Economic policy and democracy in South Africa

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Abstract

The article deals with economic reforms in the South African economy that commenced in the 1970s and have continued until the present. The options and choices adopted by the government in the period 1994–2004 are examined. Issues focused on include changes in the allocation of state spending, social delivery, the restoring of macroeconomic stability, and structural reform. The impact of democracy on economic policy is analysed, and finally, economic achievements and failings of democracy are examined.

Introduction

On achieving democracy at the first fully inclusive general election in April 1994, the democratically elected South African government was faced with a number of major historical realities. These realities, as much as the reformulated national priorities as informed by democracy, would prescribe the kind of economic policy choices that would guide economic performance during the 1994–2004 decade. It is the purpose of this article to critically assess those policy choices.

Socially and economically, the reform process away from apartheid and its peculiar discrimination policies had already been under way for some 20 years by the time democracy was achieved. The initial reform stirrings dated from the early 1970s. The old political dispensation had also begun dismantling the inward-oriented, non-market and autarkic policies that had marked South Africa’s industrialisation process from its earliest beginnings. Not only was this industrialisation phase of its development (1910–1970) socially discriminatory, but it was also protectionist and fundamentally distortive. It relied to only a limited extent on price signals, and to a major extent on policy directives, which created serious structural weaknesses over time and which hobbled South Africa’s economic growth performance.
Instead of embarking on a major new ideological path, the new democratic
dispensation decided largely to continue with the reform processes already in place
while adding its very own stamp to the critical choices that needed to be made from
time to time. The outcome was a remarkably coherent, if very gradual, reform
process stretching over more than three decades, with few major interruptions. As
the reforms cumulatively multiplied and extended their reach, and as the political
watershed was achieved, the South African economy started to adjust ever more
fundamentally. The reforms restructured the economy’s resource allocation relatively
efficiently and the economy regained a faster economic growth performance
compared with the virtual stagnation prevailing in the decade preceding democracy.

At the end of the first ten years of democracy, this extensive reform process is
not yet at an end, and the economy is not yet performing fully in line with the
achieved reforms and those still to be completed. Much, however, has been achieved
and warrants a critical assessment, both as a progress report on the past, and in order
to evaluate future promises still to be achieved.

1 Earlier reforms confronting democracy

1.1 Labour

The earliest break with decades of accepted practices occurred in the early 1970s in
the labour field. Some of the large mining houses took the initiative in starting to
raise the very low real wages of black mining labour, with the aim of narrowing the
extreme wage differentials that had existed for a number of years. It was a rational
response to rising criticism of the very low black mining wages, the decreasing
supply of foreign labour, the need to attract more South African labour to the mines,
and the strike action in 1973 and subsequent years. These were all ‘market signals’
of a kind, which began to transform the rigidly regulated labour dispensation that
had existed up till then.

Further agitation in the 1970s led the government to appoint the Wiehahn and
Riekert commissions on industrial relations and the general use of labour
respectively. By 1979 the Wiehahn Commission recommended liberalisation of
labour relations and in particular recommended allowing black labour to freely
organise and join labour unions for the first time in the country’s history, while
Riekert advised on the geographic mobility of labour.

This was another major step towards allowing market forces greater leeway in
the allocation of resources through pricing signals. Instead of fully freeing up the
market for labour, however, the offered reform promoted the extension of existing
labour union structures fragmented among industries and trades. The newly acquired
freedom of association meant more market-signalling, but the maintenance of
fragmentation prevented a fully ‘liquid’ labour market from coming into being.
Reform ended racial discrimination, but did not succeed in making the labour market
much more competitive. Instead, a new power base was created which provided
important support for the black political struggle in the 1980s and early 1990s. This alliance in turn created the opportunity for organised labour to obtain more regulatory advantages in the new democratic dispensation. All these features would contribute to distorting the supply of and demand for labour in new ways — an issue taken up below.

1.2 Monetary policy

The year 1979 also saw the first report from the De Kock Commission regarding monetary policy. Prior to this date, bank credit extension had been rigidly regulated, giving rise to distorting grey market operations. De Kock set the banks free to respond to market-determined interest rates, eventually contributing to more realistically priced credit. Monetary policy became more market-oriented, switching from credit control through credit ceilings and interest rate regulation to a policy that aimed at influencing market variables.

1.3 Trade policy

South African imports had, from the early 1920s, been subjected to quota and tariff protection of an increasing complexity. Such trade protection initially greatly aided the industrialisation process, but by the early 1960s the scope for efficient import substitution had effectively been fully exploited. Autarkic development policies in the 1970s and 1980s in response to increasing external isolation had further promoted the inefficient allocation of capital, resulting in dwindling economic returns.

Most damning of all, the balance of payments became increasingly constrained as the capital account became subjected to political boycotts at a time when the current account was becoming structurally distorted owing to the dual nature of the economy. The free-trading and efficient mining sector was the only major generator of foreign exchange, but dependent for its growth impulses on the world economy, and relatively slow at that.

In contrast, the remaining sectors of the economy were faster growing, but effectively non-tradable because of the inefficiencies encouraged by the import substitution policies. Because these domestic sectors were large and, due to their rapid expansion as well as relatively high import content, growing net absorbers of foreign exchange, a choking condition occurred. The rising demand for imports and foreign exchange in the fast-growing non-tradable sectors started to overwhelm the ability of mining to generate foreign exchange at a time when the capital account was less and less able to attract supplementary capital inflows. Foreign equity flows dried up in the 1960s, long-term foreign borrowing ended as large-scale infrastructure expansion terminated in the late 1970s, and the increasing reliance on short-term foreign bank borrowings after that led to the forced debt default of 1986 (followed by the so-called foreign debt ‘standstill’).
The non-sustainable nature of these tendencies caused the government to cast around for alternatives. It took about 15 years for the point to sink in, but public investments aimed at increasing self-sufficiency were eventually recognised as self-defeating and the import-substitution model was scrapped in favour of an outward-looking trading model, in which most sectors of the economy would be encouraged to become more efficient and produce for both the home and export market. Thus the choking condition on the current account and its ability to slow economic growth was to be transformed into a more sustainable development condition, in which export and import demand would in future be more evenly matched. Political transformation, along with an improving growth performance, would in time bring the same result in ending the isolation over the capital account.

