needs by, amongst others, promoting equity, accessibility and utilisation of health services; extending the availability and ensuring the appropriateness of health services; and developing health promotion activities. To these ends the department aimed, first, to increase access to integrated health care services for all South Africans, focusing on the rural, peri-urban and urban poor and the aged, with an emphasis on vulnerable groups; establish health care financing policies to promote greater equity between people living in rural and urban areas, and between people served by the public and private health sectors; and distribute

health personnel throughout the country in an equitable manner. Second, the department aimed to establish a district health system in which all communities are covered by a basic health unit which offers an essential package of care; ensure a functioning referral system at the primary, secondary and tertiary levels; improve access to comprehensive health services; ensure the universal availability of high-quality, low-cost essential drugs; and ensure that every South African develops his or her potential fully, with the support of community-based nutrition promotion activities (Bond & Khosa, 1999).

The Department of Health has transformed access to health care, where discrimination was still rife. It also extended health care to rural populations. This included the amalgamation of 14 health departments into a single health system; the reduction of disparities in health service delivery; increased access to integrated services based on primary health care principles; and prioritising the care of children and women. Government spending on health increased by 24% in 1996/1997, 6% in 1997/1998, and 1% in 1998/1999 (Bond & Khosa, 1999). Among the main priorities of the democratic government's health budget was a clinic-building programme, the strengthening of primary health care and the elimination of charges at clinics.

The Constitution guarantees the right of equal access to public primary health care services for every South African. The principle of equal access to primary health care services requires the equalisation of geographical access and quality of services throughout the country. This has led to the building of 504 new clinics in previously under-served areas since 1994, thereby expanding access to a further five million people. Primary health care services are provided free of charge although people who can afford to pay for prescribed medicines are required to do so. On the negative side, however, hospitals are being closed and rationalised and their health workers retrenched. This is in large part due to the reprioritisation of budget allocations in favour of primary health care. In addition, clinics are still not widely used, probably due to lack of easy access and the poor quality of services, while a significant proportion of poor households continue to use hospitals and private doctors (May, 1988). Furthermore, the reprioritisation of funding was initially implemented by diverting health resources from better-served provinces to under-served provinces. This has been replaced by uncondi-

tional block grants to provinces and thus the termination of central control over health resource allocation.

The apartheid era accounted for unequal racial access to education and training in the form of separate education and training systems and unequal funding of these systems. During the apartheid era, for example, government expenditure on education was also allocated disproportionally to benefit first whites, then Indians and coloureds and, lastly, Africans. For instance, in 1983/1984 the government spent R234 per African pupil, or 14% of the subsidy of R1 654 per white pupil. In 1993/1994 primary school pupils in the former homelands received only 21% of the average amount spent on white primary school pupils.

Education is a right guaranteed by the Constitution. Hence the new government committed itself to providing free and compulsory education for all children up to Grade 7. Public expenditure on education increased by 25% in 1996/1997, 7% in 1997/1998 and 4% in 1998/1999. In part, the increase was directed at addressing the racial backlog in education expenditure. Education policies are designed, amongst other things, to redress the legacy of racial inequalities in education provision, and to build a new and unified national system based on equity and redress. Among the most important policies and programmes are those which deal with norms and standards for school funding and the specific needs of the schools of previously disadvantaged communities. Public schools range from the historically well-resourced suburban schools to sparsely equipped and overcrowded rural and township schools. Almost all the pupils in the well-resourced schools succeed in obtaining their senior certificates, and an impressive proportion qualifies for admission to higher education. The majority of pupils at the under-resourced schools drop out prematurely or fail to obtain senior certificates, and only a small minority win entrance to higher education. The result is gross inequalities in access to employment opportunities. Providing equal access to education is one way of reducing barriers to the social mobility of members of the previously disadvantaged communities. The development of norms and standards for school funding is aimed at ensuring that the well-resourced suburban schools carry some of the costs that used to be met through public funding. However, the richest 12,5% of the population continue to utilise

23,4% of public education resources while the poorest 53% of the population receive about 40% (Creamer, 1998).

Government expenditure is a reflection of political priorities and objectives. With its focus on redistribution, the current government enhances the welfare of disadvantaged groups in the society through its provision of goods and services to these groups. In this way a close link is established between the budget and policies towards redistribution, poverty alleviation and the eradication of inequalities between gender, racial and ethnic groups and regions (PRC, para. 5.2.1). Thus the provision of access to basic services in previously disadvantaged groups has become a major directive in public expenditure.

