

OP-ED: Is There Good News In South Africa?



Photo courtesy of Amar Casey

Maria and Amar Casey, who has made several trips to South Africa to conduct research on the informal sector (aka the underground economy).

By Amar Casey, Ph.D.

Editor's Note: Dr. Amar Casey is currently a professor of Humanities at University of California, Santa Cruz, where he teaches "Concepts of Service Learning" and runs a student community service program. He holds a doctorate in Public Administration with an International Relations concentration. His dissertation focused on South Africa's "Informal Economy." Amar is also former Executive Director of the Institute for a New South Africa which, from 1994-1999, ran a Public Administration Exchange Program. Amar also holds a Masters Degree in Urban Planning and worked in the Planning Departments of San Francisco and Oakland for 15 years.

Dr. Casey, in a review of the book, South Africa: The Good Times, conveys and documents the positive changes that are taking place in the above sectors since apartheid was legally abolished and the new ANC-led government was elected in April 1994.

I have been to South Africa very nearly every year since the National Democratic Revolution took power under the leadership of the African National Congress in 1994. Every year I have marveled at the progress being made in a wide variety of areas in South Africa. A dramatic example is in Alexandra township to which I habitually take new visitors to experience the harsh realities of the legacy of apartheid. However this year I was astounded at the transformation of Alexandra township.

First of all, the smell was gone which used to announce you were nearing Alexandra long before you actually arrived there. The sewage running down the middle of the street and the trash was gone! The dirt roads had been paved and there were electrical lines attached to many of the homes. There was a new fire station and community center and I visited a new development of RDP (Reconstruction and Development Program) housing that had not yet been fully occupied, consisting of two rooms with indoor plumbing, toilets and electricity. Though modest, these are vast improvements over the cardboard and corrugated tin shacks people had been forced to live in.

Yet too few people are aware of the truly phenomenal progress that has been made in South Africa since 1994. The reasons for this are multifaceted and complex. It is generally the case that mainstream press coverage of Africa has made little progress in 50 years. The emphasis, when it comes to Africa, is still war, disease, famine and ignorance. To report about Africa negatively in this part of the world is expected and any

allegations, no matter how outlandish, are generally believed.

Therefore it was quite refreshing to come across a book during my last visit to South Africa in March 2003 that attempts to set the record straight. The book *South Africa: The Good News* makes a valiant effort to provide some balance to one-sided negative reporting on South Africa. At long last someone has recognized the role that media plays in influencing public opinion and perception. In this area the South African government and its supporters get poor marks as they have stood by and watched the country and government get savaged from every angle with hardly a pause to recognize the remarkable progress achieved in a short amount of time.

So the battle must now be joined to create a new front of resistance in the process of African Liberation; one that recognizes the victories and accomplishments South Africans have made towards creating a better life for all.

South Africa: The Good News starts with a prologue by Dr. Lee Berger, who notes that:

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South African BEACON



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As we look at our potential at this moment in history, we are a country and continent of vast resources. Of all the habitable continents, we are arguably the least populated, bringing us the potential for expansion and growth that countries in Europe envy beyond almost anything else that we possess. The last hundred years of exploration into this land shows a mineral and ecological wealth that is unsurpassed in the known world – even with the massive amounts of stripping of these resources that have already occurred. If approached correctly and distributed fairly, there is more than enough in this great country and continent for all to live prosperously and free. And at that point, when we have learned to live together there will be no limits to what we can do....”

The book *South Africa: The Good News* is composed of 27 chapters with the contributions of 50 South Africans from various fields. These people include politicians, civil servants, business people, academics, NGO's, researchers, journalists and regular citizens. Included in the areas covered were the economy, political leadership, financial stability, media, trade, the constitution, housing, education, agriculture, tourism, environment, tax collection, sport, crime, Black Economic Empowerment, culture, medical facilities, AIDS, global connectedness, exports, infrastructure, corporate governance, private sector miracles, NEPAD (New

Economic Plan for African Development) and the South African Vision.

