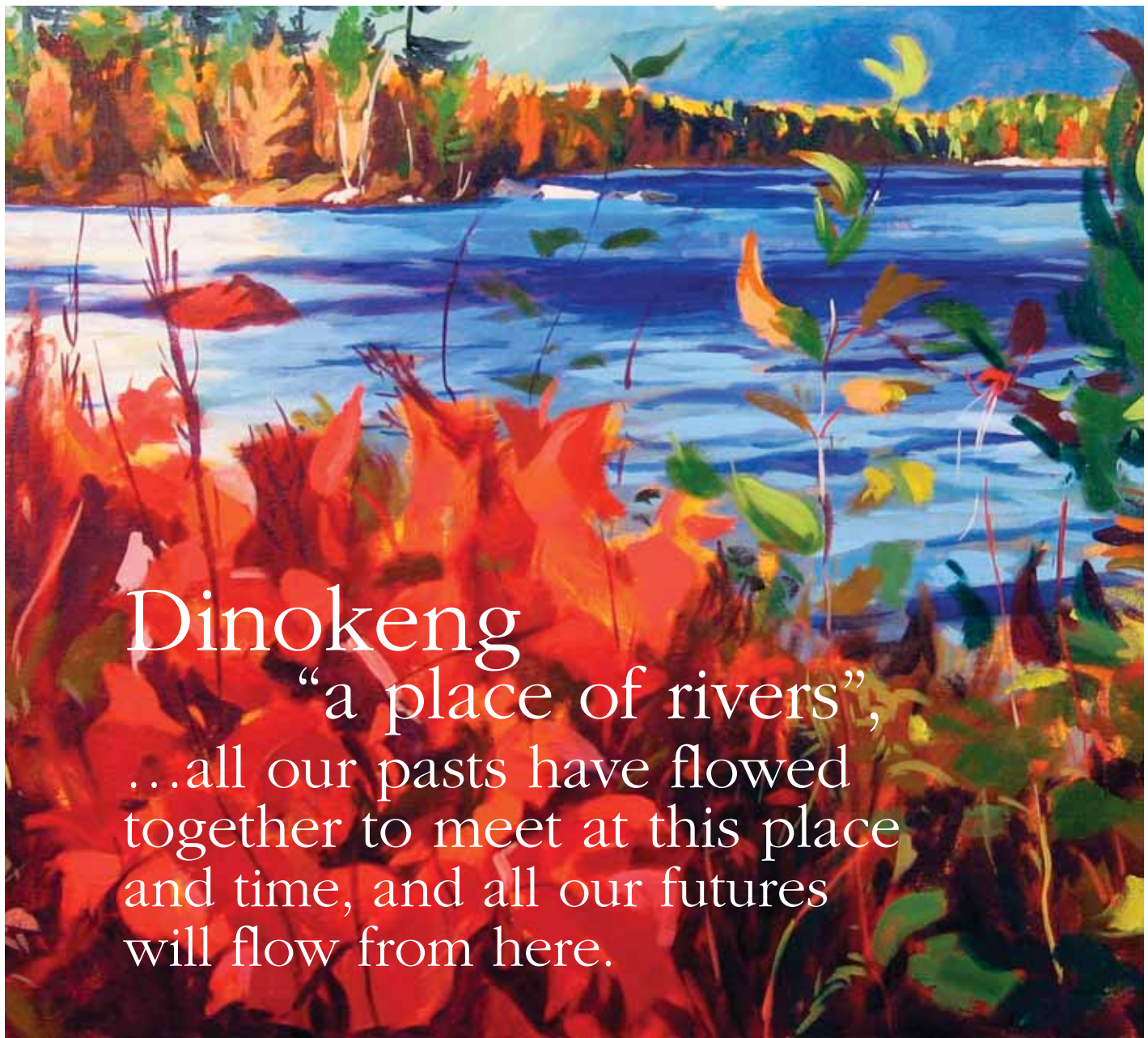




3 FUTURES

for South Africa





Dinokeng
“a place of rivers”,
...all our pasts have flowed
together to meet at this place
and time, and all our futures
will flow from here.

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Note: Unless otherwise indicated, all text in italics in the main narrative of the document and the text in the separate column entitled “Voices of Dinokeng” are quotes from members of the Dinokeng Scenario Team.

INTRODUCTION

What will our country look like in 2020? How will our citizens fare? How will we stand in the world?

In 1994, at the dawn of a democratic era in South Africa, our hopes were writ large in the narrative of liberty. There was a vision both of nationhood for all and of substantial improvement in the quality of life for the victims of apartheid. Even those who had been part of the previous oppressive minority were buoyed by a sense of new-found pride in a nation that could hold its head high in the global community.

In the 15 years of our democracy, the realities of constructing a new nation have revealed themselves as an entirely grittier and more complex task than we had anticipated. Our legacy challenges us once more with the task of reconstruction. We have not yet vanquished our past; nor have we yet fully constructed our future.

In response to these predicaments, a group of 35 South Africans from a wide spectrum of our society gathered together to probe our country's present, and to consider possible futures. The purpose was to engage citizen-leaders from all corners of South Africa in a discussion about our future:

“To create a space and language for open, reflective and reasoned strategic conversation among South Africans, about possible futures for the country, and the opportunities, risks and choices these futures present.”

This purpose was built on the premise that a more engaged citizenry would contribute to the consolidation and strengthening of democracy in South Africa.

The Scenario Team comprises leaders from civil society and government, political parties, business, public administration, trade unions, religious groups, academia and the media. They were brought together by six convenors, all of whom are actively engaged in our national issues. They are Dr Mamphela Ramphele, who chairs the convenor group, Archbishop Njongonkulu Ndungane, Mr Bob Head, Ms Graça Machel, Dr Vincent Maphai and Mr Rick Menell.

VOICES OF DINOKENG *Perspectives from members of the Dinokeng Scenario Team.*

We have chosen Dinokeng, “a place of rivers”, because all our pasts have flowed together to meet at this place and time, and all our futures will flow from here. These beautiful surroundings remind us of how beautiful South Africa is. We have accomplished much as a young democracy, and we need to remember this, but our moments of triumph are our moments of great vulnerability. The gap between the promise of freedom and daily reality is growing into a chasm of despair. The best defence of the gains is the creation of an inclusive future. We have succumbed to triumphalism, and denialism of what has not gone so well. We need to move to a level of maturity, to an acceptance of our vulnerability. We need to turn our challenges into opportunities to reshape our future.

With this Dinokeng exercise we should try to give South Africa a report about the need to be vigilant about what is happening around us, and do this regardless of our political affiliations. We need to build South Africa together so that we can leave a good future for our children, one with respect for others and for self.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *I grew up in a struggle culture and have high aspirations for our people and our nation. Suddenly we find this dream unravelling. We had this beautiful vision for the country. Sometimes in my quiet moments I now have mixed feelings of happiness and disappointment. I want to contribute to this Dinokeng exercise in the hope that together we can make a small contribution to fundamentally changing the country's future course.*

If you study countries in transition you will see a "mood pattern". It's a global trend. Look at Southern Europe, South America; it always starts with euphoria. Mandela represents our euphoria. We still rely on the Mandela magic. We haven't taken responsibility at a very subconscious level. We expect from the world that we have given them Mandela and they must give us the cheque. We believe in the miracle, and then we discover that it's not the way the world works. We move to disillusionment. That's where we are now. Both euphoria and disillusionment are a mistake. We are in a period of transition in which making proportionate decisions is difficult. Both euphoria and disillusionment are disproportionate responses.

We are as South Africans capable of realising the country's potential, if only we are able to dig deep into ourselves to find the resolve to do so.

The exercise has been generously sponsored by Old Mutual and Nedbank who have provided the funding, together with project, infrastructure and logistical support. The Old Mutual Group believed that the time was right to create an opportunity for healthy debate about the future of the country. They also decided that the initiative should be conducted in the public interest; the agenda and outcome would be determined by the participants and the results published in the public domain.

The Scenario Team met in the north-eastern corner of Gauteng known as Dinokeng. Dinokeng is in a catchment area between two rivers and its name derives from the Sepedi word meaning "a place where rivers flow together." The location captured the spirit of the dialogues: a flowing together of ideas and perspectives in the forging of a common future. It also gave its name to the scenarios the Team produced: the Dinokeng Scenarios.

With their deep collective experience and expertise, and with input from experts in various fields, the Scenario Team considered our key accomplishments and failures since 1994, and the critical challenges that lie ahead.

The Team is diverse; a group of individuals with widely differing perspectives and experiences. They debated robustly and did not agree on everything. What they do share is a common commitment to the principles of our Constitution, an appreciation of the heritage of our past, and a very real concern about how they, as citizens, can contribute to the construction of a sustainable future for South Africa.

What follows is a presentation of the Team's efforts in the hope that this work will contribute to the national dialogue, and ultimately to a future that lives up to the promise of 1994.



THE DINOKENG PROCESS



In July 2008, the composition of the Scenario Team was finalised and the Dinokeng process began in earnest. Two distinct though over-lapping phases were planned. The first focussed on constructing and capturing the scenarios, the second on implementing the most effective means of sharing this work with others.

PHASE ONE

The first phase of the Dinokeng exercise involved an intensive process spanning ten months, from August 2008 to April 2009. It included interviews with all Scenario Team members, three three-day workshops in 2008 and a fourth workshop in February 2009.

The objective of the interviews was to allow Scenario Team members to highlight what they saw as the key accomplishments and pressing challenges of our time. Several themes emerged and these laid the basis for the diagnosis that followed. These themes included:

- Our nation's psyche;
- The character of our democracy;
- Our current political moment;
- Our government's capacity to deliver in core public areas such as education and healthcare; and
- Our model of development and growth.

At the first workshop the Scenario Team reviewed the focal questions raised in the interviews and through structured conversations, developed their understanding of the key challenges facing the country.

As part of the learning process, team members also visited six local sites – a prison, two orphanages, a farmers' fair, a local government official and a woman who trains people in organic farming. Meeting the people who volunteer in these projects – Mark Harding, the retiree who volunteers at the orphanage or Ma Tshepo who runs the organic farming project – gave Team members a sense of hope in South Africa's reservoir of social capital.

The second workshop was largely taken up with the input of experts on various issues ranging from the state of education and health in South Africa, to poverty and unemployment, race and identity, and the role of leadership in all sectors including the trade unions, business, political parties and government.

By the end of the second workshop the Scenario Team had identified some of the key challenges facing the country and organised these around four drivers that were seen to underpin our present and future: leadership and governance, economic development, education, and race and identity. Within this framework, specific focus was placed on values and accountability, unemployment, poverty and inequality, educational performance and the skills deficit, and nation-building. The team also pinpointed other critical challenges including the state of public health, the threat of crime, and the situation of the youth.

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

Futures are never given. They are created.

We are at a crossroads, but what is wrong in South Africa can be fixed. South Africa is a country of great possibility. We have a reasonably strong asset base. But we also have a deficit – we are badly served by our leadership. There are dangerous seeds in our present which have the potential to lead us to disaster, possibly even authoritarian rule. This is a moment of choice that requires strong decisive leadership.

There are many inspiring leaders, like the Ma Tshepos of the world. They are leaders without needing to hold status, without needing to be deployed. This leadership comes often not from "connected BEE people", but from people with limited budgets and resources who nonetheless make things happen. Their social entrepreneurship is inspiring. By contrast, there is "indifferent obfuscating officialdom", like the [official] who was late to meet us, self-important and very busy. The heraldry of power makes these officials uninterested in the citizens they are meant to be serving.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *We are facing enormous challenges such as poverty, underdevelopment, health and education. And like a computer, we are hanging.*

A big plus for South Africa is that we have a constitutional democracy. We must ensure that we make the Constitution breathe life and make it a living reality. We have values enshrined in the Constitution, which we must defend.

Through the course of the process, the Team refined their analysis of the primary underlying trends and the most urgent and critical challenges facing the country. This analysis is reflected in the diagnosis and Dinokeng message.

In the third and fourth workshops the Team built on their diagnosis of the present to construct the scenarios and develop the Dinokeng Message.

PHASE TWO

Phase two of the Dinokeng process entails the dissemination of the Dinokeng message to audiences across South Africa. This will involve the development of materials to facilitate communication through the media, and to support a series of meetings, presentations and workshops.

In effect, this phase of the process was set in motion after the first workshop when Scenario Team members began sharing the purpose of Dinokeng within their own networks, and has continued through regular briefings of influential stakeholders.

GUIDING PILLARS

In undertaking this exercise, the Scenario Team has been guided by two pillars. The **first pillar** rests on the fundamental values outlined in the Constitution. The **second pillar** is the heritage of our past.

Any diagnosis of the present is, by its very nature, a highly contested exercise. This was particularly the case in a group as diverse as the Dinokeng Scenario Team. What is presented, therefore, is not a consensus position. Rather, it captures the collective wisdom of the group, grounded in a common commitment to the values of the Constitution and an acknowledgement of the heritage of our past. Invariably, the perceptions are largely subjective but, we have drawn on external expertise and substantiated our reasoning with factual research wherever possible.

South Africa's Constitution was the result of a difficult but inclusive negotiation process. It was drafted with an acute awareness of the injustices of the country's non-democratic past in order never to repeat the mistakes of the past. It is widely regarded as one of the most progressive constitutions in the world, with a Bill of Rights second to none. According to former President Mandela:

“The Constitution of South Africa speaks of both the past and the future. On the one hand, it is a solemn pact in which we, as South Africans, declare to one another that we shall never permit a repetition of our racist, brutal and repressive past. But it is more than that. It is also a charter for the transformation of our country into one which is truly shared by all its people – a country which in the fullest sense belongs to all of us, black and white, women and men.”¹

Central to the Dinokeng discussions are the following core values drawn from the Constitution:

- Human rights and basic freedoms.
- Socio-economic rights – including a pledge to improve the quality of life of all citizens through access to housing, healthcare, food, water, social security and education.
- Non-racialism and non-sexism.
- Supremacy of the rule of law and the Constitution.
- The pledge to promote an efficient public administration in the Bill of Rights under ‘just administrative action’.
- The provision, in chapter 10, that public administration must be accountable and transparent.
- The clause, in chapter 10, which states that no official should be favoured or prejudiced on the basis of their party affiliation.

In terms of the heritage of our past, if we simply focus on our aspirations without acknowledging the depth of our political, economic and social legacy, we are likely to be disillusioned. However, if we use our heritage as an excuse for mediocrity, we will slide into complacency.

A SHARED UNDERSTANDING

In the course of the Scenario Team’s discussions, a shared understanding emerged within the group. This understanding can be described as follows:

South Africans have achieved a great deal since 1994, despite our history and the deep challenges we inherited. Our accomplishments are all the more remarkable in that we defied international and even local scepticism about our ability to sort out our differences.

However, South Africa now stands at a crossroads. We have got some key things wrong over the past 15 years and we face critical social and economic challenges that are exacerbated by the increasingly constrained global environment.

All of us, and not simply government, have contributed to creating our problems. If we continue doing what we are doing, we run the risk of unravelling the gains we have made since 1994.

A core aspect of our current reality is that we have a weak state with a declining capacity to address our critical challenges. Any suggestion that the solution to our problems lies in the state, with its already proven lack of capacity, assuming an even greater interventionist role in the development of the economy and society, is misplaced and a recipe for disaster. At the same time it is worrying that civil society has, since 1994, tended to adopt a very statist view of the country, with the expectation that government should do everything. We believe that this too is a recipe for disaster.

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

We seriously underestimated the impact of the legacy of apartheid. We thought that we had it all – a fantastic Constitution, Madiba, a rainbow nation. We just did not reckon with how deep the impacts were of the system that had been designed to fail the majority.

The current moment is a moment of extreme danger. It is also a moment of opportunity. We have an opportunity to stop the rot. This is a moment in time, a fork in the road, a chance to choose our destiny, an opportunity for South Africa to do the right thing.