In the course of the 1980s, major infrastructure expansion ended (the Sasol oil-from-coal plants in 1983–1984 being the last large projects of this nature). A new export-oriented trade policy was hesitantly introduced, supported by export subsidies. During the 1990s import quotas were mostly scrapped, tariff categories simplified and reduced and tariff levels greatly lowered during a long phase-in period. This extensive trade liberalisation, along with a substantial undervaluation of the real trade-weighted rand following the foreign debt ‘standstill’ crisis of the mid-1980s, had the welcome result of transforming the current account condition on the balance of payments in the course of the next 20 years. Mining ceased to be the sole generator of foreign exchange as other sectors of the economy improved their trade competitiveness, starting to earn foreign exchange on a serious scale as well as rationing more effectively their needs for foreign exchange. In addition, both luck and the lack of it assisted in transforming the structure of exports, reducing the overwhelming reliance of earlier years on gold in favour of other major export earners.

In 1980, at the height of the great (but short-lived) gold boom of that period, gold was responsible for 51 per cent of export earnings. Other mining contributed a further 25 per cent, agriculture 9 per cent, first-stage beneficiation of primary products (such as steel, paper, oil, basic chemicals, textiles) represented another 10 per cent and all other manufacturing 5 per cent.

By 1991, gold’s share in total exports had fallen to 30 per cent. Other mining was up to 36 per cent (led by platinum) and agriculture was down to 5 per cent, making primary exports 71 per cent of the total compared with 85 per cent in 1980. In contrast, manufactures had doubled to 29 per cent (compared with 15 per cent).

By 2001, gold earnings were down to 11 per cent of exports, matched or even outperformed in importance by platinum exports, automotive exports and manufactured exports of all kinds to Africa, these four categories by then yielding half of all South Africa’s exports. Primary exports constituted 62 per cent of the total compared with 38 per cent for manufactures.
1.4 Restructuring state assets

Accompanying the South African industrialisation process of inward-looking import-substitution had been a heavy dose of state capitalism. Over a hundred year period, a national railways, harbours and airways transportation system, an electricity supply monopoly, a national telephone and post office organisation, a state radio and television monopoly and a major arms equipment manufacturer (and exporter) had been created. Also, major industrial ventures had received state assistance; these ventures included the creation of a national steel company (Iscor), the creation of an oil-from-coal and chemical producer (Sasol) and a national shipping company (Safmarine). Agriculture had been regulated through a myriad of marketing boards.

From the mid-1980s, the drain on the national finances generally had become so great that the need to cast off inefficient public activities became attractive. Many of these activities could be put on a more productive footing by introducing private competition, and even privatising these entities, improving their economic return on capital — and their support for the economic development process — while ending their growing call on the national Treasury by way of loss-making operations requiring subsidisation.

Thus began a process of cleaning up these many parastatal organisations. The aim was to rationalise costs, reduce and eventually end the need for subsidies, undo any pension shortfalls and improve the economic returns on the invested capital generally, with the vague intention of eventual privatisation.

The clean-up was already far advanced by 1994, if measured by labour shedding in these parastatals as protected employment ended. Costs were cut, and prices for services rendered were increased. By 2004, state subsidies are still being paid to a truncated post office and for passenger train services in the larger metropolitan areas. All other parastatal activity is now undertaken separately from the national Treasury, and in many instances with new competition from the private sector. South African Airways, Telkom and the South African Broadcasting Corporation, for instance, saw a number of competitors enter their domestic markets, a national airport company spin-off and Telkom were (partly) privatised, and the agricultural marketing boards were abolished.

1.5 Macroeconomic destabilisers

Whereas the old political dispensation had set the ball rolling in terms of structural reform in labour, trade and banking during the 1970s and 1980s, matched with the barest of changes at the constitutional level politically, the struggle of those years deeply burdened the country financially right up to the moment of democracy in 1994. This, too, was a legacy the new dispensation would have to take into account when setting its policy priorities.
The main thrust of the 1970–1993 period was a steadily overburdened fiscal policy, as economic growth slowed, yet with public demands in terms of external wars and domestic needs greatly increasing. The result was a substantial increase of the tax burden (its disincentive nature further undermining economic growth) and increases in budget deficits and government borrowing. Along with periodic bouts of gold-induced currency overvaluation, the economy’s supply capability became increasingly overburdened, inducing a steady acceleration in inflation and loss of currency value. The latter was further subjected to periodic shock treatments as the balance of payments increasingly acquired a choking constraint on the domestic economy, in turn further fuelling the inflation momentum while only bringing minimal growth advantages because of the as yet unchanged trade structure.

This deepening fiscal and general financial malaise was considerably reinforced by inappropriate monetary policy stances. Pro-cyclical interest rate changes, periodically allowing real interest rates to become heavily negative, were followed by bouts of very high positive real interest rates. Thus, the choking effect of the balance of payments structurally became reinforced by a cyclically choking monetary policy at a time of overburdened government finances and pressurised consumers and private companies.

Consumer price index (CPI) inflation peaked at 21 per cent in 1986 (following a currency crisis), but was still 15 per cent in 1990. In 1994 the tax burden was nearly 25 per cent and the budget deficit over 8 per cent of gross domestic product (GDP) (following an extensive, yet shallow, recession). The national debt was over 50 per cent of GDP and growing explosively, encouraging talk of the country having fallen into a ‘debt trap’. The foreign reserves were effectively non-existent. Economic growth had been stagnant for a decade.

In 1994 the biggest legacy from the past, however, had been three centuries in the making: one of the worst unequal distributions of income, wealth and human capital anywhere in the world, rooted deeply in the unequal political power and treatment during those many years.

This was the historic bequest to the fledgling new democratic dispensation as it took power in April 1994. What social and economic priorities did it set itself, and how successful has its policy implementation been in its first decade in power?

2 Democracy’s main choices

Politically, the unfairness of the past had to be urgently dealt with by the democratically-elected government. Yet there was to be no retribution – a key element in the political agreement making possible the first democratic general election at which executive and legislative power would irrevocably pass to the new black-dominated political dispensation.

Equally important, South Africa’s economic performance had to improve in order to generate the means by which to address the inequalities of the past. It was
accepted, however, that there was going to be affirmative action in restructuring society at least part of the way.