The positive changes that have occurred in South Africa are graphically demonstrated in Chapter 1 “Benchmarking South Africa’s Progress.”

This table reflects the fact that in 1985 the average score was 39%, an F symbol and a dismal failure. In contrast, in 2002 the average score was 63% and a C symbol, which is good enough for a healthy pass. What may be drawn from this comparison is that much progress has been made, but there is still a long way to go. This is the central purpose of the book, not to sugarcoat the shortcomings of the government and the problems they have inherited, but to recognize and lift up the successful efforts that have been made.

In order to appreciate how far South Africa has come, “The SA Balance Sheet: Growing Assets – Diminishing Liabilities,” identifies the country’s key assets and liabilities. The major liabilities included the country’s debt which was higher than the ANC in exile had anticipated, the fact that most rural households had neither electricity or water, that healthcare for blacks beyond the rural areas was scarce, that the physical education infrastructure was in tatters or nonexistent and crime and unemployment was unacceptably high. However the worst liability inherited in 1994 by the ANC government was that most New South Africans were still emotionally living in the old apartheid country: “blacks frozen in victim mentality, whites hankering after an artificially sheltered world gone forever.”

“While still one of the most skewed internationally, the distribution of income

has improved. In 2001, 18% of households earned monthly incomes of R6000 and above, up from 10% in 1994; those earning R2500-R5999 constituted 20%; the category of households earning R2499 or less decreased from 74 to 62%; within that last group, those classified as ‘the poorest of the poor’ decreased from just under 20% in 1994 to 5% in 2001. Among those in the top 10% of earners, non-blacks were last year, for the first time in the minority.”

The key assets included the continent’s most powerful industrial base and an extensive road network (13th longest in the world), an electricity grid producing more than half the continent’s power, more landline telephones than in the rest of sub-Saharan Africa put together; “a network of shopping malls even Americans gawk at and food self-sufficiency with surplus agricultural production.” South Africa also has teaching hospitals of world standard, a range of internationally renowned universities and an awesome defense force.

By building rather than destroying this industrial base the government has been able to take the world’s 20th largest economy and in the past eight years, provided access to clean water to seven million of its citizens, made 3.5 million new electricity connections, built more than 1.2 million new homes, redistributed 440,000 hectares of land and settled 29,000 land claims.

One of South Africa’s most unheralded assets is the fact that it boasts a mature labor movement unequalled anywhere else in Africa coupled with a strong civil sector.