South Africa is not an island. We are not playing only a local chess game, but a global one. The local/global interaction is deeply iterative.

We need to look at the capacity of the state to deliver before we argue for more state intervention.

If I could ask an oracle a question about the future I would want to know whether we had been granted the grace of truly transformative leaders who can help inspire and mobilise civil society, the private and public sectors to realise the dreams embedded in the preamble of



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *the Constitution of South Africa. I would ask the oracle how we as a civil society and as citizens can best learn to be better stewards of democracy. Because we get the leaders we deserve. I would ask the oracle how we can re-inculcate the values that drove so many of us to sacrifice so much for this democracy to be born. A dream that has been replaced by rampant materialism, greed, corruption and total disrespect for basic human values.... We need to get back what we have lost.*

Issues of morality are important; how people vote and select the quality of their leaders is important. Can our leadership save us, or can the masses save South Africa through the way that they elect their leaders?



Central to a future recovery strategy are two key elements.

One relates to matters of mindset, including leadership with clarity of purpose, as well as diminishing the sense of dependence among the citizenry. The other relates to tackling the key challenges outlined in our diagnosis, including education, crime, economic development and healthcare provision.

Ultimately it is the state that is responsible for delivering quality public services to the population. It is also the state that is responsible for defining the rules of the game, for ensuring that things happen. Parliament and the cabinet consist of people who have been elected to govern. They must be competent at doing that. However if we as citizens do not hold our leadership in government and Parliament to account then we cannot complain when delivery is poor. *"We get the leaders we deserve."*

All of us must contribute to creating solutions. Citizens and leaders from all sectors must assume responsibility for co-creating solutions to address our challenges. Only in this way can we hope to navigate our way towards a future that lives up to the promise of 1994.

The Dinokeng message arises out of this shared understanding.

THE DINOKENG MESSAGE



South Africa faces critical social and economic challenges especially related to unemployment and poverty, safety and security, education, and health. These challenges are exacerbated by the global economic crisis. If we fail to recognise the severity of our challenges, and if we fail to address them, we will experience rapid disintegration and decline.

Our state is too weak to address the challenges by itself. State-led development will not succeed in a country where state capacity is lacking. In addition, pervasive state intervention – where the state is everything and all else is subordinate – breeds complacency and dependency among the citizenry and leads to the withdrawal of investment and disengagement by the business sector.

We can address our critical challenges only if citizens and leaders from all sectors actively engage with the state to improve delivery and enforce an accountable government.

Key ingredients for a sustainable future are:

- An effective and accountable state.
- Ethical, accountable and responsive leaders across all sectors.
- An engaged citizenry that holds government and sectoral leaders accountable.
- Interventions in the development of state capacity, education, safety and security, and health. These interventions are urgently required. They are a vital but by no means a sufficient condition for country success.
- A strong, sustainable economy. This is critical to unlocking development.
- Job creation through a vibrant private sector including small and big business.
- An appreciation that our future is intricately linked to what happens on the continent and globally.

The seeds of the future are contained in the present. Thus our scenarios begin with a diagnosis of the present.

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

The issue is how to transform a grossly incompetent state at national, local and provincial level. If we say we want “more state”, how do we transform it and convince ourselves that it can deliver with any degree of competence?

Citizens need to take ownership and ask of themselves: What are we doing as citizens to become agents of change? What are we doing to build the future that was envisioned at the dawn of our democracy?

We need to think of it like this: I spend R100. R30 of that is spent on my house, which is an investment that I jealously guard. I paint it, clean it and look after it. And then I spend R40 on direct and indirect taxes and I take no care over it. Why do we as citizens disengage from this investment? We know the problems. How do we hold the people who have to deliver accountable?

Corporates, government, unions and civil society need to see that the way to go is to act in enlightened self interest; this would be a good seed to plant.

South Africans have fallen into a mode of: “Your side of the boat is leaking.” What’s emerging in our discussions is a theme of collective ownership of the state; collective custodianship of the Constitution. We need to challenge ourselves. We should be society-centred; not so state-centred.



THE DIAGNOSIS

VOICES OF DINOKENG
*Perspectives from members of
the Dinokeng Scenario Team.*



The Dinokeng Scenario Team acknowledges our long legacy of entrenched inequality, racism, sexism and oppression. It also recognises the significant accomplishments made since 1994. However, there are deep social and economic challenges that face our country, challenges that may degenerate into time bombs unless they are squarely addressed.

This section focuses on the country's balance sheet: its national "assets" and "liabilities". We focus on the primary gains we have made, and the primary challenges we still face. It is not our intention to provide a catalogue of every conceivable achievement or failure.

In evaluating the nation's balance sheet, we are mindful of the heritage of our past. The legacies of the past continue to haunt us: the brutal repression and economic deprivation, the crippling effects of inferior education, poor housing and health services under apartheid; coupled with the hierarchical liberation culture and impact of 'liberation now, education later' and 'making the country ungovernable'. These all carry their imprint on the present. Much still needs to be done to address this legacy, but we must also not allow it to obscure the mistakes we have made in the past 15 years and the critical challenges that these mistakes have yielded.

The Scenario Team poses the following key questions about the future of our country:

How can we as South Africans address our critical challenges before they become time bombs that destroy our accomplishments?

and

What can each one of us do – in our homes, communities and workplaces – to help build a future that lives up to the promise of 1994?

OUR CONTEXT

South Africa's present and future is inextricably linked to the fortunes of the continent and the rest of the world. Our crossroads is located within a global crossroads.

The world is in the midst of the worst economic crisis since the Great Depression. Revised IMF forecasts in March 2009 indicate that global growth this year is expected to be zero, down from its half-a-percent forecast barely a month before. According to IMF Managing Director, Dominique Strauss-Kahn, the IMF forecast for global growth to be released in April 2009 "will indeed reveal a negative global growth for the first time in 60 years". Speaking from Dar es Salaam on 9 March, Strauss-Kahn warned: "Even though the crisis has been slow in reaching Africa's shores, we all know that it's coming and its impact will be severe... millions will be thrown back into poverty". Sub-Saharan Africa has seen its best growth performance in 40 years, averaging over 5% per annum for the past five years. This growth rate is now expected to slow to 3%, with much of it driven by the few oil producing countries.²

While South Africa has been buttressed by strong financial regulations and prudent fiscal and monetary policies, the ripple effects of the global economic downturn are sending tremors through our economy. In the third quarter of 2008, although net new jobs were created, more than 74,000 jobs – primarily in the resources sector – were lost as the global demand

→ *We need to see how the global economy responds to the current crisis. Where there is volatility in the pricing of primary commodities, how will the South African economy withstand this? The new centres of growth – India, China, Russia and Brazil – will impact on South Africa and we will see lower rates of growth over the next five years. We've seen the reduction of unemployment from 31% [in 2003] to 23% – any reversal would be dire.*

A word of caution: there are constraints that we need to accept

for primary commodities contracted.³ The availability of capital financing has shrunk and the costs of borrowing have increased substantially. Emerging markets are feeling the impact as banks, burdened by bad debts, and foreign investors shy away from investment.

South Africa is also impacted by the instability of a failed neighbouring state, Zimbabwe. We are bearing the brunt of a large-scale migration of Zimbabwean citizens and the social, economic and political costs of Zimbabwe's chaos. The economic downturn in the rest of the region will also increase migration from other countries. The risk of sporadic violence against foreigners looms large as poor people carry the burden of the uncontrolled influx and the competition for scarce and diminishing resources spirals out of control.

The impact of climate change, coupled with the economic crisis, places increasing pressure on agricultural production, rural sustainability and food security.

The continuing inability to control crime and ensure citizen safety reduces South Africa's attraction as a favourable investment and tourist destination. As a country, we will have to make a concerted effort to attract international visitors to the 2010 FIFA World Cup, in addition to meeting our infrastructure targets, already strained by the lack of government capacity and increased capital costs.

OUR BALANCE SHEET: ASSETS AND LIABILITIES

In this section, we focus on two areas: On the one hand, what have we fundamentally achieved in a sustainable manner? On the other, what have we fundamentally got wrong that could lead us to a precipice? It is not our intention to single out commonplace achievements or errors, but to focus on our major assets and liabilities.

OUR ASSETS

South Africa has much to be proud of in terms of our post-1994 achievements. These include political, economic and social gains.

Political Achievements

Our democratic process and our Constitution

The achievement of a peaceful transition to democracy in South Africa and the adoption of an inclusive constitution, borne out of historic compromises and a negotiated political settlement, were remarkable. Between 1988 and 1996, negotiated settlements brought six conflicts to an end in El Salvador, Mozambique, Namibia, Nicaragua, Guatemala and South Africa. What set these settlements apart from prior efforts in conflict resolution was their common reliance upon the establishment of democratic forms of governance as the central means of resolving conflict. They were not simply peace settlements, but founding agreements to establish democracy in the aftermath of conflict.

Central to the South African negotiation process, and the stability following the early phases of our democracy, was the personal and leadership qualities of former President Mandela.

The South African Constitution is exceptional in the extent to which it enshrines basic rights and freedoms and expands on them extensively in the Bill of Rights. It is one of the few constitutions in the world that extensively enshrines second-generation socio-economic rights, including the pledge to improve the quality of life of all citizens through access to housing, healthcare, food, water, social security, and education.⁴ Our Constitution is furthermore notable, based as it is on the principle of separation of powers. Its provisions are backed and implemented by a powerful, non-partisan Constitutional Court, "fearless,

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

and live with. We cannot behave as if we are insulated and living on an island. We have a small and open economy. We are not a closed economy.

We need to work out our role vis a vis the region. Do we want to be the powerhouse or just another SADC country? What is our responsibility to the region? Take the xenophobia – do we have the capacity to process the nuance about what constitutes an economic versus a political refugee? Does Home Affairs know how to deal with this?

Our Constitution was heralded as one of the greatest in the world because it guarantees socio-economic rights.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *We need to remind South Africans that we are a constitutional democracy. We also need to be clear on the levels and separation of powers. We must not allow these to be blurred.*

Our institutions – the judiciary, the media, civil society – are still strong, but are being undermined by a discourse of intolerance and divisiveness.

An asset is that we have an army under civilian control. We are unlikely to go the Zimbabwean route.

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

courageous and independent”, as one Scenario Team member described it. This observation is borne out by some examples of the Constitutional Court’s actions:

There have been few countries where sitting Presidents and Deputy Presidents have appeared before the Constitutional Court, or where one arm of the administration (the National Prosecuting Authority) has gone to court against another arm (the South African Police Service) – an indication that the system of checks and balances is working.

The Constitutional Court has handed down a series of judgments that have had a profound impact on the law in South Africa.⁵ Key examples include:

- “High Principle”: The Death Penalty – the Constitution was not definitive on this issue, and the Constitutional Court took a lead, guided by the Bill of Rights and high principle, in ruling that the death penalty was unconstitutional.
- “Powers of the Elected Executive”: The Constitutional Court ruled that President Mandela exceeded his constitutional powers in making certain direct appointments in the government of national unity. The President accepted the ruling.
- “Withstanding Severe Political Pressure”: The Nevirapine/Treatment Action Campaign (TAC) case – when confronted with a resolute policy position held by the top executive of government, the Constitutional Court ruled that Nevirapine be made available to pre-natal mothers and newborn children.

The relations between state and society, government and citizens, and the public and private spheres are fundamentally shaped by the Constitution. Yet our fledgling democracy is only emerging from its infancy and early childhood into its teenage years. *“Like a shy pimply teenager, it stands awkwardly in the face of adulthood”.*

It will take many more decades and generations for South Africa to develop into a mature democracy. As we stand on the cusp of our transition from teenager to young adult, what lessons can we draw from those that have gone before and what dangers lie ahead of us as we face the future?

The media

Our media is mostly vigilant in holding those in power accountable to the public. It has remained fearless even in cases where there were signs of intimidation from politicians. An independent, investigative media that scrutinises public policy and public representatives remains a critical component of a healthy democracy.

No visible signs of racial or ethnic cleansing

Despite a long history of conflict, South Africa is not on the brink of ethnic or racial cleansing. It is worth noting that, despite the country’s racial and ethnic cleavages, common concerns across racial barriers are beginning to emerge, including shared concerns about crime, the lack of leadership accountability and poor service delivery.

Civilian control over the army

South Africa continues to benefit from a military culture of strict civilian control of the army, established under apartheid and continuing through to the present. The South African military as an institution continues to operate within the rule of law. This is a rare feature on the African continent, given the direct or indirect military role in political succession over the past fifty years. Thus, in South Africa, a military coup is a very unlikely scenario.

VOICES OF DINOKENG
*Perspectives from members of
the Dinokeng Scenario Team.*

Historically active and engaged civil society

Complementing a positive military culture is a history of active civil society engagement. Ordinary South Africans participated energetically in the struggle for their liberation. The strategy of making apartheid society ‘ungovernable’ depended entirely on the participation and commitment of ordinary citizens. In addition, strong trade unions, a relatively well-developed business sector, engaged religious communities and active community organisations are features that have shaped the character of the South African democracy. The vibrancy of civil society has however become muted since 1994, in particular as many civic, NGO and trade union leaders have been drawn into public office.

Developments within the ruling party

There were two significant developments in 2007 and 2008 with long-term impact on the political outlook. The first was the “Polokwane Congress” of the ruling ANC, where the battle lines involving succession issues were defined. In what looked like a popular revolt, delegates applied the two-term limitation in the Constitution to the role of party president. The ANC was exposed to far less deferential conduct from its membership than that to which it had become accustomed. Subsequent to this, the ANC signalled its displeasure with its leader and recalled him from the Presidency.

Even more dramatic than Polokwane was the breakaway from the ANC by COPE members. What is significant is not the breakaway as such, as an ANC split seemed ultimately inevitable. It was more the fact that the migration from the ANC to COPE came much sooner than even the keenest observers had anticipated.

The implication of all of this is that, unlike in many African countries, the ANC will increasingly have to rely more on its record of service delivery, rather than the perceived “sanctity of a liberation movement”.

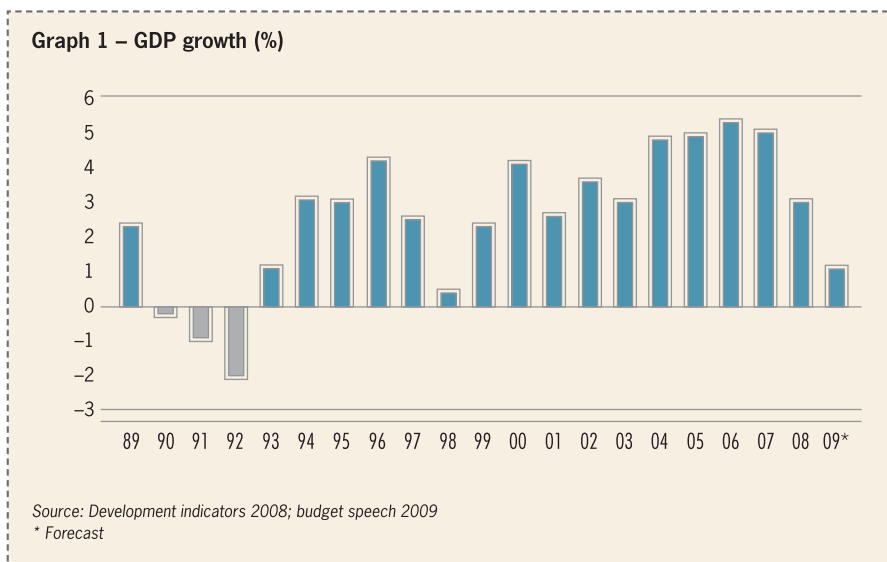
Economic Achievements

The democratic government inherited a stagnant economy in 1994. Growth had been negative for the previous three years. Under apartheid, our economy was inward-looking, highly concentrated and globally uncompetitive.