With these key points as broad guidelines, the new democratic government made four major decisions:

- to change the allocation of state spending, away from favoured middle classes and towards the less well-off, ensuring a fairer call on public resources and in providing opportunity, in time whittling away the huge historic social backlogs as the financial means to do so improved;
- to address as a matter of urgency the deplorable state of the public finances, and allow the South African Reserve Bank (SARB) to implement an independent monetary policy in order to regain macroeconomic stability as soon as possible;
- to continue with structural reform as already described in order to further improve the efficiency of South African factors of production and the market system directing them, increasing the economy’s growth potential;
- and to pursue affirmative action with considerable vigour in the public and private sectors in order visibly to transform the role of the various population groups in national life ahead of what economic development might yield over time.

How did the democratic dispensation, first as a government of national unity (GNU), but before long as an ANC government, in alliance with the Inkatha Freedom Party and eventually with other smaller parties, proceed in order to achieve these broad aims?

2.1 Changing the allocation of state spending

The bias of state spending was progressively changed, ending unequal treatment between racial groups as a matter of principle, and shifting the emphasis of spending towards supporting the less well-off sections of society, with the middle class offered increasing choice by paying higher fees for privatised services of a better quality (in education, health care, personal security, and social pensions).

This intention has been progressively implemented in a matter of a few years without major dislocations. The change was made easier with the ending of expensive foreign wars, major subsidy payments to parastatals and favoured constituencies, and the complex duplication of state services to various separate population groups. Also, owing to an excess of first-class infrastructure created in the preceding decades (power generation, national roads, harbours), it was possible to reduce infrastructure spending in favour of social outlays for some years. Today, the larger part of society looks to the state for public education (12 million pupils enrolled), public health care (some 38 million potential users), and social welfare (7 million recipients).

The small, well-off middle class tends to make use of private education, subsidised public education (so-called self-governing public schools enrolling some
20 per cent of all school-going pupils), private health care (7 million medical aid members) and private security companies (some 1 million household accounts, implying over 3 million benefiting customers).

In addition, there are today substantially wider consumer choices (at a cost) in terms of television subscription, radio reception, (mobile) telephone access, national toll roads and various forms of mass transportation (urban as well as national — taxis, buses, airlines).

### 2.2 Social delivery – reducing the historic backlogs

The new democratic government’s first policy blueprint for tackling the country’s huge historic inequalities and social backlogs was the Reconstruction and Development Programme (RDP). This was mainly an idealised political agenda that sought to mobilise broad support for the newly installed ANC government’s still-evolving approach to economic policy and social delivery. Implementation of the RDP fairly quickly showed the difficult balancing act demanded of the new democratic government, which was expected to meet the increasingly vocal and growing demands of its core constituencies, while also having to reassure domestic and foreign investors about its willingness to adhere to internationally accepted economic policies.

The ANC government therefore fairly quickly, less than two years after the 1994 democratic election, embarked on a much more orthodox economic strategy, termed the Growth, Employment and Redistribution Programme (GEAR). The new programme retained the broad social objectives of the earlier RDP, but essentially represented a political watershed for the new regime in favour of an outward-looking, market-oriented policy framework.

The pre-1994 political regime had been bad at social delivery, and specifically had not targeted the poor. In contrast, the new ANC government was faced with high expectations on this score from the start. It decided to make a start by addressing the historic backlogs, but the need for financial discipline meant that it would take many years of dedicated application to eradicate the worst of the historic iniquities.

It is a popular belief that wages consume most resources in the public sector, to the exclusion of much else. In fact, wage moderation and improved services delivery seemed to be the watchwords of the democracy decade after an initial upgrading of lower public sector wages had been achieved; personnel spending declined to just over 40 per cent from nearer 50 per cent of total non-interest government expenditure.

According to van der Berg (2001), a useful contrast can be made between physical services delivery and social services delivery. There has generally been an increase in the former, but poor delivery of the latter.

Physical services delivery involves a joint effort between government departments and parastatals. During the democracy decade, over 6 million people gained access to clean water, leaving a backlog of at least as many still to be
serviced. Some 1.5 million new housing units were built, although the urban housing shortage was still of the order of 3 million units by the end of the decade. An estimated 5 million people were for the first time provided with electricity connections, although a huge backlog remains. The improvement of roads and other infrastructure lagged for many years, since such capital spending declined as a share of total non-interest government spending. As of 2002 this trend appears to have been arrested and in 2004 is in the process of being reversed.

In social services delivery, other dimensions of public spending can be distinguished. Social transfers (such as old-age pensions, child support and disability grants) have seen take-up rates increase, to the point of at least 7 million recipients reportedly now benefiting, with the desperately poor better covered than before, and the disbursement of these transfers being less corrupt than it used to be. During the democracy decade, in the health sector some 25 per cent more medical doctors and 20 per cent more nurses were registered, outpacing population growth. Infant mortality and poverty-related tuberculosis cases have increased, with HIV/AIDS especially a growing burden, and large numbers of medical personnel have emigrated or are working temporarily abroad on contract (while remaining locally registered), with their professional services effectively lost to the country.

Besides crime, the HIV/AIDS pandemic stands out as the most debilitating scourge of South African society during the democracy decade. The ANC government was late in responding effectively to this threatening virus once its potency had been fully identified, agreeing to become more proactive only under mounting public and, especially international, pressure. As a consequence the government as of 2003 agreed to make anti-retroviral medication generally available. Though costly, it is hoped that in time this will arrest the increase in premature mortality associated with this illness, and limit the economic impact on the economy. As things stand, the Bureau for Economic Research (BER) at Stellenbosch estimates that the potential growth rate of the South African economy in coming decades will probably be some 0.5 per cent per annum less than what it otherwise would have been in an HIV/AIDS-free environment. As regards welfare services generally, more should be done in the rural areas. In education there are deeply disturbing tendencies, given that a growing economy needs more educated people: the number of matric passes is stagnating at low levels, while the number of university exemptions peaked in 1994 and has since fallen by a quarter, a trend only partially neutralised by increasing enrolments at technikons and other diploma-oriented institutions. Overall, the standard of education is not improving. On the security front, there has been a reduction in spending on national defence, and much more has been spent on policing. Despite this change in emphasis, the country suffers from increasing crime levels and a crisis in the judicial and correctional system.

Overall, the new democratic government has succeeded in maintaining service delivery, and making an impressive beginning in reducing historic backlogs, but
worrying features remain, not least the quality of education and the lack of success in more visibly reducing crime.

2.3 Restoring macroeconomic stability

In the 1960s South Africa had a low tax burden and national debt, minimal budget deficits, a low inflation rate, stable currency, a high country credit acceptance, and until 1960, minimal exchange controls.