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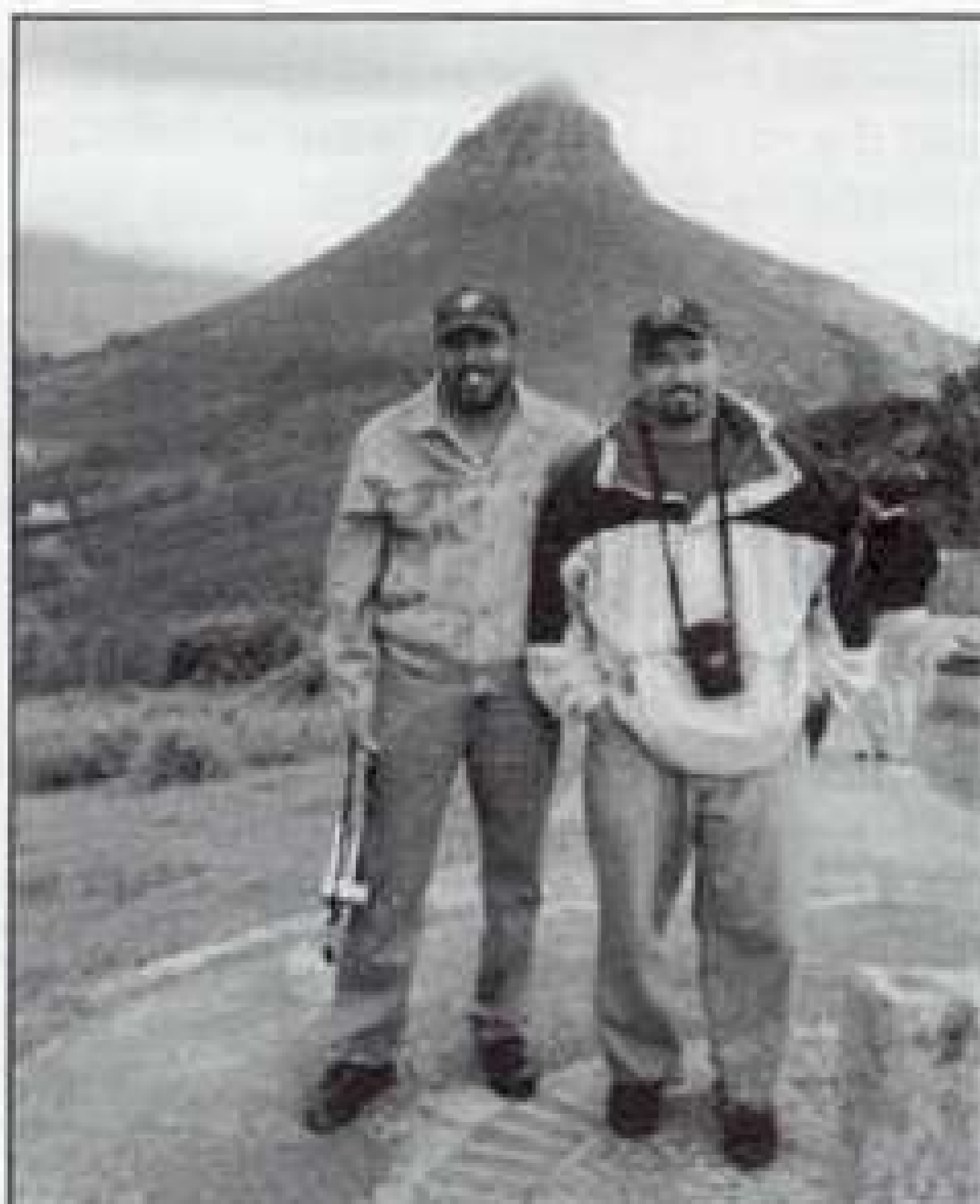
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This has served to deepen democracy in the country and serve as a healthy counterbalance to government power. In addition the new government inherited a large cadre of mostly white professionals critical to running a modern economy.

One of more subtle but significant changes that occurred when the ANC-led government took power was the redefining of South Africa as a country. The reconceptualizing of South Africa marks a major departure from the past. When on adopting the country's new constitution President Thabo Mbeki declared "I am an African," it began a process of identifying with Africans and the African continent that continues to this day. After all, South Africa had previously seen itself as essentially a European country in Africa and always identified with Europe and Europeans.

This publication does not afford the space to review every chapter in the way it deserves. However there are some key areas I thought encapsulated the spirit of the book and progress that has been made since 1994. These are:

1. The Economy,
2. International Trade and Relations,
3. Political Rights and
4. Transformation and Reconstruction.



Professor Casey, COSAS member (left), and Javad Jahi in Western Cape 'Wine Country,' South Africa, where blacks are beginning to own and operate wineries.

The Economy

Several chapters in *South Africa: The Good News* highlight the economy. This includes chapters on the state of the economy, financial stability and tax collection.

In the chapter on "The State of the Economy," the results of the RDP (Reconstruction and Development Program) and GEAR (Growth Employment and Re-distribution) are examined. The result of these

policies is that before 1994, economic growth averaged only 1%, but since then it has averaged 2.7%. Another effect is that although South Africa would have liked a stronger flow of foreign direct investment, there has been an expansion of fixed investment by South African business in real terms of 60% between 1994 and 2002.