*The best guardian of our
democracy is a robust and
alive citizenry.*

*Not everyone might have liked
what they saw at Polokwane.
There was a chant of “three terms
over our dead bodies”. We might
not like the language, but we see
that people from squatter camps
sent a clear message. This is
democracy in action. That was
the victory of Polokwane.*

*One of our assets is that we have
sound macro-economic policies
that properly acknowledge
external realities.*



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *We've got a lot to sort out, but we must acknowledge the good work that's been done. Our Reserve Bank has done well; it has stuck to its mandate. Our finances are well managed. Public debt has declined and our social wage is bigger and growing. We boast a hard currency and we are a conduit of foreign investment to the rest of Africa.*

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

In 1994, the country had negative foreign reserves, which by 1999 had ballooned to a negative \$25 billion, adding to the total public debt. Debt was nearly 50% of GDP in 1995, and the deficit was about 6% of GDP. The situation was aggravated by the absorption of the unknown liabilities of the old bantustan states and covering losses on the Reserve Bank's forward book. As a result of the uncertainty, the four major international investment ratings agencies would not give the country an investment rating.⁶

Given this daunting legacy, there have been impressive achievements in macro-economic policy.

In the first years of the new government, economic growth became positive, growing by an average of 2.7% between 1995 and 2004, and an average of 5% from 2005 to 2007. This was the longest period of sustained economic growth since the 1940s.⁷

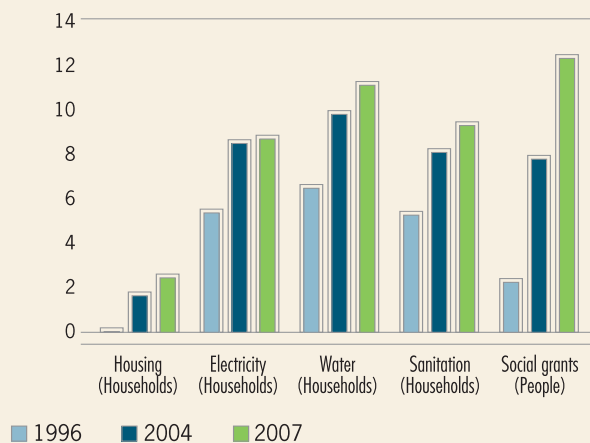
A contributing factor to the growth of recent years has been government's infrastructure development programme. By the mid 1990s it had become apparent that transport and energy infrastructure was woefully inadequate and that massive spending was needed to avert serious capacity constraints. Other infrastructure such as water and sewerage had also been neglected and required urgent attention. This resulted in significant fixed investment spending, an added boost to the economy. Private sector fixed capital formation also grew, albeit at a more moderate pace, but given that it makes up over 70% of total fixed investment, the effect was even more significant.

Growth was also aided when the far-reaching economic reforms of the early years started to yield some of the expected results. Monetary policy achieved more credibility, and inflation expectations had slipped into single digit territory, ensuring a lower level of real interest rates.

The budget deficit was steadily reduced until 2007/08 when it became a budgeted surplus. Total debt today is 23% of GDP, and the Reserve Bank has a positive balance of more than \$30 billion in foreign reserves. This is an enormous achievement representing a turnaround of more than \$55 billion in foreign reserves since 1999.⁸

As a result, international credit ratings of South Africa have been upgraded, and investment as a percentage of GDP (gross fixed capital formation) has increased from 16% in 1993 to 22% today.

Graph 2 – Service delivery achievements (millions)



Source: Development indicators 2008

New investment has created more than 3.5 million net new jobs from 1995 to 2008. This has lowered the unemployment rate from about 31% in 2003 to 23% in the official narrow definition by 2008 (and from over 40% to below 36% in the broad definition).⁹

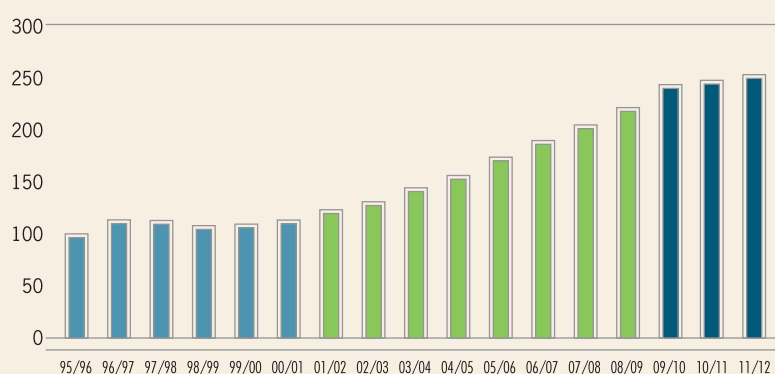
There have also been some serious interventions to address poverty, most notably the introduction of social grants that are now delivered to about 13 million people.¹⁰

In 2009/10, because of the effects of the global economic crisis and lower than expected revenue collections, borrowing has increased and the budget deficit is 3.8% of GDP, but debt costs are still moderate, expected to be 2.5% of GDP over the next three years.

Social Achievements

We have made some substantial improvements on the social front, especially in relation to education, health and crime; all three critical indicators of personal wellbeing, economic opportunity and social stability and cohesion.

Graph 3 – Government spending growth (real non-interest expenditure – R billions deflated to 1995/96)



Source: National Treasury 2008

Education

A nation is built on its people, its skills, and its education system. It is this recognition that has seen education consuming the biggest slice of non-interest expenditure in the Budget since 1994. Today that proportion is over 20%. Education expenditure in 2008 was R127.3 billion, which is approximately 5.5% of GDP.

The introduction of compulsory education has significantly increased school enrolment in the past 15 years. Primary school enrolment is around 97%, and secondary school enrolment is 92% for girls and 85% for boys.¹¹

Unlike in the past where apartheid education was highly unequal, education has been integrated. There have been notable increases in the budget allocation to no-fee schools in the past few years. In this year's budget no-fee schools rose from 40% to 60% of the total number of schools. In addition, there have been significant further budget allocations to higher education and to the school nutrition scheme.¹²

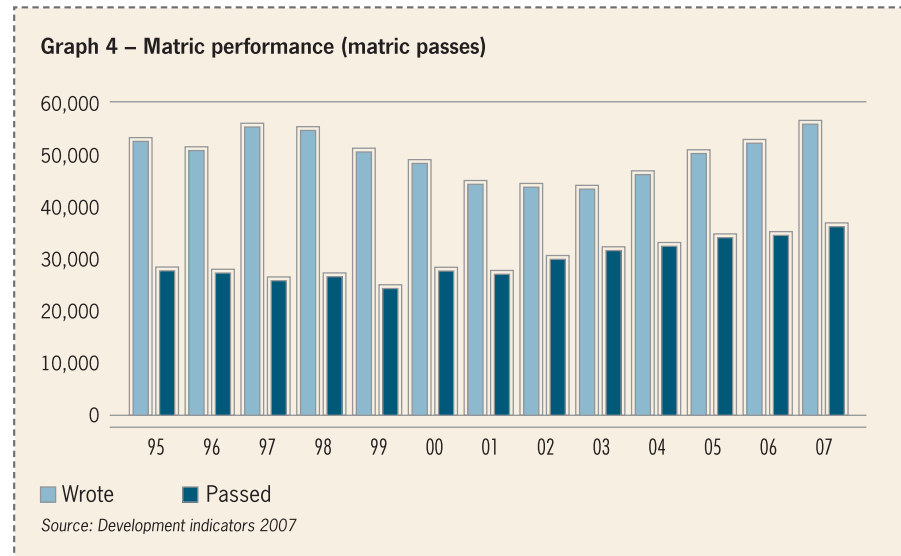
Over the next three years government has, among other things, committed itself to extending the range of no-fee schools, improving the skills of teachers by introducing independent national evaluators, and to recapitalising 100 technical schools.¹³

In the longer term, if we focus on education we can produce a good future. We need an education system which produces outstanding people, in the same way that the old missionary schools produced many of our great leaders. We need to invest in a system that produces people who have good values, who believe in authority and dignity. Such maturity might address the mediocrity in our teachers.



OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

Matric pass rates have increased from 58% in 1994 to about 63% in 2008, although marginally down from the previous year's 65%. In addition the total number of matriculants with mathematics passes increased from 95,000 in 1997 to 149,228 in 2007.¹⁴



We have increased access to higher education and increased the proportion of black students at universities. The universities have transformed themselves in terms of race, class and gender representivity and have repositioned higher education as part of the reconstruction of our country. Innovative partnerships between government, universities and the private sector to promote science development have led to a number of universities achieving a world ranking.

Health

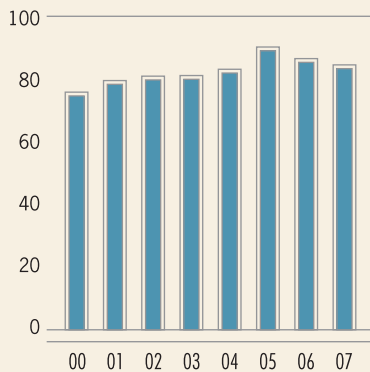
In 1994, South Africa's health spending as a percentage of GDP was among the highest in the world, yet "the country was not among the top 60 in terms of health status indicators and compared poorly with many of its African neighbours in terms of health outcomes."¹⁵

In 1993 under apartheid, 60% of health expenditure was targeted to a mere 23% of the population.

The new government acknowledged the need to improve the healthcare provided to all of its citizens. Expenditure on health, which amounted to R80.8 billion in 2008/9,¹⁶ is the second biggest item of non-interest expenditure on the Budget, and at more than 3.5% of GDP, is on a par with many developed countries.

Since 1994, more funds have been allocated to primary healthcare. To make it more affordable, primary healthcare fees were eliminated in 1996. Patient visits to primary healthcare clinics increased from 67 million in 1998/99 to 102 million in 2007. Routine immunisation coverage is now about 90%.¹⁷

Graph 5 – Immunization coverage (%)



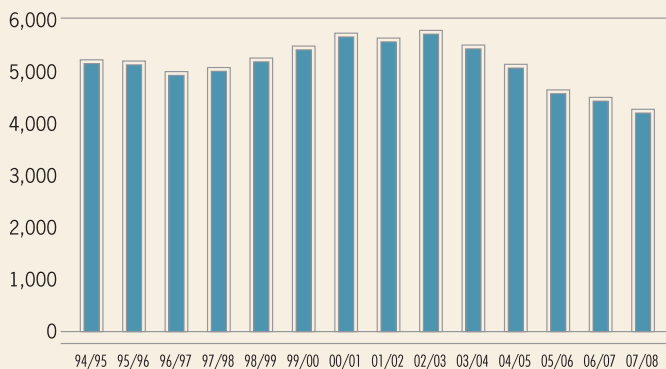
Source: Development indicators 2008

Malaria has decreased significantly, particularly in the Maputaland and Lebombo areas in KwaZulu-Natal, where it has decreased by 99%. This is as a result of effective cross-border co-operation with neighbouring states, as well as innovative partnerships with the private sector. Nationally malaria has decreased from more than 13,000 cases in 2004/05 to about 5,000 in 2008.¹⁸

Crime

In 1994, South Africa inherited a criminal justice and policing system that was entirely inappropriate for its human rights culture. The police had been used primarily to contain and suppress political opposition among the disenfranchised majority. Crime investigation relied on old methods of coercion rather than investigative techniques. The justice system was dysfunctional, creating a vacuum that was filled by semi-organised and organised crime, which increased during the transition to democracy.

Graph 6 – Total crime rates per 100,000 of population (rates)



Source: SAPS Annual Report 1994 – 2008

First among our short-term priorities is that we must improve policing and reduce crime. If we stamp out crime, everything else will follow. There must be no compromise on mediocrity masquerading as leadership.

Fix crime and we will change people's psyches.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *Why are we feeling so disempowered? It's because the power we have now is different to the power we used to have. Our power derived from the political movement; our reach was bigger. The power we exercise now has a different reach. Why are we reluctant to exercise our power? It's because it means taking on ourselves, our government. It's like rebelling against your own parents. We gave power over to the leaders with the expectation that they would deliver.*

The boundaries between the ruling party and state structures have become blurred. State structures are held captive by the ruling party.

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

In response, the government set up the National Prosecuting Authority in 1998, provided for by the Constitution, to combat organised crime. The Authority included an innovative but controversial unit, the Directorate of Special Operations (DSO), which combined investigative and prosecutorial capacity. This unit was able to pursue cases from investigation to successful prosecution, thereby obviating the risk that effective investigation could be stymied by inept prosecution, corruption, bottlenecks or lacunae in the court system. There were several successful prosecutions against organised criminal gangs and against corrupt individuals in business and government.

In the past five years, there has been a slow decrease in the number of 'violent contact crimes'. In 2008, 18,487 cases of murder were reported to the police, compared with 21,533 in 2002/03.¹⁹

OUR LIABILITIES

The achievements of the last 15 years, however significant, are overshadowed by the old and new challenges facing the nation. The South African honeymoon is over. The "Mandela and liberation dividend" has been fully settled. When the euphoria is over, it is easy for cynicism to creep in.

What has fundamentally gone wrong?

The nub of it is that we have failed to appreciate and understand the imperatives of running a modern democratic state. In addition, while South Africa has a strong civil society in general, since 1994 citizens have largely disengaged or been co-opted into government or party structures. Democracy and development are seldom gifts from political parties. More accurately, they are functions of a healthy interface between the state and an alert and active citizenry. It is our contention that the nature of this interface will largely determine the direction taken by the country in the next ten years.

Political Challenges

Despite our proud Constitution and the independent institutions that buttress democracy, including the Human Rights Commission, the Constitutional Court and the Judiciary, there are disconcerting signs in our political system.

The party system

The country has benefited from a 'single dominant party system' that saw the ANC dominate Parliament with more than a two-thirds majority for the past 10 years. A weak ruling party or fractured coalition in the early phase of our democratisation, would have strained our fragile democracy. The benefits of a strong single party, with a reasonable approach to national issues and a reconciliatory approach to the opposition, formed the backbone of the new democracy.

However, this 'single dominant party system' comes at a cost. In the long-term, it generates potential threats to democracy; a sense in the dominant party that "power is its birthright".

The conflation between leader, party, government and state in the ruling party discourse creates a sense of hierarchy and arrogance that is disconcerting. The roles of leader of the ruling party and leader of government are distinct and the President of the Republic should represent all citizens in the country, regardless of political affiliation.

The ruling party's domination is a result of weak opposition parties. In general, opposition parties in South Africa have yet to establish electoral credibility. They complain about a one-party state, forgetting that such a situation is a reflection of their own failure. It is not the function of the ruling party to create opposition to itself.

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

Another critical element of our political system that strengthens not so much the ruling party but politicians in relation to ordinary citizens, is the country's proportional representation system. In terms of this system, voters elect parties rather than representatives, and elected representatives owe first fealty to their party leaders rather than to voters. Voters have no direct representatives and politicians no direct constituents.

On the other hand, were it not for a proportional representation system, especially in the early days of our democracy, opposition parties would have been even weaker than they were in the first three legislatures. In a "winner takes all" system, like the constituency system, the ruling party would probably have secured a majority even greater than the two thirds it has won in the last two elections.

Lack of leadership

Weak leadership is evident in all sectors of our society.

Political leadership has failed to mobilise society behind clear and achievable objectives. We also lack a common national identity or sense of the public good.

The private sector, especially big business, has missed opportunities to be a constructive architect of the future. Instead it has adopted the view that "what is good for business is good for the country". Business has by and large treated transformation as an additional cost of doing business, rather than as an investment in the future. At the same time, it has tended to adopt a somewhat "grovelling attitude" towards government, failing to confront it on certain dubious policy choices. Too often the private sector has sulked behind government's back, while applauding it in public.