The approach by the new democratic dispensation in the 1990s was to attempt to restore the impeccable nature of some of these dimensions (budget deficit, national debt, country credit rating, inflation, currency stability), improve the incentive value of the tax structure (reducing marginal tax rates while broadening the base and improving tax compliance) and relax (and eventually abolish) exchange control. The aim, in short, was to achieve a financially less overburdened economy, thus creating less inflation and exchange rate disturbances, and through a better country performance improve the credit rating while removing the need for exchange control.

To this end the new democratic government determined to achieve the following objectives, some already clear in 1994 and others later formalised in early 1996 in the official economic policy document known as Growth, Employment and Redistribution (GEAR):

- Reduce the budget deficit to nearer 2,5 per cent of GDP
- Reduce the national debt to below 40 per cent of GDP and reduce the debt servicing burden on the budget
- Reduce inflation towards levels achieved in the major OECD trading partners (convergence)
- Improve the country’s credit rating to A-status
- Reduce the marginal tax burden to 40 per cent while greatly reducing the steepness of the marginal income tax progression
- Shift a greater share of individual taxation towards indirect taxation (VAT, excise taxes, fuel levy)
- Broaden the income tax base and greatly improve corporate compliance with existing tax rules
- Relax (and eventually abolish) exchange control.

By 2004 most of this policy agenda had been achieved or was in the process of being achieved:

- By 2002 the budget deficit had been reduced to 1,1 per cent of GDP; it was subsequently allowed to rise to 2,6 per cent in 2003 and 3,1 per cent in 2004. The intention is gradually to move back towards the 2,5 per cent norm in subsequent years.
- The national debt has been reduced to 44 per cent of GDP. This percentage is not
supposed to increase if budget deficits and public interest payments can be contained. Delayed privatisation of major remaining state assets such as Eskom, Telkom, Transnet and Denel should, in the present decade, allow the national debt to be reduced further, possibly to as low as 37 per cent of GDP or better.

- CPIX inflation reached a 30-year low of 4 per cent in December 2003. This inflation measure is likely to rise again in 2004 owing to technical reasons (base effect), mini-shocks (drought impact on food prices, lower dollar impact on OPEC oil price) and regulated prices (medical care, education, minimum wage for domestic workers and farm labourers, municipal charges, telephone, electricity, railway, harbour and postal tariffs). Thereafter, steady convergence with the 2 per cent OECD-level inflation is expected during the remainder of the decade.

- Having achieved a BBB+ investment country credit risk rating in 2001, the single most significant outstanding risk factor preventing the achievement of an A-rating was the exceptionally low foreign reserves and currency instability. With the SARB as of September 2003 aggressively accumulating foreign reserves, and this favourable condition likely to continue through all of 2004 and 2005, allowing the forward book to be closed out (January 2004) and the level of gross foreign reserves to increase from just over $8bn in early 2004 to nearer $20bn by early 2005, the achievement of an A-status country credit risk rating is likely to occur simultaneously. This will allow further lowering of government debt costs and will allow South African financial assets to increase their share in global investment portfolios, stabilising long-term capital access and further easing the capital account constraint over the balance of payments which, for a generation, had been a major choking constraint on economic growth, as described above.

- In 2000, fiscal policy had already achieved the reduction of the top marginal tax rate to 40 per cent from an all-time high of 50 per cent in the early 1990s. At the same time, corporate tax compliance has been improved, greatly boosting the corporate share of overall taxation, spreading the overall tax burden more widely through the pricing system in the economy, while also considerably increasing the number of taxpayers contributing personal income tax and value-added tax (VAT). Through these efficiency gains, it has been possible to boost the tax burden to 25 per cent of GDP and narrow the budget deficit greatly, while simultaneously lowering the marginal tax rate and reducing the steepness of the marginal tax rate progression, thereby considerably improving the incentive encouragement of the tax system. Also, indirect taxation today carries a greater load of total individual taxation than it did in 1994.

Exchange control regulations have been eased, most significantly for companies able to show just cause in terms of intended overseas investment projects likely to benefit South Africa. Individual taxpayers have been granted a R750 000 overseas investment allowance, allowing them to diversify their personal country
risk, and fully accommodating over 99 per cent of South African citizens. Once a much greater foreign reserve position and A-status country credit risk rating have been achieved, exchange control is expected to be steadily reformed and eventually entirely abolished, probably still within the decade.

The SARB’s monetary policy proved much less fleet-footed in achieving its contribution to the overall macroeconomic stability objective. Although democracy began on an optimistic note following a peaceful general election in April 1994, encouraging large amounts of earlier ‘flight’ capital to return during 1994–1995 (in the order of R20bn at then prevailing prices), the SARB was slow in adjusting its policy mix to the changing circumstances brought about by reform.

The South African government had opted for a late privatisation of key state assets, while making an early start (to general acclaim) in relaxing exchange control. This choice critically changed the playing field for the monetary policy authority, which was slow to reposition. This reality contributed in no small measure to a series of currency shocks that then followed in quick succession between 1996 and 2003, creating other disturbances such as higher inflation and soliciting high interest rate responses in return, inviting growth sacrifice as the post-1994 economic upswing was prematurely cut short.

In essence, the SARB realised too late that its degree of freedom to act (with minimal foreign reserves at its disposal) was being gravely eroded by the elimination of the financial rand regime, ending the ring fencing of non-resident foreign exchange transactions. The subsequent shock-like currency instability in 1996 and again in 1998 encouraged the SARB to attempt direct rand support with minimal foreign reserves, only inviting even greater foreign speculation against the rand. There was also an inclination to anchor the inflation rate through defending the rand, and by way of interest changes. Subsequently, humbled and gun-shy for having been seen engaged in currency intervention, the SARB tried the other extreme of not intervening at all, in the process attracting even bigger and wilder currency swings in 2001–2003. Finally, by late 2003, the SARB established a more balanced ‘two-lever, two-objective’ monetary policy, focusing its interest rate policy on the objective of constraining CPIX inflation within a government advised target range, put at 3 per cent to 6 per cent for 2004–2005, and maintaining a direct presence in the currency market, aimed at managing its foreign reserve levels and preventing undue rand overvaluation.