The economy is also highlighted by the Big Mac Index, which has become a popular measure among international economists of the buying power of the local currency. For example a Big Mac in South Africa costs R9.95 and that according to the Big Mac Index, makes the country the cheapest in the world. South Africa is 13% cheaper than the Philippines (the next best country on the list) and 1% below the cost in China. In fact a Big Mac in South Africa costs less than 40% of the cost in the United States. In a recent *Economist* magazine (September 2003), the Big Mac Index was utilized based upon the hours of labor needed to produce one. It was found that a person in the United States spent the least amount of time, only ten minutes, to obtain a Big Mac. Next on the list was Portugal and South Africa at 40 minutes to produce a Big Mac followed by 25 other countries. This demonstrates that the local currency, the rand, has very strong local buying power.

Another section of the book discusses "Financial Stability" as a critical accomplishment of the last eight years. Financial stability is seen as a crucial element for a

Photo courtesy of Amir Casey

country's ability to achieve sustained economic growth. The unfortunate example of the East Asian Financial crisis demonstrated the importance of financial systems designed to avoid and withstand such shocks to the economic system.

South Africa has been able to withstand the East Asian financial contagion and successfully record eight years of consistent growth, which is the longest in the country's history. "Following almost ten years of capital outflows, South Africa has experienced capital inflows averaging around 6% of GDP per annum." South Africa's sound financial system is increasingly gaining international recognition. One other indicator of the progress South Africa has made with its financial system is the fact that South Africa's foreign exchange reserves have increased from 5.3 weeks cover in 1996 to 17.6 weeks by the end of 2000. A result of the strong financial system is that South Africa has not suffered a financial meltdown of the type experienced in Asia and South America.

In addition "enhanced tax collection is one of the major reasons that South Africa has been able to reduce its deficit from 7.6% of GDP in 1993 to 1.6% in 2002."

International Trade and Relations

The growing political sophistication of the South African government in



Port Elizabeth, South Africa, where German, Japanese and South Korean investors find cheap labor to compete in the global economy to produce affordable automobiles.

international affairs is being increasingly recognized worldwide.

It is pointed out in the section on International Trade that since the democratic elections of 1994, South Africa has become a pivotal state in regional and global affairs incommensurate with its weight. Led by the African National Congress, South Africa is slowly and with increasing confidence taking a leading role in African and international affairs.

This is borne out by South Africa's international leadership. Key international meetings include South Africa's hosting of the 1995 United Nations Conference on Trade And Development Summit (UNCTAD), the 1998 Non-Aligned

Nations Movement (NAM) Summit, the 13th International Conference on HIV/AIDS, the 2001 World Conference Against Racism, the 2002 African Union and the World Summit on Sustainable Development.

South Africa assumed the chair of the Non-Aligned Nations Movement in 1998 and became the first chair of the AU (African Union) in 2002 and is a driving force in the SADC (Southern African Development Community).

The reasons for South Africa's growing power and prominence are multifaceted. The long years of experience garnered by the ANC which was founded in 1912 is certainly one reason. But the visionary leadership which the ANC has developed over the long years of struggle has to be another. Nelson Mandela ranks as one of the greatest political leaders of the 20th century.

By utilizing the multilateral approach, South Africa has been able to tout the idea of a G8 of the South made up of Algeria, Nigeria, Egypt, Brazil, India, China, and of course South Africa among others. This formation later grew to become the Group of 21, and put a halt to developed countries' manipulation at the WTO (World Trade Organization) meetings in Cancun, Mexico.

South Africa has, in less than ten years, transformed itself into an export-oriented emerging market. This is not dominated by raw materials, as is the case with many African countries, but value added manufactures. "Manufactures share of total exports rose from 35% in 1994 to more than 50% by the end of the 1990's. Meanwhile the share of primary products in merchandise trade declined from 64% in 1968-70 to 37% in 1998-2000."