Trade unions display similar weaknesses. Their rhetoric notwithstanding, unions too often have no sense of the common good beyond their membership. They have failed to demonstrate the link between some of their programmes of action and job creation. As in the private sector, the unions' attitude is "what is good for the workers is good for the country".



As a nation we have consciously or unconsciously lowered our standards of what we expect of our leaders. We have settled for mediocrity.

Corporate South Africa believes that it has already done much to address the economic questions. We suffer from contradictory perceptions of reality. Black people believe that not enough effort has been directed at the economic problem. This is a situation that is just waiting to explode. We have all failed to address the basic contradictions of our society.

Unions have become corporates, managing massive investments. Who is speaking on behalf of the poor?

There is something of a trophy culture going down; big car, big house. It's all me, me, me and the wealth that I can acquire in as short a time as possible.

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *The Afrikaners used the police to deliver. The black middle class uses ADT. They only go to the police for case numbers. They are alienated from society's key institutions – hospitals, schools and policing.*

A glaring challenge is that the skills we have are not being used to full capacity and we are also not generating the skilled personnel that we need.

We must stop the flawed process of appointments in the civil service – jobs for pals, blind loyalty, compromising on skills and quality.

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

“We don't have a clear vision and objective as a nation. That's a function of a lack of decisive leadership. A lack of visionary leadership exists across the whole spectrum, not just among politicians.”

The initial though rudimentary sense of common purpose involving government, labour and the private sector has all but dissipated.

Reference has already been made to the strength of South African civil society, which was at its height in the 1980s. Yet since 1994, communities have become increasingly reliant on the government and appear to have lost their sense of initiative. They have become extensions of the state and reinforced the view that criticism of the state is “counter-revolutionary”.

The media too has failed to rise to the challenge of reconstruction. Rather than being self-critical, it has tended to become self-righteous. It remains critical and independent, but has failed to share in mapping the way forward. The institution as a whole has failed to hold itself to the same high ethical standards it has set for government. As in many other countries, there has been a general “dumbing down” in the media, and the national broadcaster has increasingly shown signs of becoming a mouthpiece of ruling-party factions.

Many professionals across the spectrum are steeped in the blame syndrome. Few seem prepared to take responsibility for the future. The fault, in their view, lies not with themselves, but with either affirmative action or apartheid. The only issue of concern to the majority of black professionals is self-serving BEE. The culture of voluntarism, from which the majority of black professionals have benefited, has all but disappeared and has been replaced with a culture of entitlement.

Religious organisations were once voices of poor people. However, since 1994, with a few notable exceptions, they have lapsed into their comfort zones and are preoccupied exclusively with the after-life.

This litany is not exhaustive; it is simply indicative. All sectors of society, both public and private, have contributed to the current situation. Similarly, it will take a concerted collective effort to reverse the trend.

State incapacity and lack of public accountability

The capacity of the state is deeply uneven. There are pockets of excellence, notably the Treasury, SARS, the IEC and the Reserve Bank, but there is a marked lack of capacity in several government departments at the coalface of service delivery. The accountability and financial management of the public service is severely compromised. In the 2007/08 Report of the Auditor-General, a mere 21% of national government departments and 5% of provincial departments received an ‘unqualified audit’, with 70% of the poor audits due to ‘mismanagement of capital assets’.²⁰

The Home Affairs Department has received ‘adverse audits’ for the last three years and has a vacancy rate of 34%, creating a chronic culture of unaccountability and non-delivery. An internal audit revealed that 70% of Home Affairs officials failed a basic competency test.²¹

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

“The lack of state capacity is worse at local government level where a study revealed that 79 out of 231 local municipalities, and 4 out of 47 district municipalities, had no technical or engineering expertise.”²²

Fifteen years into democracy, the electorate has yet to call the ruling party to account for non-performance. Until that happens, mediocrity will continue to be rewarded. The transformation of the civil service took the form of a “liberation dividend” largely to a group of activists who had never previously run any major institution. After the diversity of the Mandela era, the ruling party reverted to rewarding party loyalists and failed to draw on the expertise of experienced South Africans; thereby depriving the country of healthy human resource dividends.

The conflation of party and state by the ruling party has led to the politicisation of the public sector and runs counter to the provision in chapter 10 of the Constitution that ‘public administration must be accountable and transparent’. The politicisation of senior public sector appointments and political interference in the functioning of independent institutions undermines the constitutional provisions which speak to the creation of an impartial public service that should function ‘without fear, favour or prejudice’.

There is a critical skills and managerial gap in government and many civil servants display a lack of commitment to serving the public. This has created a deficit in the culture of delivery, performance and transparency promised by the Constitution. Instead, a culture of mediocrity, incompetence, fraud, corruption, nepotism and entitlement prevails. We are also confronted with the unintended consequences of the country’s BEE strategy which has created a small class of elite beneficiaries with little broad-based impact.



“Corruption is a cancer in every country but in ours it is exacerbated by a sense of entitlement linked to a sense of deprivation from the past, as well as unintended consequences of BEE, such as fronting and the misapplication of affirmative action.”

Take Chris Hani Baragwanath Hospital as an example. People fear that they will die if they go there. Public institutions are losing credibility and legitimacy. They are not trusted.

The opposite of rewarding loyalty is to reward competence. Why are incompetent civil servants seen as advancing transformation if they keep a person in the township waiting ten months for their identity documents? Incompetent civil servants punish poor people!

Citizens can't have the state reflecting their needs unless they are pressuring it.

Let's stop the motorcades. It should be an honour to be in the public service, it gives you great standing. We should be a nation of servant leaders.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *The roots of our economic and social problems have not been addressed. As a result, whites are richer, blacks are poorer. Whites have more options.*

We are not making use of everyone. Everyone wants to help. Afrikaners want to help.

What kind of society do we want to be? How do we want to define ourselves? The Constitution is good, but what does it mean in practice? We are not living it.

The Public Protector has found that a black investment holding company, Chancellor House,

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

Economic growth, health and education delivery, maintenance of infrastructure, processing of official documentation, and criminal justice are all undermined by inadequacies in the management and skills of our civil service; thus betraying the pledge in the Bill of Rights to 'promote an efficient public administration?'



The lack of state capacity, together with a lack of accountability to citizens, a lack of ethical political leadership and a disengaged citizenry, lies at the heart of South Africa's economic and social challenges.

Nationhood

A major challenge facing the country is that of forging a common sense of nationhood and a common sense of destiny. This challenge is made more urgent by the persistence of racial inequality and low inter-group trust. White people and minority groups feel unwanted because of affirmative action policies. African people still suffer from a deeply ingrained inferiority complex born out of 300 years of colonialism and racial oppression.

“We have not created a sense where African people are proud of who they are.”

We have not confronted the question of how one manages race in a non-racial society. The attachment of inequality or privilege to racial or ethnic difference has created a personal investment in seeking redress.

The policy of affirmative action is a double-edged sword. The lack of affirmative action caused resentment; its existence today does the same. The issue is not whether affirmative action is desirable or not. In fact, the manner in which it is articulated in the BBBEE Codes is noble in intent, especially in the types of barriers to entry that it attempts to remove.

It is however, the detrimental economic and social consequences of its implementation that need to be dealt with.

The source of resentment of affirmative action is in the manner in which this policy is abused across the board. Where cynicism, corruption and lack of accountability are rife, this policy becomes counter-productive. In the private sector, the policy is largely about statistics and compliance. Similarly, the public sector employs this policy as a tool for patronage, nepotism and corruption.

A major challenge facing South African leaders is the will to build one nation across racial or class divides. Until South Africans unequivocally forge a single common identity out of our diversity, we will not be able to harness the social capital needed to address our critical challenges. Likewise, until our political leaders are able to separate the interests of the ruling party from that of the state, for so long will we be impeded in the task of building our democracy and our nation.

When dealing with questions of nationhood, it is tempting to focus on identifying and reconciling differences, and not on addressing the issue properly.

We need to consider the following questions: Firstly, what do we all have in common? Secondly, what are our common aspirations and what do most South Africans want of their nation?

What then are the 'common characteristics' of South Africans, which cut across society as a whole, and that are relevant to building plausible economic, social, and political scenarios? The characteristics sketched below are not necessarily definitive. Of greater importance is that they be sufficiently challenging and provide a useful basis for a constructive national debate.

In general, South Africans are religious, family-oriented, moderate and traditional. South Africans have a distaste for political extremism. Since the 1994 elections, extremist parties have all but disappeared.

South Africans are seldom too proud to acknowledge mistakes and reverse them. The negotiation process which began overtly in 1990, and the ultimate settlement, followed upon a realisation by South Africans that we were on a path to nowhere. The reversal process, wholly internally managed, was unmistakable and single-minded. We are able to make radical social changes with remarkable nonchalance. The former United Nations Secretary General, Kofi Annan observed that:

“South Africa is a country in which one can expect the unexpected. An inspiration for all. What made it possible was the determination of the people of South Africa to work together... to transform bitter experiences into the binding glue of a rainbow nation.”²³

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

is in fact an ANC front and that it had procured a multi-billion Rand contract from Eskom to manufacture boilers at the Medupi plant. This kind of systematic corruption and abuse of state resources to benefit a political party undermines the noble intentions of equity legislation. In all cases, the losers are ordinary South Africans, black and white, male and female.

This Dinokeng process has reminded me of the uniqueness of South Africans, in that we have an endless sense of compassion, love and optimism.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *There is a gritty determination to our national character. There is a resilience and tolerance.*

We need to focus on the centrality of economic growth and the necessity for tough and difficult decisions to get and sustain the kind of growth we need.

We need to address the high costs of doing business in South Africa and the inefficient spatial organisation of the economy.

There are deep structural impediments to growth that must be removed if we are effectively and sustainably to address poverty which requires faster and more job-intensive growth than we have ever experienced.

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

South Africans are hierarchical, and inclined to obey and trust authority. In general it takes people long to disobey and rebel, but when they ultimately do, they do it with passion and intensity. We are also hard-working, gritty and tough, very competitive and push hardest in adversity or when we are down. We hate to lose and can wait a long time to get our own back. Even our national soccer team will demonstrate this feature eventually.

We have in our different, if not strange, ways a cultural cringe or inferiority complex which predisposes us to seek the approval of outsiders. This is not unusual though in a young country. Both the ANC and the National Party, have relied on external endorsement, mainly the West, for their identity. The National Party argued that apartheid conformed to all critical elements of Western democracy, while reflecting the reality of African conditions. Similarly, the ANC was sensitive to a “terrorist” label from the West. This psychological dependency has the effect of acting as “checks and balances” on the country, as well as reflecting our own inner standards. South Africans have yet, if ever, to develop an attitude of “*This is the way we do things here, like it or lump it*”. We are at heart conciliatory, despite our hardships.

This may also mean that, regardless of party alternatives, the country is strongly inclined towards a liberal democratic system. We already notice the emergence of personal aspirations that are informed by middle class values; values that promote personal growth, meritocracy, competitiveness and the striving for a better future for oneself, family and community. These values and aspirations are not restricted to one class or racial group but are held by the majority of the population across all artificial group definitions.

If these observations are correct, then these trends can be expected to play a role in the shaping of the country. We believe that going forward, an appropriate perspective on nation-building requires a keen alertness to both the centrifugal and centripetal forces at play in our society. The centrifugal forces pull us apart while the centripetal forces draw us together and foster nation-building.

Economic Development Challenges

The chills of the global economic crisis expose our economic vulnerability and the underlying structural flaws in the economy.

Macro-economic conditions

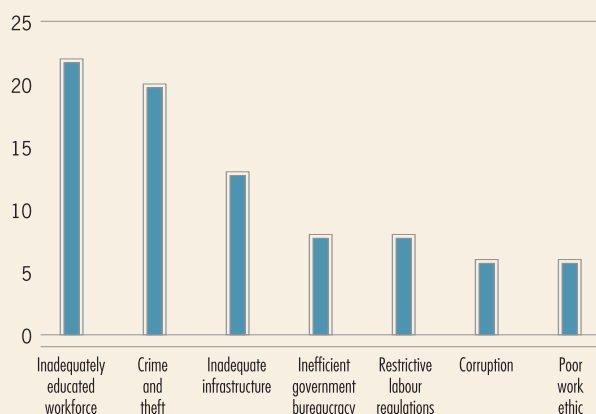
Domestic economic growth has slowed down from an annual average of 5% in 2004 – 2007 to 3% in 2008. Rising interest rates in response to above potential GDP growth fuelled by strong credit growth, a widening current account deficit and high inflation have restricted consumer spending. Conditions in the global economy have deteriorated in the wake of the spillover from the subprime crisis. The volatility in financial and commodity markets both helped and hindered the domestic economy in 2008. Exports were initially boosted by higher prices and volumes, but have now been severely hurt as South Africa begins to feel the impact of the global economic crisis. Economic growth is expected to slow to 1.2% in 2009, the lowest rate since 1998.²⁴

Among the more critical macro-economic challenges is growth in employment, managing inflation, ensuring sufficient earnings in foreign exchange and the maintenance of a healthy current account balance.

The cost of doing business in South Africa also remains high, driven by a lack of competition, inadequate infrastructure, high input costs such as telecommunications, and an inflexible labour market in certain sectors.

The WEF Global Competitiveness Index 2008/09 reveals that while South Africa ranks a favourable 45th out of 135 countries, the ranking has been gradually declining since 2000, and there are worrying underlying trends. South Africa ranks 88th in labour market flexibility, 123rd in flexibility of wage determination and 119th in poor labour-employer relations. With a university enrolment rate of only 15%, we rate 93rd, placing our innovation potential at risk.²⁵

Graph 7 – RSA world competitiveness ranking – most problematic for doing business (score)



Source: WEF 2009

In terms of infrastructure, South Africa ranks 48th, with electricity supply slipping down to 101st from 83rd in 2007. The concern about crime and citizen safety is a serious obstacle to doing business in South Africa. The country ranks 134th out of 135 in terms of the costs of crime and violence to business. With respect to the health of the workforce, South Africa ranks 129th due to the high rates of communicable diseases.²⁶

In some instances, BEE could serve as an inhibitor of new investment in South Africa, because it places restrictions on the ownership and management structures of firms: *“Firm creation is the riskiest part of economic activity. Very, very few firms that are born survive, [but] some of those very few do grow... and become an important part of the economy. So reducing the chances of those firms being born is a problem.”*²⁷

We have achieved much in the realm of macro-economic policy but key macro- and micro-economic challenges remain. Poverty and unemployment are exacerbated by the global crisis; the cost of doing business in South Africa is still too high; and skills shortages continue to act as a brake on growth.

Skills development

Skills shortage is a major constraint on growth. In 2007, there was an estimated shortage of 300,000 skilled workers.²⁸ The unintended consequences of affirmative action have decreased the pool of skills, as skilled minorities have emigrated. In addition, the education sector is still not producing the type of skills the economy needs. The skills crisis is exacerbated by an inept Home Affairs department, which inhibits the global recruitment of skills. This ineptitude undermines South Africa’s competitiveness, and leads to an exaggerated “brain drain” and missed opportunities for “brain gain”.

In 1994, I don’t think any of us understood the number of people with good skills we needed to populate all three levels of government, NGOs, business, civics, parastatals. For the three tiers of government we needed a few million well-skilled people.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *We have failed dismally to up-skill for the last 15 years. Two percent of black kids in high school are passing mathematics. We are falling behind every day. It is crippling our private and public sectors.*

With regards to skills training, we should be in jail for wasteful expenditure. One percent of payroll has gone to this and we are in even more of a skills decline. Why are the unions and business not jumping up and down and challenging the SETAs? We cannot create jobs when we have no skills.

How do we responsibly and sustainably grow our economy, in order to deal with unemployment and poverty?

The job-creating sectors of the future will be in services and finance, but also in areas like retail, repairs, restaurants, the informal sector and public works. There is no magic bullet. Jobs will need to come from a diversity of sectors and subsectors.