By 2004, the SARB had probably completed a major learning curve, desisting from major interest rate shock defences and preferring to let the currency take excessive external pressures unless rand firming resulted, in which case an opportunity presented itself to step up foreign exchange accumulation. These increased foreign reserves should, in later years, contribute to improved currency stability, less imported inflation and less growth sacrifice as a result of external disturbances.
These monetary policy innovations, specifically an appropriate forward-looking inflation-targeting (real) interest rate policy and steady foreign reserve accumulation, should lessen the impact of currency disturbances and allow a steady ratcheting down in inflation during the first decade of the 2000s. These policy innovations should also lead to a convergence on OECD-level CPIX inflation of 2 per cent, also reflecting improved state finances, as already discussed, and improved structural efficiencies, which will be discussed in the next section.

2.4 Continued structural reform

Structural reform in the South African economy has labour, trade, and parastatal components, as discussed in the first section of this article. Each of these dimensions will be discussed individually, to highlight their improved contributions or shortcomings in the post-1994 democracy era in terms of achieving higher efficiencies, better economic returns, better allocation of production factors, faster economic growth, lower inflation and a fairer distribution of income, wealth and human capital.

2.4.1 Foreign trade reform

Despite popular impressions to the contrary, and in particular a remarkably successful motor industry export incentive scheme, South Africa’s trade liberalisation did not progress much after 1996. More could have been done, and a greater trade adjustment achieved, but import tariff levels have, on average, stagnated in the past decade. The trade efficiencies harvested can mainly be traced back to the trade liberalisation of the 1980s and early 1990s.

It is perhaps equally important to note that there has been no backtracking, despite widespread objections to reduced import protection, especially on the side of organised labour in terms of the alleged job losses this has brought about. Studies have shown that the primary reasons for job losses have been technological change, slow economic growth and high labour costs, coupled with a rigid labour market, with the impact of foreign trade mostly neutral (though favouring more skilled jobs at the expense of lesser skilled ones).

The real benefit of the earlier trade reform this past decade took the form of an ever more globalised, competitive world economy and its integrating financial markets. The trade efficiencies obtainable by participating in this global system further eroded domestic inefficiencies from the high protection era as labour became actively redeployed and as many new businesses came into being. Besides the one million job losses in the formal ‘core’ of the economy among the larger, older, more established employer organisations, and the one million job gains in the formal ‘periphery’ in mostly smaller (start-up) businesses, the economy’s business structure became greatly expanded, not least in response to greater global opportunities and the availability of new technologies.
Today, South Africa boasts over 400 listed companies, some 7 000 public companies, 340 000 private companies, over 900 000 close corporations, and a two million strong informal sector (the latter, of course, being extremely embryonic in its entrepreneurial make-up).

### 2.4.2 Parastatal reform

There have not as yet been large-scale privatisations in South Africa, although 49 per cent of Telkom has been sold to private interests, and much new private competition has been allowed to start up in previously publicly monopolised market sectors, especially radio and television services, telecommunications, and transport – airlines, road transport and taxi services. Commercial agriculture has been thrown open to free competition and the retail trade has gained greater freedom over its opening hours.

What has been largely completed as well is a long, drawn-out preparatory phase, in which public entities earmarked for eventual full or partial privatisation have been forced to become more efficient. Labour has been shed, costs have been cut, pension funds have been cleaned up and subsidies from the national Treasury have been lost.

Some organisations, such as Telkom, Eskom and Denel, are probably further advanced in their restructuring than Transnet – a particular problem child in the manner that it has handled its restructuring.

As to the eventual decision to go private, government may want to retain an important interest in these utility monopolies (though not necessarily half) in order to ensure that affirmative action and black empowerment initiatives continue to receive the backing they deserve, but also to prevent undue burdens being levied on the poorer sections of the South African population. These latter policy aims could, of course, just as easily be achieved through the office of a public sector Regulator.

Having largely overcome organised labour’s opposition through a long process of attrition (gradual rather than rapid restructuring of these state assets), it may remain only a matter of achieving the right price rather than hanging on to these assets for the long-term payback they will offer the state. Certainly a golden opportunity was missed in the early part of the democracy decade, especially the mid-1990s, when foreign interest was high and asset prices attractive. Even if domestic resistance kept the restructuring effort back, losing this ideal window for selling such assets as the rand greatly weakened the situation in the late 1990s and early 2000s; also the global financial boom of the 1990s was punctured.

As of 2004, however, with the global economy recovering, asset values generally heading higher again and a relatively firm rand re-established, the remaining years of the first decade of the 2000s may recreate more ideal conditions in which the state can expect to receive a ‘fair’ price for its restructured assets, and apply such receipts to reducing the national debt and further boosting the foreign reserves. To the extent that these gains would further lower the debt servicing burden...
on the national budget, the government would be able to increase its pace of broader social delivery – one of its main aims in coming decades.

Although the February 2004 national budget showed no expected privatisation receipts through to 2007 in terms of the medium-term budgetary framework, this should not necessarily be taken as proof that nothing is being planned. Highlighting such future plans in the run-up to the third democratic election would only have given the government’s opponents (mainly on the left) additional firepower to criticise, something which was obviously not welcome. With the election out of the way, however, a four-year window will open up in which large-scale privatisation may be expected, until this opportunity becomes foreclosed once again, a year ahead of the next democratic election in 2009.

2.4.3 Labour market

The more contentious reforms of the democracy era took place in the labour field. Instead of restricting union power and favouring a less fragmented and more competitive labour market along Anglo-Saxon lines, in which labour can be easily hired and fired, thus assuring market pricing of labour skills in line with underlying productivity and competitive realities (the wished-for agenda of the liberal political right), the government opted for the opposite approach. This involved bolstering labour’s negotiating strengths along social-democratic lines, as is the case in modern Germany and Scandinavia.

Labour market rigidity is created when government imposes regulations that interfere with the way in which labour can be hired and dismissed, as well through the layering of many non-wage costs imposed by various labour laws. Minimum wages are also a significant source of rigidity. Overall, such labour market rigidity is illuminatingly captured by the prevailing labour ‘insider/outsider’ realities. Labour ‘insiders’ protect their positions through rules and laws, preventing ‘outsiders’ from being hired at a lower wage. One result is that labour costs are relatively high and ‘sticky’. This, in turn, causes the labour market to adjust primarily through the quantity of labour employed rather than through price (wage) adjustment.

Since businesses need to manage their wage bills in the light of changing commercial circumstances, a labour market with rigid wages tends to adjust through changing employment levels. Today’s high employment is therefore partly the result of quantity rather than price adjustments in a rigid labour market.