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In addition the type of manufactures is of the most sophisticated kind. "South African manufacturing has seen the share of the low technology sectors decline, the share of medium technology remain constant, while the high-tech sectors have seen a steady increase. Currently, the latter contribute more than 41% to total manufacturing value added. Exports have steadily grown as a percentage of total manufactures from 14% in 1994 to 28% in 2001."

South Africa has arguably the most progressive constitution in the world. It is discussed in the context of the struggle against the apartheid system. It has come to embody everything that apartheid was not.

It humanizes where apartheid dehumanized, it demands freedom from poverty where apartheid systematically impoverished the non-white people of the country. This inspiring document contains a bill of rights which affirms the democratic values of human dignity, equality and freedom. But it goes further than most bills of rights by including a broad-based anti-discrimination clause. "The anti-discrimination clause prohibits unfair discrimination on grounds including, 'race, gender, sex, pregnancy, marital status, ethnic or social origin, color, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.'"

In recognition of the legacy of apartheid, it requires the state to take action to achieve socio-economic rights to housing, health care, food water and social security. It also commits the nation to land reform and equitable access to the nation's resources.

Transformation and Reconstruction

In the early years of the new South Africa, much ridicule was heaped on the new government for its apparent inability to manifest, from thin air, the millions of houses needed. But, in fact, housing stands out as one of the government's great achievements. "Each working day since the democratic government began in 1994, some 500 new houses have been built for the poor people of South Africa. In less than eight years, the Government has developed new housing policies and delivered 1.4 million homes benefiting 6



Amar Casey (second from left) visits Wandle's place, an internationally renowned black-owned restaurant in Soweto.

million people. As part of enhancing security of tenure to the historically disadvantaged, the Government has also transferred 398,000 old municipal houses to two million people who have been renting them."

When the new South Africa was born in 1994 the government had to amalgamate 19 former apartheid education departments. This was done against the backdrop of huge inequalities in education as a result of apartheid. Yet, in a 2002 *Economist World in Figures* report, 30 countries were compared in terms of their primary school enrollments. South Africa came in third behind two other African countries, Malawi and Gabon. In the same report countries worldwide were compared for spending on education and South Africa was ranked as the eighth highest. In fact "South Africa spends 21% of its Gross Domestic Product on education. This makes it one of the highest spenders on education in upper middle-income developing countries."

In the area of "Agriculture and Transformation" the book points out that not only was food production concentrated in the hands of a few white farmers but it was also heavily subsidized. However, since 1994 the sector has been deregulated and the subsidies have been eliminated. "Among the agricultural exporting countries of the world, South Africa is probably the least subsidized. Gross farm income was estimated (in 2002) at R57.9 billion, an 18.6% improvement over the previous year! For the same period the value of agricultural exports grew by 28.2% to R22.3 billion."

Another key aspect of the transformation of South African society covered in the book is Black Economic Empowerment. This is a response to the reality that control by black people of key industries and of productive land, remains minimal. The Black Economic Empowerment Commission has set timetables and specific goals to be achieved within various sectors of the economy. For



Photo courtesy of Amar Casey

example the mining industry is required to have 26% of the assets of the industry in black hands by 2020.

The Black Economic Empowerment Commission defines BEE as:

"An integrated and coherent socio-economic process. Located in the context of the country's national transformation programme, the RDP aimed at addressing the imbalances of the past by seeking to substantially and equitably transfer and confer ownership, management and control of South Africa's financial and economic resources to the majority of its citizens ensuring broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity."

There are so many other areas addressed in this phenomenal book that an article such as this can only begin to scratch the surface.

South Africa: The Good News is great reading for those highly supportive and highly critical of the new government. It does an excellent job of presenting a variety of viewpoints. However the essential optimism and belief in the correctness of the overall government direction is inescapable. I found the enthusiasm of most of the writers for the National Democratic Revolution in South Africa inspiring. I recommend this book for anyone who seeks to go beneath the headlines and discover the truth about the new South Africa.

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