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

The Sector Education Training Authorities (SETAs), which absorb 1% of the total wage bill (estimated at no less than R6 billion for 2008 and expected to rise to R9 billion by 2011)²⁹, have only been able to train 7,000 new workers per annum.³⁰ The SETAs have thus not sufficiently developed or upgraded the skills needed in the country. In addition, they do not adequately address the problem of those outside the labour market. They are generally bureaucratic, inefficient and too often corrupt. As a tripartite institution set up by business, government and organised labour, the SETAs have not been held accountable for developing the skills of the South African working population, nor has business been sufficiently insistent and specific about their skills requirements. The private sector has also not sufficiently committed itself to training for the skills it needs. The lack of coordination between the labour and education departments further exacerbates the problem.

There is a general malaise in producing the skills essential to a modern competitive economy. The SETAs have become 'convenient' vehicles to demonstrate business compliance in contributing to the skills levy, but little serious apprenticeship and technical training have taken place. The SETAs have disarticulated job training from the shop floor which is the virtue of apprenticeship training. The number of apprentices trained has dropped significantly compared with the apartheid period. In 1975, there were 33,000 apprentices registered in South Africa; by 2000 there were only 3,000. The Joint Initiative on Priority Skills Acquisition (JIPSA) unit estimated in 2007 that South Africa produced about 5,000 artisans a year, which will have to rise to 12,500 a year for the next four years to meet the demand for a projected increase of 30,000 over the period 2007 to 2010.³¹ The culpability of government for the closure of 100 technical colleges and 14 tertiary institutions for the amalgamation of universities and technikons in 2001, matches the culpability of organised business and labour for failing to collectively address the skills crisis.³²

The failure of the tertiary sector to produce the requisite skills for a growing modern economy is fuelled by the poor quality of matriculants, weak management and poor academic performance at senior levels, and weak linkages between tertiary institutions and the private sector.

Unemployment

Despite the reduction of unemployment from 31% in 2003 to 23% in 2008, unemployment is still unacceptably high. Nearly a quarter of the working-age population looking for work is unsuccessful. Unemployment will be further exacerbated by the global economic crisis, which has led to a drop in demand for primary exports in the resources sector.

The problem is particularly concentrated among the young, among women, among the unskilled and among Africans. There is a very high association between poverty and unemployment; most of the unemployed are concentrated in the poorest households. Unemployment in the lowest-income quintile (fifth) is 72%, compared with just 7% in the top quintile.³³

Unemployment is closely linked to a lack of skills and education. The unemployment rate among those with university degrees is only 3%, for those with matric it is 28%, but for those without matric it is over 60%.³⁴

Overall, there is an extremely high rate of unemployment among the youth. Over 50% in the 20 – 24 age category are unemployed. The demographic "youth bulge" indicates that it will pose even more severe problems later on, in terms of labour market supply and social cohesion, as the generation of unskilled, unemployed youth grows older.³⁵



One of the most undesirable outcomes of youth unemployment is the rapid rise of petty crime and drug abuse in South Africa. This is further exacerbated by the high levels of violence inflicted on the youth. A study by the HSRC indicates that 38% of youth have experienced violence at home and 15% at school, and that 57% of youth have considered committing a crime.³⁶ This is further underscored by the Poverty Hearings, conducted by the African Monitor in 2008, linking youth unemployment and an increase in crime.³⁷

Perversely, there are numerous vacancies in the economy for skilled positions. This is testimony of the failure of our education and skills development systems to provide meaningful opportunities to our burgeoning youth.

Deep structural flaws, going beyond 1994, constrain our model of economic development. The economy is not generating sufficient jobs for youth, women, unskilled and African people. Unemployment is closely linked to a lack of skills and education. Unless the root causes of youth unemployment are urgently addressed, we are reproducing a bleak generation with little hope in the future; a ticking time bomb.

Poverty and inequality

While 13 million people have now been included in the safety net of social grants, poverty remains a deep and daunting challenge.

About 40% of households still live below a poverty line estimated by the Treasury to be about R480 per person per month. Poverty is closely linked to the structural problems of unemployment and the lack of skills; unemployment affects poor households most severely.³⁸

Hunger remains a common denominator among poor people in South Africa. Testimonies from the African Monitor's 2008 Poverty Hearings consistently highlight that poor people still struggle with hunger and lack of nutrition. This affects their health and educational prospects, as well as reducing their chances of finding jobs.

Inequality has increased among African people and apartheid racial patterns have remained roughly the same. The rapid growth of the black middle class has meant that inequality, as measured by the Gini co-efficient, has risen among black people, from 0.55 in 1994

VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

Youngsters are being left out. In the townships the level of unemployment and poverty among our youth is alarming. We see the poor choices the youth are making, such as teenage pregnancies to access social grants. This is a terrible choice to make. Where will they be in five, 10, 20 years?

We should institute a national service programme for our youth. They could participate for one year and be deployed at local, provincial and central government level.

Business also needs to look closely at the role it has (or has not) played in generating employment in South Africa.

We have never had the tough economic conversations.

A key issue is that of the working poor. Working people can't make ends meet. Simply halving unemployment won't halve poverty. We're going to see poverty in South Africa for many generations. We need to stop thinking about social grants as a short-term solution. We need to expand the social grants system and the EPWP, which needs to be multiples of the size it currently is.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *Too many South Africans feel excluded, debased and insecure, especially in terms of food security.*

If we fail to address poverty, we will have failed to build and defend democracy in South Africa. If we want to sustain democracy, we must address poverty.

During the Poverty Hearings, people told their stories with dignity. They said, “go to the corridors of power and tell them: we have brains, simply give us the wherewithal to eke out a living.”

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

to 0.59 in 2008. Inequality between white and black people has remained roughly the same, increasing slightly from 0.67 in 1994 to 0.68 in 2008.³⁹

Although poor people are better off due to targeted spending on the poorest two fifths of the population, and inequality is often a consequence of economic growth, the inequalities that continue to exist threaten social cohesion. Racial inequality also undermines our efforts to build a non-racial society.

Above all, poverty seriously inhibits citizenship and participation in civic life.



“Democracy is being blocked by the basics. For people to be able to participate, they need to feel secure, to know where their next meal is coming from, and to have dignity and health. You can’t participate in the economy or in politics if you are concerned with survival.”

Urban development

Increased internal and external migration to the cities has put extreme pressure on poor urban areas. The proliferation of poorly serviced and overcrowded informal settlements was a key factor in the inter-ethnic and xenophobic violence that erupted in 2008.

A study by the Department of Housing showed that about one million people a year migrate to the cities. This has resulted in about 3,000 new informal settlements since 1996. The migration rate is likely to grow, particularly from our neighbouring countries, as economic prospects in the region diminish.⁴⁰

Although the government has built about 2.6 million low-cost houses since 1994, the backlog, according to the Department of Housing, currently still stands at about 2 million.

VOICES OF DINOKENG
*Perspectives from members of
the Dinokeng Scenario Team.*

In the larger metropolitan areas, economic and class segregation has replaced racial segregation. Working class and mainly black areas are situated far from the CBD, and as a result people spend a disproportionate amount of their income and time on public transport. Government has not yet provided adequate affordable public transport, placing commuters at the mercy of taxi companies who compromise their safety. It has recently introduced plans to provide more efficient public transport systems in some of the bigger cities, but this has met with the wrath of some of the taxi associations.

The lack of skills at local government level, coupled with political patronage and corruption, has compounded the problem of poor service and infrastructural delivery. In some municipalities in Limpopo and Mpumalanga, the cholera epidemic has reached serious proportions. This is not only due to the influx of refugees from Zimbabwe, but also to the collapse of water and sewerage systems in some towns. It is also testimony to the inadequacy of public health clinics to contain the epidemic.

Apartheid development planning created grossly inadequate and distorted urban environments. Today, the conditions of peri-urban poverty and squalor, worsened by unchecked migration, create a powder keg of civil violence and unrest waiting to explode.

Rural development

The competitive demands on commercial agriculture, the uneven pace of land redistribution and slow development of successful black commercial or subsistence farming has impeded the pace of rural development.

Although 74,000 out of 79,000 land claims have been processed, about half of the new land schemes have not materially benefited their supposed beneficiaries. "To be competitive, agri-businesses usually need to operate on a much larger scale. Being a small farmer usually means being at the least profitable end of the value chain."⁴¹

The last 5,000 large and complicated claims have been bogged down in disputes and court processes, effectively freezing productive commercial land.

A number of BEE deals have been struck by agri-business companies, such as in timber and sugar, and in the Western Cape, farmers have extended housing and equity schemes to farm workers. But the Land Bank has failed to help develop a class of commercial or subsistence black farmers, mainly due to incompetence and corruption.

The Department of Land Affairs has faltered, unable to spend its budget and unable to assist small landowners to farm productively, or access markets, finance and training.⁴² In some areas farmers struggle to convert state leaseholds into freehold tenure; communal land does not raise the capital needed to turn them into productive assets. Rural poverty cannot be alleviated so long as land remains an unproductive asset.

The failure of effective land reform, coupled with its detrimental effect on the security of commercial farmers, has contributed to South Africa becoming a net importer of food, compared to the exporter it was in previous years.⁴³

The Departments of Land Affairs and of Agriculture, as well as institutions such as the Land Bank have not risen to the challenges of rural and agricultural development, at a time when food security is becoming more imperative than ever.

We are a society of take, take, take; a society that wants to receive rather than to take initiative. People say "Mr. Mandela promised us houses, and we want houses and food", which was not the attitude of their grannies. I have been part of the land access movement, and I tell people "don't kick the farmers off the land; let them teach you."

We see worse poverty than what we grew up with. In the past the fields were ploughed. Now we are dependent on shops.



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *The apartheid system produced exactly what was intended. It was designed to produce illiterate black people. It's no wonder that today we have vast numbers of people who cannot read and write.*

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

Social Challenges

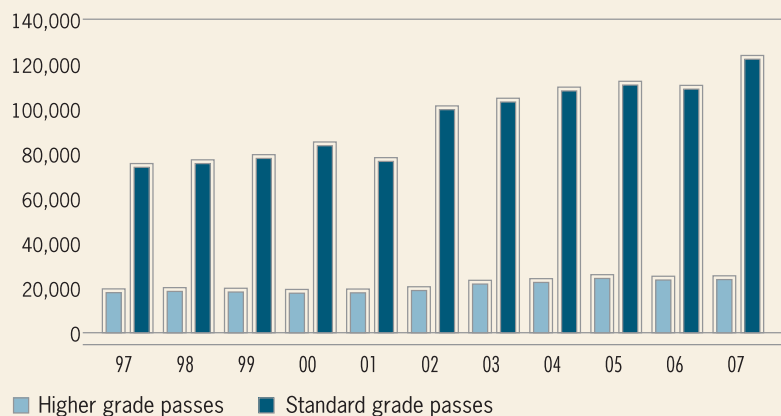
Fifteen years into democracy our social fabric and social cohesion remains fragile, bedeviled by poverty and racial inequality, deteriorating educational and health conditions and a citizenry besieged by crime.

Education

The legacy of unequal apartheid education crippled the country; it not only truncated the dreams and aspirations of the majority of people, it suffocated future development. Apartheid not only violated human rights, but deliberately underdeveloped the majority of its people.

In spite of government's best efforts, our education system is faltering. South Africa ranks among the lowest in the world on basic literacy and numeracy skills. In terms of the quality of mathematics and science education, South Africa ranks 132nd out of 134 countries surveyed by the World Economic Forum. "We are number last," as one Scenario Team member put it.⁴⁴

Graph 8 – Matriculants with maths passes (number of matriculants)



Source: Development indicators 2008

While the total number of matric mathematics passes increased between 1997 and 2007, from 95,000 to 149,228, less than 5% of matriculants achieved a higher grade pass and nearly 200,000 students failed their matric completely in 2007.⁴⁵ Few school-leavers proceed to tertiary education. In 2008, of the 333,604 matriculants who passed, only 20% achieved a university entry pass.

The World Economic Forum ranks an "inadequately educated workforce" as the most problematic factor for doing business in South Africa, followed by crime and theft, inadequate supply of infrastructure, and inefficient government bureaucracy.

The schools in poorer communities mirror the legacy of the apartheid education system, in spite of government's commitment to equitable education. Nearly half of all schools, most in poor communities, have extremely poor infrastructure: 79% have no libraries, 60% have no laboratories and 68% have no computers. The problems of access to education in poor communities are compounded by malnutrition and the impact of HIV/Aids. A study in 2003 showed that 7% of children were "often or always hungry" and that 17% were "sometimes hungry".⁴⁶

The problems in our education system relate directly to a lack of managerial capacity and accountability.

Endnotes can be found on pages 72 and 73

VOICES OF DINOKENG
*Perspectives from members of
the Dinokeng Scenario Team.*

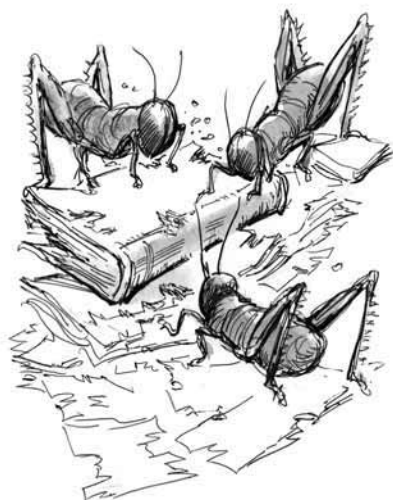
Graph 9 – RSA world competitiveness ranking – worst factors (education)



Source: WEF 2009

Many teachers lack commitment to the profession. A significant proportion of teachers are under-qualified, demoralised and lack professionalism. We have the highest rate of teacher unionism in the world (over 80%). While it is commendable that teachers are well organised, the commitment of the teacher unions to the all important job of ensuring that our children are properly taught is perhaps questionable.

Despite the legal requirement to establish governing bodies, there are few effective mechanisms by which parents can hold teachers accountable, particularly in poor communities with poor literacy rates. In some instances, teachers on the payroll are even full-time members of municipal councils, without any challenge by the education authorities. Conversely, those schools where there is strong management and professional commitment, even in the poorest areas, have consistently produced better results.



While the problems in education relate directly to a lack of professionalism, managerial capacity and accountability, government cannot solve the problem alone; parents, trade unions, civil society and the private sector need to rise to the challenge: we cannot tolerate our children being “number last”.

We see teachers and their unions going overboard. It is correct for unions to protect their members, but it is a problem when teachers say they can't teach because they have to go to union meetings or go on a stayaway.

The dominant teachers' union has unwittingly become an effective conveyor of Bantu education by consistently resisting performance-based appraisals of teachers and quality supervision in schools.

We are ashamed to say that things were better under apartheid. In education, if you compare us to other countries, we come number last!



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *We should have had a war-like campaign against HIV/Aids. To wrap it up as poverty is the worst thing that could have been done.*

People don't believe that medicines will be in the clinics. People don't believe that the state can function in the way that it was crafted in our Constitution. There is a credibility deficit; a trust deficit.

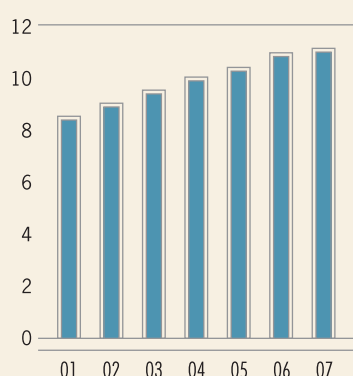
OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

Health

In spite of the increased investment in public health, our deteriorating critical health indicators continue to cause alarm.