The labour market ‘clearing’ process works as follows. Since the mid-1980s, South Africa has experienced a falling inflation rate due to market liberalisation. Given the rigid wage structure and its persistent upward bias due to non-wage costs and ‘insider’ pressure, real wages rise. The labour market adjusts through rising unemployment as labour becomes more expensive relative to capital (‘capital’ here refers to machinery and equipment, often incorporating newer, more productive technological innovations over time), thus encouraging the South African production process to become more capital intensive. This, of course, is extremely perverse in a
country known for its low savings rate (16 per cent of GDP), yet which has two-thirds of its labour force unemployed or underemployed, making capital the scarce and labour the abundant resource.

2.4.4 Employment and unemployment trends

It is at this point of the analysis that an overview of the changes in employment and unemployment is perhaps most appropriate, given the interplay of earlier economic stagnation in the political struggle years, the beginning and maturing of economic restructuring during these past 17 years, as well as the increased political activism of the democratic decade in repositioning the labour market in favour of ‘insiders’.

During South Africa’s industrialisation phase through to the early 1970s, rapid economic growth increased the demand for labour in the modern sector of the economy, primarily in urban settings, which the political dispensation of the century (in its full development known as apartheid) actively resisted because of its logical social and political implications in time.

The pace of urbanisation, though rapid and in line with industrialisation, therefore nonetheless allowed a substantial subsistence economy to linger in the rural hinterland. Formal ‘unemployment’ in a modern industrial and urban sense remained minimal, although the under-utilisation of labour overall remained huge, with surplus labour continuing in the subsistence economy.

By 1970, in the context of a population of some 21 million and a labour force of 9 million:

- Formal employment (generating nearly all of GDP) absorbed 4.6 million people, of whom 3.8 million worked for large employers (the so-called formal ‘core’) and only 0.8 million are estimated to have populated the formal ‘periphery’ (mainly in small businesses not belonging to major trade or industry organisations).
- Informal employment absorbed about 0.5 million people (most of these domestic workers).
- Some 2.5 million people were employed in the agricultural sector.
- Over 1 million depended on subsistence agriculture.
- Less than a million were unemployed in the modern sense (unemployment rate of less than 10 per cent).

As the political struggle intensified in the 1970s and 1980s, two things happened:

- Economic growth slowed steadily from an average of near 6 per cent in the 1960s to half that in the 1970s, and halved once again in the 1980s, in the process steadily reducing the rate of labour absorption.
- The increasing fiscal stress led to a rising tax burden, causing people to leave formal employment and opt for informal employment, in time increasingly
joined by those who could no longer find work opportunities in the formal sector.

Thus, even as population growth continued steadily at 2.5 per cent annually, increasing the population to 33 million and the labour force to 13 million by 1990, the compositional changes under way were already becoming ominous, since the economy was no longer able to fully accommodate the steadily expanding labour force. By 1990:

- Formal employment (by now generating about 95 per cent of GDP) had increased to 7 million, with a 5.7 million ‘core’ and an estimated 1.3 million ‘periphery’.
- Informal employment had increased to 1.2 million, even as agricultural employment eased to 1.8 million, for a combined total of 3 million — not much different from 1970, although a great change in composition away from agriculture and towards urbanised industrial locations.
- Unemployment had more than tripled to an estimated 3 million, with many of these unemployed people already residing in the cities, but many also still living in the rural areas.

The great rationalisation of employed labour started in the late 1980s, as economic reform and changed circumstances initiated parastatal and gold mining rationalisation, and trade liberalisation started in earnest. To these effects were added the cost-enhancing demands of organised labour in the 1980s and early 1990s, to which came to be added, post-1994, the political activism of the new democratic government.

Simultaneously, economic growth started to accelerate again post-1994, doubling its pace to average 2.8 per cent annually during the democratic decade. Also, the HIV/AIDS pandemic started to accelerate the slowing in population and labour force growth that had already been under way for a number of years. By 2002, the employment and unemployment picture had changed even more drastically, in the context of a population of 44 million and a labour force of 19 million:

- Formal employment (by now generating some 90 per cent of GDP) had dipped by the mid-1990s to 6.5 million, but by 2002 had recovered to 7 million (the same as in 1990), except that the ‘core’ now numbered only 4.7 million (down 1 million on 1990) and the periphery employed 2.3 million (up 1 million).
- Informal employment (including agriculture) had increased to 5 million.
- Unemployment (according to the extended definition, including demoralised jobseekers) had more than doubled since 1990 to over 7 million.

Studies have shown that the ‘insider/outsider’ dilemma, intensified by organised labour demands and legislative political activism by the government as described
earlier, led to an estimated opportunity loss of 1 to 1.5 million formal sector jobs by 1998 (and, by extrapolation, to a cumulative loss of some 2 million formal job opportunities by 2003). Of a labour force of some 19 million by 2002, of which 12 million were unemployed or underemployed, this represents a not insignificant trade-off at the expense of poor ‘outsiders’.

2.4.5 Affirmative action and black economic empowerment

The democratic government’s use of affirmative action, later augmented with black empowerment initiatives, was a major effort to achieve an employment distribution that was already less skewed along population lines than had been the case in the past, and that, politically, could not wait for faster economic growth to generate such opportunities naturally.

The main emphasis initially was to engineer affirmative action in the public sector, mainly through natural attrition as people retired or left for other reasons, and eventually also through offers of sometimes highly generous severance packages.

At the same time, moral pressure was made to bear on the private sector to do more to change the composition of its labour force. Much, of course, had already changed in this arena in response to demographic and economic changes in the two decades leading up to full democracy.

Although the white share of managerial positions by 1995 was still preponderant, it had fallen from over 90 per cent in 1970 to below 70 per cent by 1995. Similarly, the white share of professional positions in the economy had fallen by 1995 to below 40 per cent from 65 per cent in 1970. Women had increased their share of managerial positions from less than 10 per cent in 1970 to 20 per cent in 1995, and the number of women in professional positions had increased from 45 per cent to 50 per cent.

However, given today’s population profile of 77 per cent black, 11 per cent white, 8 per cent coloured and 4 per cent Indian, and a 50–50 gender split, there was more to be achieved before a democratic society could hope to be satisfied.