Since taking power in 1994 the ANC-led government has increased expenditure on social services. Expenditure on welfare and social grants increased to R19 million in the 1998/1999 budget, and expenditure on health services increased to R23 billion and that on education to R45 billion, but expenditure on housing programmes and subsidies remained at R3,5 billion. Total government social expenditure increased by 15,3% in the 1998/1999 budget (Bond & Khosa, 1999).

Social grants reach some three million South Africans, and in many cases provide the sole source of income for poor households. Public expenditure on welfare and social grants increased by 13% in 1996/1997, 13% in 1997/1998, and 7% in 1998/1999. In part, the increased expenditure was due to the introduction of parity in grants for the previously disadvantaged communities. These included old-age pensions, child maintenance grants and disability grants, which were previously set at different levels for the different racial groups. In addition, the Department of Welfare extended the application of child maintenance grants to blacks in rural areas, who were previously excluded from the system.

Despite these efforts, material and social inequalities still largely follow racial lines. The most glaring indication of the persistence of racial inequalities is income inequality. The poorest 40% of households (mostly African), equivalent to 52% of the population, account for less than 10% of total income, while the richest 10% of households (mostly white), equivalent to 6% of the population, account for 40% of total income. The

Human Development Index (HDI) can be used to demonstrate racial disparities in human development. In mid-1998 the HDI of the black population was equal to that of the poorest performing countries, while whites scored on a level equal to that of the best performing countries.

Conclusion

South Africa has been a transformative state since 1994. This is demon-strated by the recognition of the transformative role of the state in ANC documents, by ANC and government leaders, as well as in policy documents of the ANC; the development of policy frameworks designed to bring about the transformation of state, society and the economy; and the activities of the state which led to social transformation.

However, in assessing the sustainability of South Africa's fledgling democracy, it may be worthwhile to reflect on the country's institutional and social strengths as well as weaknesses. The fledgling democracy has delivered the franchise to the majority of South Africans, so brutally dis-enfranchised under colonialism and apartheid. The key challenge for the new democratic government is to deliver on the promise of economic empowerment by improving the material well-being of the impoverished majority.

The new South Africa augurs well in terms of formal democracy, i.e. the key pillars of democratic consolidation are in place:

- A multi-party parliamentary system is operative and its election processes are considered to be procedural and substantially free and fair.
- A strong sense of constitutionalism and the rule of law prevail, sup-ported by various institutions buttressing democracy, including the Constitutional Court, the Human Rights Commission, the Commission on Gender Equality, the Auditor-General, the Public Service Commission and the Public Protector.
- Mechanisms of accountability, which enshrines the right to public information, force government to be transparent and expose acts of

corruption among public officials. The Constitution moreover enshrines the values of good governance and clean administration in public affairs.

- There is a professional civil service, which functions on the basis of constitutional values such as impartiality, dedicated service delivery and fiscal accountability.

- Mechanisms for citizen participation in government are in place, including public hearings of parliamentary committees and public participation in policy making, though effective citizen participation requires both an informed public and a vibrant civil society.

- An integrated and highly developed economic infrastructure with considerable potential for economic prosperity has been established.

However, the continuation of systematic inequality and material deprivation prompts us to revisit current debates on state-civil society relations, in particular debates on economic democracy. The imperatives of development in highly unequal societies demand a democratic state that is strong, expansive and committed to a clear development trajectory, a notion which rests somewhat uncomfortably with the values of a liberal democracy and free market ideologies.

Among the challenges facing the new democratic state are the following:

- The new democracy needs to institutionalise transformation and reform. A plethora of new policy statements in the form of green and white papers has been issued, but in many instances institutional infrastructure and budgetary measures need to be aligned with the new policy objectives and the concomitant programmes.

- Economic empowerment has been limited to a few beneficiaries, the so-called "transitory bourgeoisie". Hence the base of economic empowerment needs to be widened.

- Reconciliation cannot be achieved without social justice, which includes redress and improving the material well-being of the majority. While the country is well endowed in terms of democratic institutions

and infrastructure, the lack of delivery in terms of economic democracy could well jeopardise the newly found dem ocracy.

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