We have the fourth highest rate of infection of HIV/Aids in the world.⁴⁷ Government's ambivalent and inadequate response to the epidemic proved to be fatal, resulting in an estimated 350,000 deaths and leaving behind 1.4 million orphans throughout the country in 2007.⁴⁸ The disease has affected teachers, nurses, parents, young workers. Their deaths have impoverished families by removing breadwinners, leaving grandparents to care for children on their meagre pensions. Young women have been particularly affected, indicating their vulnerable status in society.

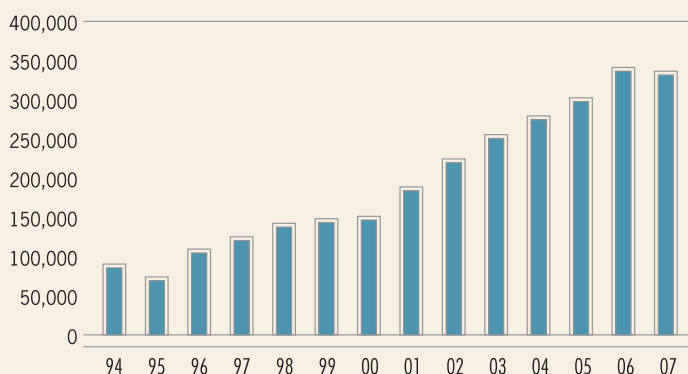
Graph 10 – HIV/Aids prevalence (%)



Source: Stats SA 2001 – 2008; WHO 2008

Government's belated response saw a delayed rollout of ARVs and of testing and counselling sites. By September 2007, a cumulative total of 408,000 people had been put on ARV treatment at 316 public healthcare sites. Vigorous civil society interventions, through organisations such as TAC, have helped to ensure that we now have the largest ARV roll-out programme in the world. However, despite expenditure of more than R3 billion

Graph 11 – Tuberculosis prevalence (number of cases)

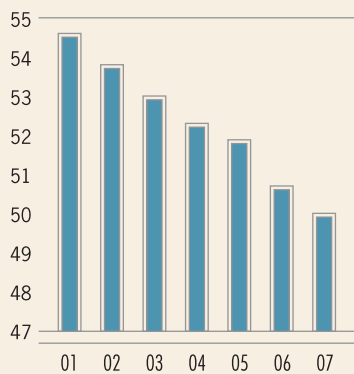


Source: WHO reports 1994 – 2008; Stats SA 1994 – 2008

(budgeted for 2008/09) on the HIV/Aids programmes alone, some provincial clinics have run out of the life-saving drugs.⁴⁹

We also have the fourth highest rate of TB infection in the world. In spite of a higher “cure rate” from 50% in 2004/05 to 60% in 2007/08, it is still the leading cause of premature death in the country, and is directly linked to the HIV/Aids epidemic. Multi-drug resistant and extreme-drug resistant TB has also strained the system, with about 600 people dying from the disease in 2007.⁵⁰

Graph 12 – Life expectancy (years)



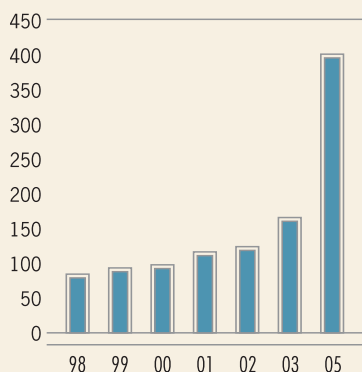
Source: Stats SA 2001 – 2008

The impact of HIV/Aids and TB on our critical health indicators has been marked. Life expectancy has decreased from 63 years in 1990 to 51 in 2006.

Other key indicators point to deep systemic problems in the public health system.

For instance, the Stats SA Report of 2008, based on a comprehensive survey of mortality conducted in 2006, revealed that infant mortality rates per 1,000 live births have risen from 45 in 1990 to 56 in 2006, and our maternal mortality rate in 2005 was 400 per 100,000 live births. This is higher than most other countries in the SADC region.⁵¹

Graph 13 – Maternal mortality (per 100,000 live births)



Source: Stats SA 2001 – 2008; WHO 2008

Our public hospitals are collapsing, driven by private sector development. The elite flocked to private hospitals and left the others behind.



OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

There has also been a significant flight of skills from the public healthcare sector, prompted by poor management, uncompetitive salaries and poor working conditions. In the early 1980s, 40% of doctors worked in the private sector, but by the late 1990s this proportion exceeded 70%; with one doctor for every 4,200 patients in the public sector, compared with one for every 600 in the private sector.⁵²

One of the fundamental errors in health system reform has been the over-correction of the apartheid bias toward tertiary care at the expense of primary healthcare. As a result, there has been insufficient resourcing of the tertiary sector to provide high-level training and research for the entire health system. In addition, the closure of nursing colleges has devastated nursing capacity.



The crippling effects of the HIV/Aids and TB pandemics in South Africa, coupled with the pernicious mismanagement of public health resources, has seen a dramatic decline in life expectancy over the past 15 years, at a time when South Africa has experienced its longest period of sustained economic growth since the 1940s. The careless disregard for taxpayers and recipients of public healthcare has seen substantially more money thrown at the problem, without significant results, illustrating the lack of accountability of healthcare administrators in the country. Nor have critical voices and citizen action made government more accountable to the people, save for the Constitutional Court which forced government to deliver Nevirapine to prevent mother to child transmission of HIV/Aids.

VOICES OF DINOKENG
*Perspectives from members of
the Dinokeng Scenario Team.*

Living in a state of fear and violence becomes a cancer in society and it's not gender, class or race specific. If it spirals, then the economy suffers, those who can leave do and the money to fix the problem shrinks.

Crime

A primary role of the state is the protection of citizens within its jurisdiction. The failure of government to ensure citizen safety has wreaked havoc in all communities, diminishing citizen trust in government, and has come at a great cost to our economic competitiveness and investor confidence in the country.

The 2008 Ibrahim Index places South Africa 7th from the bottom of 49 countries in Africa in terms of the safety and security of citizens.⁵³

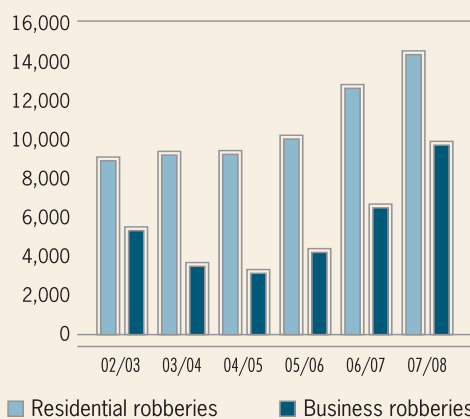
Some government leaders, living in a cocoon of privileged protection, have been dismissive of the ravages of crime on the social fabric.

“One senior government leader even belligerently warned citizens unable to cope with crime to emigrate. As if this is not sufficiently shocking, one police station found no shame in seeking protection from a private security firm, turning the SAPS into an object of ridicule.”

Crime remains a major threat to all communities in South Africa. The decline in violent contact crimes comes off a very high base. All sectors of society are badly affected. The vast majority of violent contact crimes occur in domestic or social environments and go largely unreported; a chilling testimony to the fragility of our social fabric.

Aggravated robbery is the second-highest contributor to violent crimes, increasing substantially in 2007/08: house robberies were up by 14%, business robberies by 47% and truck hijacking by 40%. Ironically, 40% of these crimes occur in only 4% of police precincts.⁵⁴

Graph 16 – Crime – Residential and business robberies



Source: SAPS 2002 – 2008



VOICES OF DINOKENG

Perspectives from members of the Dinokeng Scenario Team.

→ *Cases abound of police brutality against vulnerable women: of a woman being locked up with males in jail cells, of women reporting domestic violence being raped at police stations.*

OUR BALANCE SHEET: ASSETS AND LIABILITIES CONTINUED

The capacity of the criminal justice system is weak and uneven. The DSO, popularly known as the Scorpions, which was established to investigate organised crime, became the first South African crime-fighting organisation to be recognised internationally for its successes. In its first year of operation, it achieved an 80% success (conviction) rate; successfully taking on 20 of the top organised crime syndicates and convicting crime barons on charges of money-laundering and racketeering. Their law enforcement operatives were trained abroad, thus building itself into a world-class organisation.

The 'Hollywood-style' raids and prosecution of key political and government leaders have prompted the ruling party to disband the directorate. In terms of a parliamentary resolution, the DSO has been incorporated into the police service. The police are far less effective in securing convictions; moreover the head of the police force is facing corruption charges. The fact that most of the DSO's operations have not involved politicians, but organised crime syndicates, has escaped the politicians. Its dissolution must raise alarm bells for the future success in the fight against organised crime.

While substantial resources were ploughed into combating organised crime, ordinary citizens face an under-resourced, under-trained, ill-equipped and demoralised police force. The wheels of justice turn slowly for ordinary people, stuck in the quagmire of an inefficient, incompetent criminal justice system. In poorer communities, people have given up hope that the police will protect them and resort to vigilantism. The weak police protection in poor neighbourhoods makes a mockery of the equality provisions of our Constitution.

Middle class communities rely on private security companies to protect them. In 2008, private security guards outnumbered police officers by 2 to 1.⁵⁵

“In contrast to the English and Black middle class, in previous times Afrikaner elites never used private institutions in schools, health and safety and security. So they ensured that public institutions functioned well and served their purpose. These days, the elites rely on private clinics, private security companies, private schools or model C schools. Are we surprised that these are areas where we are making little progress? Institutions, public or private, function optimally if the middle class have a vested interest in them and are prepared to put extra resources into them.”

The quintessential contract between successful states and their citizens is the contract of protection in exchange for loyalty and support. In the criminal justice system, the state is failing to deliver on its part of the contract.

CONCLUSION

Fifteen years into our democracy, we find ourselves having to confront some stark realities. We see the ugly face of rising political intolerance; a leadership that has failed to build adequate state capacity to protect its citizens from the ravages of crime; a leadership that has failed the accountability provision in the Constitution and that has turned a blind eye to corruption and incompetence in the public service; a leadership often driven by nepotism and greed. We have not yet demonstrated the will to build one nation across racial or class divides. Racial polarisation persists, as do urban and rural poverty and inequality. We have stood by as our educational system has faltered, failing the post-1994 generation; we have been shamed by the dismal performance of our children in international tests, coming “number last”. We have failed the generation of youth that makes up the bulk of our population; and stood by while parts of our health system falter under poor management and poor service delivery.

Underpinning all of these ailments are our legacies. Firstly, across all sectors, there is a lack of inclusive leadership and a common sense of nationhood, and the exile dominance of the ruling party has resulted in a failure to draw sufficiently on the skills and talents of all South Africans. Secondly, a culture of mediocrity has grown out of cronyism, corruption and nepotism in public sector appointments, creating a weak and unaccountable state. Thirdly, we have failed to confront the impact and implications of our inherited cultures of racism, sexism and liberation ideology. Finally, deep structural flaws going beyond 1994 persist in our society, economy and polity.

What is fundamentally causing our problems?

The analysis of the Dinokeng Scenario Team is that we are seeing the symptoms of three inter-related underlying trends: citizens have, since 1994, largely disengaged (or been co-opted into government or party structures) and have become increasingly dependent on the government; state capacity to address our challenges is weak and declining; and leaders of all sectors have become increasingly self-interested, unethical, and unaccountable.

At the heart of South Africa's problems lie the need to build the capacity, ethics and accountability of the state, and the need for citizens and leaders in all sectors to act in support of a shared national agenda for public good. Citizens and leaders must step forward to address our challenges. An engaged citizenry needs to demand an accountable and effective state. Public trust in public institutions is weak and must be built. We focus strongly on the capacity of the state as a core challenge because almost all of our critical challenges arise from the inability to deliver quality public services to the majority of the population. The quality of our leadership and the role the citizenry plays in the reconstruction of our country will determine how these challenges will be met.

From this diagnosis of the present, the Scenario Team has built three possible scenarios for the future.

THREE SCENARIOS



Scenarios are not predictions. They describe possible pathways into a future. To be useful, scenarios must be relevant, challenging and plausible; they must be internally consistent and based on credible interpretations of the current reality.

The Scenario Team initially developed 12 possible scenarios. They then reduced these to five and ultimately to the three scenarios presented below.

The present contains a mixture of all three scenarios, and our future will not look like purely one or the other. Scenarios allow us to draw apart different futures to see more clearly the opportunities and risks we face.

The seeds of our future already exist in our present, but our future is not preordained. We can nurture the “generative” seeds (our assets) and reap the rewards. Conversely, if we allow the “degenerative” seeds (our liabilities) to grow, they will destroy our future.

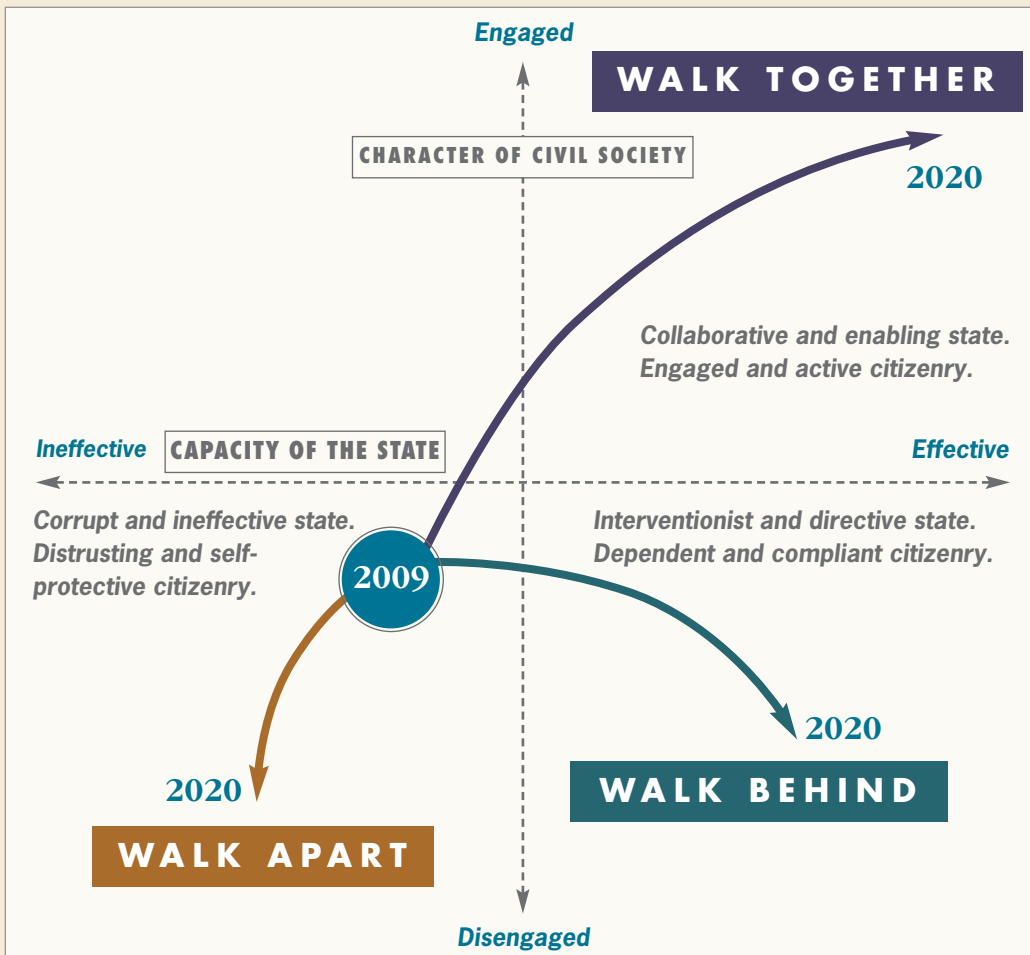
The Dinokeng Scenarios run to 2020. This period includes two national and provincial elections in 2014 and 2019, as well as local government elections in 2011 and 2016. These elections are not the only determinants of our future; we face deep-rooted structural problems that will supersede the outcome of any election. However, the leadership that emerges out of the electoral process and the strength of electoral support for that leadership will be critical factors in determining how we address our challenges.