The moral pressures on the private sector from the mid-1990s onward were further bolstered by legislation that made it more difficult to fire people, that prescribed the manner in which previously less advantaged people should be given greater chances in the hiring process, that created increasing affirmative action hurdles in the state tendering process, and that generally wished to keep track, by way of score cards and regular report-backs, of how large companies were progressing in changing their labour force composition.

To this came to be added from 2002 industry charters, in terms of which negotiated industry restructurings were agreed with the larger companies in key industries (mining and financial services so far paramount, but likely in time to be extended to other key sectors as well) in favour of greater black participation at various levels, ranging from increased share ownership to employment. These efforts
were, in addition to private initiatives in large existing businesses, aiming to find new partners agreeable to the democratic dispensation.

The effect of all these changes, reflecting as much pre-1994 realities as post-1994 policy initiatives had, by 2002, created a situation in which 55 per cent of the 7 million strong formal sector, by then generating 90 per cent of measured GDP, consisted of blacks, and 45 per cent of whites, Indians and coloureds.

Since it is apparently not the intention, now that public sector restructuring has largely been completed, to make currently employed white skilled labour in the private sector unemployed in order to make way for others, the likely changes over time will be achieved through natural growth and will be guided heavily by affirmative action and empowerment policies. The white population is no longer growing, and the Indian and coloured populations only barely so, leaving the black population to fill any increments in employment growth in future, and to replace those retiring or emigrating.

2.4.6 A changing distribution of income and jobs

The avowed aim of the ANC government on gaining office was to obtain a fairer reflection of the population structure of South Africa, not only in its politics as achieved, but also in its economic and social life. This implied an eventual distribution of jobs, income and wealth that was quite different from the 1994 situation.

There were, in 2003, some 12 million South Africans at work, of whom about 1.9 million were white, 1.6 million coloured and Indian, and about 8.5 million black. These proportions are roughly in line with the country’s population structure.

The division of jobs, though, remains very unequal, with most of the 5 million informal jobs filled by blacks. In contrast, whites, Indians and coloureds continue to occupy nearly half of all the formal jobs (twice their share in the population), though already much less so in the public sector. Even so, the shifts in favour of black South Africans have been very pronounced over the past three decades (see the previous section).

The change in distribution of income is less advanced than the physical change in job distribution. This highlights the remaining disparities in education levels and consequent job opportunities in terms of skill and earnings capacity. Nevertheless, the income picture has not been static during the stagnation and restructuring decades since 1970.

Black South Africans nearly doubled their share of total income during 1970–1996, while the proportion accruing to whites has been reduced by nearly a third, with Indians the biggest relative winners, doubling their share. Two-thirds of the observed shifts occurred prior to 1991.

It is surmised that the period 1997–2004 has seen further changes in the general direction of the 1970–1996 tendencies owing to continuing emigration of whites and affirmative action appointments (mainly black people) in the public and private
sectors. The ongoing shedding of formal jobs and the growing share of skilled work has possibly worked against this general trend in the short term, while there is still a reservoir of skills in evidence.

3 The impact of democracy on economic policy

The democratic elections of 1994, successfully repeated in 1999 and 2004, brought to power a democratically representative government ready to rule on behalf of the broader population, unlike the political dispensations of the preceding three centuries, which had known a much narrower electoral base. Even so, although government now for the first time spoke and acted credibly on behalf of all the people, there remained a number of pressure groups in society also claiming to speak on behalf of many South Africans. The political left did so as much as the political right, none more so than organised labour and its main representative, COSATU, although countervailing pressure was offered by organised business.

How did the broad policy guidelines come into being, what opposition was there eventually, and how effective was this opposition? Clearly, the ANC government represented a broad church of social and political interests, and it had reached a historic understanding with its previous political foes, in terms of which a transitional political dispensation was agreed. Thus, much consultation went into formulating the government’s policy decisions. The end result did not go unchallenged, however.

The political left in particular, as much the Communist Party as COSATU, has tried repeatedly over the past decade to get agreement from the ANC government to redirect its policy stance. The professed aim is to achieve less emphasis on market disciplines and gain greater emphasis on redistribution.

To this end, the past decade saw a steady drumbeat of policy criticism from the left which, as a matter of course, decried a number of policy strictures: the budget discipline imposed on government spending for most of the democracy decade (although this discipline eased marginally as the growth in public spending was allowed to pick up and outpace real GDP growth after 2000); the lowering of high marginal income tax rates favouring higher income groups; the high interest rates imposed by monetary policy (especially in real terms); the reduction in import protection and the alleged loss of employment this brought in its wake; and the proposed privatisation of state assets which allegedly would lead to higher service charges for poorer sections of the population and less opportunity for affirmative action and black empowerment.

Though taking cognisance of such criticism, and doing so warily at times, especially when general elections are approaching, the ANC government seems to have largely ignored such opposition to its main policy philosophy, given that it has refused to be deflected from its chosen course to any major degree. The ANC government has continued to favour the continuation and expansion of a market economy, reaping the benefit of the superior allocation efficiency it offers, while
using state power to effect wider redistribution, both through increased social
delivery and specific affirmative action and black empowerment initiatives.

Even so, a minimum of accelerated social delivery (such as increased housing,
the provision of clean water, electricity and telephone connections, especially to
poorer urban dwellers) aimed to meet in part the political demands from the left, if
not in full. Similarly, the unwillingness to further liberalise foreign trade and
privatise state assets quickly and comprehensively, and the imposition of capital
gains tax, all constituted at least partial gestures in favour of greater redistribution,
not necessarily to the betterment of economic efficiency, faster growth and the better
development chances this promised. Most of all, the extensive non-wage labour
regulations that were imposed benefited ‘insider’ labour and were welcomed by the
left, although organised labour would have preferred to have achieved the ‘closed
shop’ arrangement in which it would have been able to exercise even more power
over employers. This, though, was a bridge too far for the ANC government, whose
macroeconomic stability policies might have become unhinged by so much power in
Labour’s hands.

The liberal right didn’t quite get what it wanted either. The government’s
preference for sustaining an efficient market economy was qualified by its clear
unwillingness to abolish exchange control instantaneously, privatise rapidly and
comprehensively, end cost-boosting labour legislation, encourage a more competi-
tive labour market, cut income taxes more fundamentally, shift more of the tax
burden onto indirect taxes, lower the overall tax burden through less emphasis on
social welfare spending, greatly improve the efficiency of security, education, health
care and housing spending, and be less pro-active in its affirmative action and black
empowerment initiatives, as these efforts come with an efficiency and incentive loss
that would be more than made up in a much faster growing economy.