The quality of leadership across all sectors is a key issue. Even more important is the character of engagement between citizens and leaders, and between citizens and the state. The nature of this engagement will influence whether and how we can construct a successful future with an effective and accountable state and a network of involved citizens.

The Scenario Team mapped out three possible paths that South Africans might create by the way that we walk into the future.



The comparative paths of the three scenarios



In the first scenario, **Walk Apart**, we continue on the same path that we are on today. Our pressing problems – unemployment, poverty, safety and security, and poor public health and education delivery – worsen. Our social fabric unravels as civil society disengages and public trust in public institutions diminishes. Protests and unrest escalate and provoke an authoritarian response from the state.

In the second scenario, **Walk Behind**, the state leads and manages the process of addressing our challenges. Citizens either support strong state intervention or are acquiescent in the face of a more powerful state.

In the third scenario, **Walk Together**, our challenges are addressed through active citizen engagement, a catalytic state and strong leadership across all sectors.

The seeds of all of our possible futures already exist in the present. We can already see in today's headlines the seeds of all three scenarios: the stagnation and anarchy of **Walk Apart**, the directive state intervention of **Walk Behind**, and the social compacts of **Walk Together**. We see citizens disengaging, following, and engaging. Which of these seeds will grow to dominate our future?



FIRST SCENARIO

WALK APART

This is a scenario of “*musical chairs*” or “*reshuffled elites*”. It is triggered by the failure of leaders across all sectors to deal with our critical challenges. This failure is the result of political factionalism and weak unaccountable leadership, weak capacity in government departments, and tightening economic constraints that are not dealt with realistically or inclusively. Civil society increasingly disengages as public trust in public institutions diminishes. The state is increasingly bypassed by citizens, resulting in unaccountable groupings assuming power over parts of society. The gap between the leaders and the led widens. Citizens eventually lose patience and erupt into protest and unrest. The government, driven by its inability to meet citizens’ demands and expectations, responds brutally, and a spiral of resistance and repression is unleashed. Decay and disintegration set in.

YESTERDAY, TODAY AND TOMORROW ARE THE SAME: 2009 – 2011

After the 2009 elections, the government attempts to address the country's critical challenges but it struggles to find the managerial and technical capacity to deliver on its election promises. Leadership of the government changes, but it continues to ignore available expertise in civil society and in the private sector. The ruling party is challenged by the split in the party in 2008 and the exodus of cadres to a rival party in 2009. Unsure of itself, the party "purchases" political loyalty through the promise of jobs or patronage. This cripples already weak capacity.

The economy is under strain as the impact of the global crisis begins to manifest more strongly in South Africa. Government, business and labour develop an economic stimulus package, a "crisis pact", which attempts to alleviate some of the worst effects of the crisis. More generally, however, the relationships between the three continue to be plagued by trust deficits. The Presidential Working Groups and a beefed up Nedlac create the illusion of engagement, but the real deals get struck between alliance leaders of the ruling party.

The new government, confident after its electoral victory, announces the implementation of its election promise to create jobs and alleviate poverty. But new jobs are hard to create without new investment, so by early 2010, in the Budget, the government expands the Public Works Programme to create jobs in home-based care, construction and roads projects.

However, municipalities and provincial government are unable to spend their budgets effectively. In healthcare, the local health authorities which manage the programmes are unable to allocate the home-based care projects equitably through their areas. In construction, the tenders are awarded to companies with political connections but with little experience in mass housing construction; the projects are slow to get off the ground and the very poor remain without the work that was promised to them in the elections.

At the end of 2010, the government feels buoyed by a successful World Cup, but the relief is short-lived. The ongoing economic crisis diminishes government revenues further as tax returns continue to decline in 2011. There are also signs that, in spite of the huge allocation to the Public Works Programme, these funds are not yielding value for money. Certainly, the programmes are not denting the high unemployment rate. The infrastructure projects funded by the Public Works Programmes have not met completion targets. In a bid to ameliorate the effects of poverty – and consequent social unrest – government promises to increase welfare grants in the next Budget.

TINKERING AROUND THE EDGES: 2012 – 2014

Deteriorating energy, transport and telecommunications infrastructure discourages wary investors, who are already rethinking investment in emerging markets. Growth stagnates. The rate of investment declines. This, added to large-scale retrenchments in our export industries, mainly in the mining sector, worsens unemployment. For the first time in nearly two decades, no new jobs are created.

As unemployment worsens, poverty compounds. The pressure for a further increase in social grants becomes greater. Social grants are easier, administratively, to deliver than jobs in Public Works Programmes, so the government adjusts its allocations in the 2012 budget, arguing that quick relief for the poor is necessary.

The civil service, the one key asset that the government controls, becomes an instrument of economic reward to shore up declining political support. Party loyalists, rather than professionals, are given senior jobs. Those with marketable professional skills, such as dedicated teachers, doctors, nurses and engineers leave the public service. Many leave the country altogether.

As a result, healthcare deteriorates. This is exacerbated by a lack of skilled engineers to manage water systems; so preventable diseases, such as cholera, become endemic in some areas.

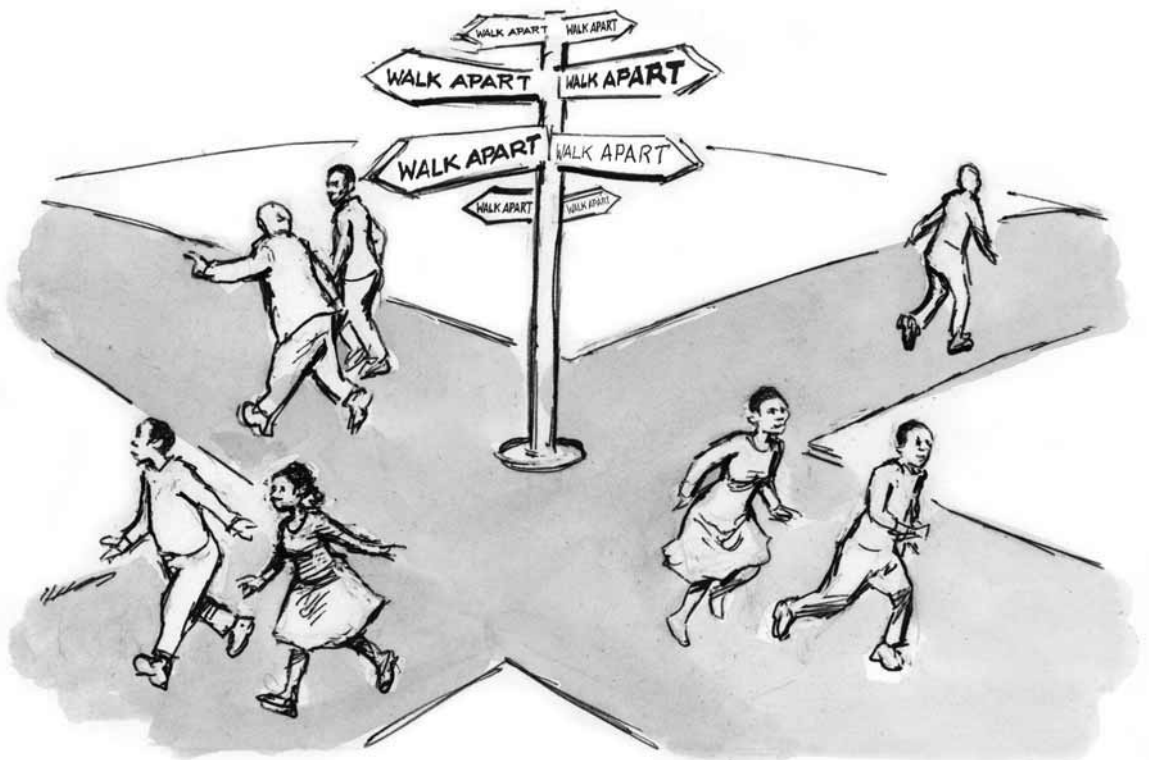
The education system declines. There is no immediate political return in investing money in classrooms, libraries or laboratories, and so school facilities deteriorate. To appease the unions, teachers are awarded higher pay packages but with no commensurate improvement in performance.

This pay increase comes before the 2014 elections, and is awarded to all civil servants, regardless of performance. This further drains the fiscus, making ongoing investments in economic development more difficult.

The economy, constrained by a worsening skills shortage, is now stultified. The education system fails to produce the skills required for a developing society and as a result the unemployment situation worsens.

Domestic investors hold onto cash reserves instead of investing. Foreign investors simply stay away.

A small group of BEE tycoons continues to find favour with government and is well positioned in terms of government tenders and contracts doled out by party political appointees in the civil service, some of whom get attractive kickbacks. However, the majority of the middle-class and aspirant entrepreneurs do not benefit from such largesse; they become increasingly disengaged and disillusioned by both the integrity and capacity of the state.



A WIDENING CHASM

The chasm between the leaders and the led increases as civil society disengages from this elite pact. Passive resistance gives way to increasing disgruntlement and pockets of active resistance grow.

Aware of the increasing discontent among the population, the ruling party contests the 2014 election with promises to increase social grants, address the minimum wage and crack down on crime. The ruling party's election manifesto pays little attention to job creation or economic growth. In the run up to the 2014 election, government runs up a bigger budget deficit and again increases the size of social grants by 20%, along with the increase in public sector salaries. Opposition parties warn that the increases in social grants are unsustainable. The tax base has got smaller, not bigger, over the past three years and the number of social grant recipients has increased. This means fewer and fewer taxpayers are supporting increasing numbers of grant recipients.

The real issue is job creation, but few in government talk about that anymore. More and more people have to rely on the informal sector to eke out a living. The ruling party and government are *"tinkering around the edges"*, without confronting the fundamental issues.

The private sector is dismayed that new minimum wage legislation has been mooted without consultation. This, it warns, will further restrict new investment. In response to business's stance, the unions call a general strike. Thousands of workers are dismissed in the wake of the strike. Government tries to intervene to persuade business to take back the workers and in some cases it is successful. But by this time, confidence in the economy has been knocked. Investors are wary, and growth is flat. Although the developed markets have begun to pick up in the past two years, investors are still conservative. There is scant portfolio investment in the emerging markets and little foreign direct investment.

As joblessness increases, so does crime. The first-line victims of criminals are the working poor, those who still earn wages, who are robbed or pick-pocketed on the taxis that take them to and from work. The elite are also targeted, but generally they live in well-guarded homes and have the umbrella of insurance to protect them against loss.

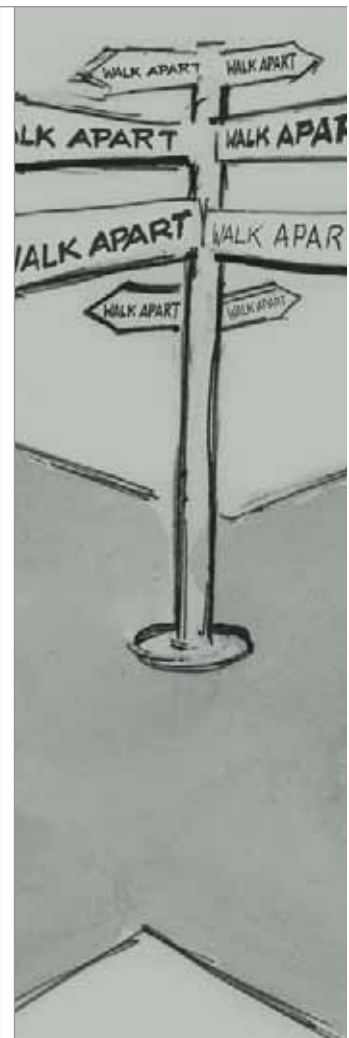
Given the ensuing social pressure, the emergence of a strong autocratic leader to *"restore public order"* in the 2014 elections, becomes increasingly appealing. The ruling party is restored to power in 2014 on the strength of a populist leader who promises further increases and improvements, but its majority is reduced. The civil service, pacified by salary increases, and some of the electorate, happy with higher social grants awarded in the run up to the election, are still prepared to be patient.

THE SHADOWS LENGTHEN: 2015 – 2017

However, in the period after the 2014 election, the cracks in the system deepen. Government has borrowed heavily to fill the gap created by the decrease in tax revenues. Short-term public sector wage increases and increased social spending has forced government to increase the deficit again. Yet, there is little improvement in the quality of service delivery. The pressure of increased migration to the informal peri-urban areas becomes a powder keg.

Organised civil society groups grow weaker and disengage because the social ills seem too vast to tackle, and government is utterly uninterested in engagement. The elites buy their way out. Poor people become increasingly resentful and lose patience. As a result, social cohesion and any sense of national consciousness unravels. As delivery fails, social unrest spreads further.

At its worst, this scenario develops into a situation where unaccountable but powerful groupings outside the government provide protection or deliver services in exchange for support and patronage.





“It is not inconceivable that we could end up with a Colombian mafia-type scenario where gangs become a form of social delivery.”

The state’s lack of capacity is reflected in groups outside of government, such as organised criminal gangs, carving out areas of control and patronage. In informal settlements, gangs become a vehicle for social delivery. Self-declared “mayors” collect local taxes from hard-pressed residents in return for protection, land allocation and services. They also impose their own crime control in numerous areas, resulting in vigilantism and, at times, ethnic flare-ups.

In the richer suburbs, the private security industry proliferates. The middle classes live under siege in high security complexes and the cost of security spirals. By 2017, private security guards outnumber the police by three to one, and increasing numbers of disillusioned police officers apply to join their ranks.

For those who cannot afford armed guards around the clock, a small extra payment to the police ensures that officers leave their stations and keep watch over a private house or complex for a period.

The police pay lip service to law enforcement, and occasionally exchange “soft shoes for hard boots”. By 2017, there have been scores of cases alleging police brutality, but these are seldom investigated.

There is scant investigative capacity by this stage, and in any event, most organised gang leaders have worked out the simplest way to bribe senior police officers, ensuring that their juniors turn a blind eye to crime when ordered to do so.

The justice system is heavily compromised by appointments of people who are seen as favourable to the ruling party. This cascades down to the lower courts, which become easily intimidated by powerful figures in business or politics, or by gang leaders.

Public transport deteriorates because of severe budgetary constraints. Taxi associations run almost all transport systems by 2017. They carve up routes between them, and persistent disagreements are usually resolved by violence. Terrified commuters have no option but to use the taxis, which are now no longer subject to any safety regulations.

This scenario becomes a “witches’ brew” of political contestation, opportunism and discontent.

Lack of accountability and transparency worsens. This increases the level and tolerance of corruption. Squandered funds mean that the returns on social expenditure are minimal. This demoralises citizens and repels all new investors, thus entrenching poverty.

RULE OF THE STRONGMAN: 2018 – 2020

Dangerously, this scenario depicts an increasing intolerance for opposition on the part of the government. While it does not have the capacity to become fully authoritarian, it clamps down on the media and suppresses protests where it can, using tools ranging from anti-defamation laws to the security forces where it has to.

“There are seeds of anarchy and authoritarianism in our present right now. For example, “shoot to kill” is indicative of a mindset. There is also vigilantism and small-town anarchy.”

Thus, the ruling party enters the 2019 election on the defensive, patently aware of the rising discontent and its lack of control over key areas. In dark back rooms, the ruling party seeks the support of the local warlords and self-declared mayors, especially in the peri-urban areas. An unspoken election pact is forged between the ruling party and local warlords and militia. This unleashes a reign of fear and terror: warlords and self-appointed ‘mayors’ find their way onto the election list of the ruling party, and vigilante elements are given the nod to police certain areas to contain any opposition.