Thus democracy in South Africa appears to manifest itself as a careful trade-off
between broad left and right philosophies, favouring direct intervention in the
economy as opposed to allowing greater market action. The common sense
compromises in most instances favour both agendas, perhaps sacrificing some
efficiency and the ability to grow yet faster in favour of the appeasement of
immediate social demands for more equity.

Given the enormity of past injustices, the end product is a policy mix remarkably
coherent and in favour of a productive market economy, supported by a relatively
efficient public sector exercising a regulatory role as well as providing mass public
goods (education, health care, security, welfare) not effectively provided by private
interests. In its philosophy, and inability to engineer radical policy departures, this
approach favoured by the democratic ANC-led government is most obviously in the
social-democratic mould, rather than reflecting Anglo-Saxon liberalism or, for that
matter, autocratic state socialism — or, far worse, communism.
4 Economic achievements and failings by democracy

The democracy decade that began in 1994 can rightfully claim that it broke the political logjam of centuries, for the first time achieving credibility and legitimacy in the eyes of the larger population. It also regained international acceptance, ending the corrosive isolation of the struggle decades.

The economic reform initiatives of the period allowed important achievements:

- Economic growth picked up anew, averaging 2.8 per cent annually over the decade, and the productivity of existing formal labour improved on average by a third.
- The public finances were successfully rationalised as the budget deficit was reduced from over 8 per cent of GDP to a lowly 1 per cent, before being allowed to rise to a more acceptable 2.5 per cent over the longer term.
- The incentive nature of the tax system was improved by lowering the top marginal tax rate to 40 per cent while reducing the steepness of the marginal tax progression.
- Public spending was recast in favour of poorer South Africans, ending blatant discrimination, and requiring middle-class South Africans to provide to a greater degree for their own social goods, especially in instances where they wanted to make use of privatised services.
- A major start was made in reducing historic social backlogs and improving the social services delivery, specifically the building of one million new low-cost houses, increasing the availability of clean drinking water, and providing electricity and telephone connections to millions of people.
- Affirmative action was successfully implemented, especially in the public sector, making a beginning with transforming the profile of the formal labour force to reflect that of the overall population; in addition, a start was made with negotiating black empowerment deals with key industries, further promoting black advancement.
- The distribution of income continued to shift in favour of a less skewed condition, though as yet not reflective of the country’s population structure. The limited extent of the change, however, must be understood against a background of only slowly changing education and skill levels, moderate economic growth and as yet little formal job growth. Thus the pace of change has not been forced, allowing the economy to adapt relatively efficiently, if gradually.
- Inflation was reduced, from a high of 21 per cent in 1986 to single digits, the CPIX inflation reaching 4 per cent in late 2003.
- The country’s credit-risk rating was revised to BBB+, with intimation of an A-rating being shortly within reach.
- Exchange control has been relaxed, though only partially.
- Foreign reserves have been rebuilt from effectively nothing to over $8bn gross in early 2004, with the forward book ended.
• The economy has been encouraged to become more competitive, by allowing trade liberalisation to stand, and even to be extended, while encouraging new competition in areas previously monopolised by state corporations. Also, many of the existing parastatals have been fundamentally restructured, becoming more efficient and less of a drain on the national Treasury.

There were also clear failings during the democracy decade:

• Although the position of ‘inside’ labour has been greatly improved as regards real earnings and terms of employment, such political activism came at the expense of some 2 million potential jobs that could have been retained or created in the economy under a less rigid labour market dispensation.

• Although economic growth did accelerate to 2.8 per cent on average, there probably was an opportunity loss in growth foregone on account of certain policy preferences. Fiscal policy was intent on reducing the budget deficit, in the process maintaining a strict spending discipline and under-emphasising infrastructure spending. Also, the ANC government insisted on upping the overall tax burden in order to allow it to continue with its spending priorities, rather than reducing this more fundamentally and boosting incentive even more than that intended by the lowering of marginal tax rates. This was an anti-growth bias in fiscal policy that did not help economic growth.

• Worse was the impact of monetary policy decisions, whose lingering preference for defending the rand and corrective interest rate shocks led to premature interruption of the economic upswing in the late 1990s, lowering the average growth performance, reinforcing political demoralisation of many key players in the economy, dimming business confidence and disturbing the long-term recovery in fixed investment spending.

• The delay in large-scale privatisation resulted in the loss of a golden opportunity early on to lower the national debt even more fundamentally (gaining greater space in the budget for accelerated social delivery) and increase the foreign reserves (incurring less currency disturbances, leading to inflation shocks and high interest rate defences, imposing growth sacrifice).

• The relatively slow economic growth achieved in turn implied that new formal employment growth could not readily take off; this was in addition to the corrosive impact of political activism on employment. Thus, with a growing population and stagnant formal employment, unemployment according to the broader definition more than doubled to over 7 million during the democracy decade in the context of a labour force of 19 million, implying an unemployment rate of about 40 per cent.

• Although overall public service delivery has been adequately maintained, and an impressive beginning made in reducing the huge historic backlogs, there remain worrying features, such as a lack of noticeable improvement in the standard of
education and crime remaining a debilitating problem, despite more resources being allocated to policing.

- The HIV/AIDS pandemic was never going to be a simple issue to address effectively, but with the government acting only very late in agreeing to the free supply of medication, too many have died prematurely and will continue to do so if a more effective way is not found to prevent infection and an early mortality for those infected.

In short, the main achievement of the democracy decade has been to get the economy to reposition as a more full-blooded, financially disciplined capitalistic market system while already achieving faster economic growth, and simultaneously to achieve the start of social delivery, affirmative action and black economic empowerment. Furthermore, this achievement has been made in the presence of diametrically opposed democratic forces, with those on the socialist left favouring deeper redistribution and public intervention in managing the economy, and those on the liberal right favouring an even more hands-off approach to the economy and yet deeper market reforms, making for greater economic efficiency and risk-taking.

Retaining firm control over the ship of state under such tumultuous conditions, and indeed marginally increasing its political majority in the course of subsequent general elections while keeping all factions civil and on board for the great journey into the blue yonder was, and indeed is, the greatest achievement of this new democratic dispensation thus far. It will need to be repeated over and over again in future decades if South Africa’s economy is to progress to a point where the composition of its labour force has been sufficiently modernised for the sustainability of democracy to be incontrovertibly ensured.

Bibliography