The majority of citizens who are vulnerable and poor are threatened with violence and withdrawal of services, including social grants, if they do not vote for the ruling party. In the run up to the 2019 election, there is a clampdown on the media and the opposition. Journalists and civil society leaders are heavily restricted in terms of what they can say or print. A media tribunal, created after the 2014 elections ostensibly as a “monitor” of the media, is now given legislative powers to adjudicate press coverage and prevent offending editors from operating.

With so little transparency, few trust the results of the 2019 election. The Independent Electoral Commission has been packed with officials sympathetic to the ruling party, the media is restricted in its election coverage and many editors have a sword hanging over their recalcitrant heads.

Hence, the huge majority garnered by the ruling party is not credible to many citizens. Others go further and say that the election outcome is rigged. Yet reporting that the election is “rigged” becomes an offence without “proof” approved by the government. The state broadcaster, which reaches millions more people than the print media, endorses the outcome of the election.

The ruling party has cemented its coalition with local warlords in some areas, and is now more secure in the belief that it can control those outlying areas that have slipped out of its grasp in the past five years.

As 2020 draws to a close, the government response of repression and co-option of elite groups leads to further resistance and unrest. The gap between the leaders and the led widens, while corruption and lack of accountability worsens. Politicians become rulers, citizens become subjects. A spiral of resistance and repression is unleashed, leading to social and political instability and further investor flight. This leads to violation of law and order on the side of the “securocrats” and “shoot to kill” orders to quell unrest. South Africa degenerates into rule by state of emergency; whereby the state and local warlord militias instill fear into the hearts of civilians.

No accord yet in sight for crisis group

Johannesburg,
November 30, 2010

The “crisis group” comprising government, business and the trade unions, was still locked in talks in the early hours of this morning with no agreement in sight about how to deal with the threatened stalemate over 50,000 striking miners from the Midas Platinum Mine.

The “crisis group”, formed in early 2009, to deal with the effects of the global economic downturn, agreed to meet for the first time since talks were scuttled late last year. Talks broke down last October when the unions walked out after refusing the mine’s proposal that miners accept a 25% wage cut in exchange for a job guarantee for two years.

The six-month stalemate has seen a prolonged strike and lock-out. Workers have not been getting wages since January this year.

Until this week, both the mining companies and the biggest union federation, COSATU, have boycotted the regular “crisis groups” talks.

work. Khumalo said government had a duty to create jobs to deal with the growing unemployment crisis, caused by large-scale layoffs in the private sector.

Stellenbosch V-C bows to pressure to go

Cape Town, February 3, 2012

Embattled vice-chancellor of the University of Stellenbosch, Professor Fred Botha, announced his resignation today.

His resignation comes after a year of often violent protests on the campus calling for his removal. Botha believes the call for his resignation was sparked by his affiliation with the Democratic People’s Party, which went head-to-head with the ruling African National Congress in last year’s local government elections in the Western Cape.

“I believe this is a grave infringement on academic freedom,” he said yesterday at a press conference to announce his resignation. “However, I believe that I cannot effectively continue in my position given the lack of support from the Council of the University.”

Commuters stranded after lines bombed, buses torched

Johannesburg, July 5, 2013

Tens of thousands of commuters were left stranded today after the main railway line between Soweto and Johannesburg was blown up, and hundreds of municipal buses torched by irate taxi drivers.

The taxi drivers are protesting against a government plan to increase subsidies to trains and municipal buses. In February, Finance Minister, Ms Qedani Naidoo, announced that R400 million would be allocated to Metro Rail and Gauteng’s municipal buses, in an attempt to make public transport more affordable for hard-pressed commuters.

However, a number of taxi associations, testified before the Parliamentary Finance Committee that such a subsidy would negatively affect their profits. “It is only fair that we should be the only transport on the road,” said Mr Jake Brown, the chairman of the Spotted Hyenas Taxi Association. “Our industry supports thousands of families and provides an essential service.”

Billions more to Public Works

Cape Town,
February 15, 2011

National Treasury will allocate an extra R3 billion to Expanded Public Works Programmes, in addition to the R15 billion allocated in last year’s Budget.

Finance Minister, Ayesha Khumalo, announced this during her Budget speech today.

“We must invest in more roads and more low-cost houses, but most of all we must invest in jobs,” she told the National Assembly.

The Expanded Public Works Programme is expected to create 10 million days of

Public Works Millions Missing

Pretoria, October 24, 2012

Millions of rands allocated to Expanded Public Works Programs have gone missing, according to the Adjustments on National Estimates of Expenditure tabled in Parliament today. Other money is unspent.

The Treasury’s mid-term report shows that more than R100-million allocated to home-based care projects in KwaZulu-Natal has not been spent, and a further R350-million allocated to Eastern Cape road works projects cannot be accounted for.

“This is a problem for the provinces to sort out. It is not our problem,” said a Treasury spokesperson.



Huge rise in social welfare

Cape Town,
February 17, 2014

Government is to increase its allocation to social welfare by nearly 33%, Finance Minister Qedani Naidoo announced today.

This would provide a cushion against rising unemployment, now estimated to be in the region of 37%, up from 24% just five years ago.

The government's much-vaunted Public Works Programmes are to be scaled down.

"They are not working very well," Naidoo conceded in the pre-Budget press briefing. "Not enough work has been created and it is hard to keep track of the money in some of the provinces."

Drug trade finds new avenues in face of state failure

Richards Bay, March 6, 2017

Evidence of a large underground illegal drugs syndicate, which doles out ARVs and antibiotics to people at prices well above the average costs that hospitals charge, has been unearthed in Manguzi in northern KwaZulu-Natal.

Local police, working with volunteers from the Treatment Action Campaign, yesterday raided a makeshift "clinic" near Ndumo. They collected about R5 million worth of ARVs and several other medicines estimated to be worth another R3.5 million.

The "clinic", which operates out of a hut in the middle of the Mbangweni forest area near the Mozambique border, has apparently been selling drugs for nearly two years, according to one local resident interviewed near the site.

The resident, who did not want to be named, said the clinic had opened after the kaNgawanase Hospital in nearby Manguzi began to regularly run out of drugs two years before.

"We know it is illegal, but what else can we do? Many of the people here have AIDS and it is the only way we can get the drugs," he told a reporter.

Drugs run dry in Mpumalanga clinic

Nelspruit, March 11, 2015

Hundreds of people left a clinic at Siyabuswa empty-handed today after clinic staff told them that the anti-retroviral drugs they had come to collect had not arrived from Pretoria.

About 500 people infected with the AIDS virus attend the Siyabuswa clinic weekly to collect the drugs. This is the third time in the past six months that the drugs have not been available.

"I have been waiting here for 12 hours. I am sick, and standing in the sun is tiring," Mr Simon Sibanyoni told *These Days*.

The Treatment Action Campaign (TAC), which has been monitoring delivery of drugs around the country, said today that this was the fourth provincial clinic that had run out of ARVs in the past four months. ARVs have to be taken regularly to be effective. "Many people's health has now been seriously prejudiced," said TAC spokesman Vusi Sithole. "This shows an outrageous lack of compassion by government."

No one from the Mpumalanga provincial department of health was available for comment at the time *These Days* went to press.



Three dead in battle over “tax”

Polokwane, July 23, 2017

Three people were killed yesterday in Sibasa and their houses razed to the ground in ongoing community battles that have plagued this northern Limpopo village since last year.

The victims have not yet been officially identified. However, it is believed that they are among a group of villagers who refused to hand over an informal tax earlier this year to the “Committee of 10”, a shadowy group that has set itself up in opposition to the local council.

The “Committee of 10” claimed a few months ago that it was helping residents access basic necessities such as water and transport. However, disgruntled but frightened residents have claimed that the Committee dispatches armed men every month to collect a “tax” from residents. They say the Committee has dug boreholes and some pipes have been laid. Several Committee members also own and run taxis in the area.

In March, a group of about 100 residents marched on the local council offices demanding an end to the informal “tax” and demanding more protection from police.

The three residents who were killed in yesterday’s attack are believed to have been among the organisers of the protest that took place in March.

Big Victory Claim by Ruling Party

Durban, 3rd May, 2019

The ruling party won an overwhelming victory in last week’s elections, it has announced.

The claim comes amidst protests from opposition parties who claim the election in several areas was rigged.

However, in terms of the Electoral Coverage Amendment Act of last year, this newspaper is unable to report further details.

35 gunned down in jobs protest

Durban, April 2, 2020

Police opened fire yesterday on thousands of protestors who gathered outside the President’s holiday mansion in Umhlanga Rocks, killing at least 35 people and injuring hundreds.

The President was not there at the time. He is believed to have been in his private apartment in Sandton, Johannesburg.

The protests follow widespread riots around the country in protest against lack of jobs and lack of service delivery. In some areas, water has been cut off. In others, notably southern KwaZulu-Natal and Mpumalanga, hundreds have died of cholera because of the collapse of the sanitation systems in those areas.

The protests took place in defiance of an edict issued by government last month banning all outdoor meetings.

A spokesman for the Presidency declined to comment.

SUMMARY: SCENARIO 1: WALK APART

YESTERDAY, TODAY AND TOMORROW ARE THE SAME: 2009 – 2011	TINKERING AROUND THE EDGES: 2012 – 2014	THE SHADOWS LENGTHEN: 2015 – 2017	RULE OF THE STRONGMAN: 2018 – 2020
<ul style="list-style-type: none"> • Ruling party retains majority. • Global crisis leads to declining investment, growth and tax revenues. • Crisis pact between government, labour and business fails. • Government expands the Public Works Programme to create jobs. • Citizens get restless and government increases social grants. 	<ul style="list-style-type: none"> • Cronyism and corruption in government appointments and tenders. • Education and health care deteriorate. • Rift between government and citizens. • Government increases social grants and civil servant pay: social grant recipients now outnumber taxpayers. • Ruling party wins elections with reduced majority. 	<ul style="list-style-type: none"> • Crime increases: private security guards outnumber police 3 to 1. • Criminal justice system becomes more inefficient because of cronyism and corruption. • Unions lobby government to increase the minimum wage. • Investment shrinks further; unemployment grows. • Service delivery fails; alternative modes of delivery develops and shadowy forces become more powerful. 	<ul style="list-style-type: none"> • The cracks widen; budget deficit balloons; delivery worsens. • Elites buy their way out and poor people lose patience. • Gangs, self-appointed mayors and taxi associations rule local areas. • “Strongman” wins election, outcome contested. • Protests spiral and government declares state of emergency.



SECOND SCENARIO

WALK BEHIND

This is a scenario where the state assumes the role of leader and manager. State planning and co-ordination are seen as central mechanisms for accelerating development and delivery to citizens, especially poor, unemployed and vulnerable people. The ruling party argues that strong state intervention in the economy is in accordance with global trends, and the electorate, concerned about the impacts of the global economic crisis, gives the ruling party a powerful mandate. Strong state intervention crowds out private initiative by business and civil society. The risks of this scenario are twofold: one is that the country accumulates unsustainable debt; the other is that the state becomes increasingly authoritarian.

This scenario is predicated on strong state leadership that develops the necessary confidence to lead, direct and set the terms of development. The state steps in to fix the “leaking boat”. However, over time business increasingly withholds investment, while citizens become complacent and apathetic expecting the government to deliver all. When the state has to turn to multi-lateral financial institutions in 2020 to fund its budget deficit, this portends potentially dire consequences. State autonomy and legitimacy are seriously undermined.

STATE PLANNING TO ACCELERATE DEVELOPMENT: 2009 – 2011

It is 2009 and the ruling party is returned to power on an election platform of accelerated delivery to citizens, especially poor, unemployed people. The post election mood in the country is upbeat – the electorate is buoyed by the election outcome. The new government is faced with pressure to deliver to its constituency. However, the global economic crisis is making itself felt: investment is slowing and growth is the lowest it has been since the dawn of democracy.

The ruling party advocates for stronger state management of and investment in the economy for two reasons. One is that global evidence has shown that unregulated markets are disastrous. The other is the failure of the private sector to create sufficient employment or to increase the competitiveness of South African industry.

Governments worldwide, even of developed market economies, have intervened since the advent of the global crisis in 2008 to rescue nationally important industries and jobs. In South Africa, the government argues that something different is needed from state intervention. The intervention may throw a lifeline to some employment-intensive industries in the short term. More importantly however, it must fundamentally change the underlying structure of the economy to create new jobs and eradicate poverty. The government believes this is best done through large-scale infrastructural investments.

Government therefore decides to increase state investment in large-scale infrastructural projects that it hopes will position South Africa globally. Some, such as the Pebble Bed Modular Reactor, had been mooted before but had waned in popularity. They are resuscitated. Others, such as large aluminium smelters, are new projects. Government hopes that it can leverage private sector investment in these projects by persuading business that such investment will build a stronger, more stable economy.

The new government also prioritises what it calls “development objectives” and introduces a series of state-led interventions, with an emphasis on state planning and co-ordination. A group of “Super Ministers” is appointed to direct and hold responsibility for key clusters. Government departments are required to co-ordinate activities so that when, for example, the department responsible for industrial strategy detects a potential skills shortage in a particular sector it can alert the education sector to this.

Government prioritises the building of state capacity by recruiting key technical, economic and planning experts and boosting the training capacity of the government-run civil service institute. Industrial strategy becomes a centre-piece of government’s economic strategy, with tax incentives awarded to industries that demonstrate their international competitiveness and to those that provide over a certain number of jobs.

In 2010, the national mood is upbeat in spite of the global recession. South Africa successfully stages the World Cup and the tourism and infrastructure dividend relieves some of the pressure on the economy. Many citizens are also buoyed by the increased focus on land reform, poverty eradication, social delivery and

job creation. The government's announcement in 2011 of a major increase in the Expanded Public Works Programme to upgrade infrastructure is well received. Although the Public Works' projects, which include roadworks, home-based care programmes and the construction of low-cost housing increase the quality of life for many communities in terms of job creation, this provides only temporary relief.

DISPELLING DARK CLOUDS: 2012 – 2014

By 2012, the global crisis has constrained growth prospects further and the private sector is not investing. The government is in danger of losing support in its own constituency as job losses mount; it is forced to cast the social welfare net even wider. For poor people, very little if anything has changed since the previous administration, and conditions have especially deteriorated for those affected by the wave of retrenchments that began in 2009. To garner business support, the state re-commits itself to a mixed economy to try to bolster private investment and obtain support for government interventions to deal with the economic crisis.



Government is committed, in terms of its electoral manifesto, to increase social grants and to continue spending heavily on education and health. However, there is no noticeable improvement in the provision of skills for the economy, or in health or education performance. This deficit in education, health and skills has a detrimental effect on economic growth rates, as well as on the economically active population and social cohesion.

An increase in social grant payments and other social expenditure, as well as overruns on the World Cup budget, all contribute to a significant increase in the budget deficit. Borrowing is more expensive but necessary because tax revenues have again failed to meet their target due to lower levels of private sector investment.

Government decides that the only solution is to markedly increase its role in the economy and to try to take business along with it. As the 2014 election nears, government embarks on a two-pronged strategy. It outlines this strategy during the ruling party's election campaign. One prong is to invest even more heavily and directly in the economy. The other is to persuade key sectors in society, including its allies in the labour movement, that they need to make certain sacrifices in the interests of longer-term development.

In early 2014, government convenes a National Economic Summit which leads to a Growth and Investment Accord. The trade unions in the public sector commit themselves to performance contracts and more efficient and cost-effective delivery. Executives and highly paid professionals are persuaded to accept salary restraint and higher tax rates so that borrowing can be contained. Business agrees in principle to increase investment in infrastructure projects – voluntary investment will stave off the ever-present threat of prescribed assets. Labour for its part agrees to greater labour market flexibility in return for job protection in the short term. All parties to the accord have to trade off short-term sacrifices for longer-term gains.

Executives in state-owned enterprises are told their salaries will be cut; the marginal tax rates increase significantly so that highly paid professionals and executives in the private sector contribute more to the fiscus. This, reasons the government, will help contain borrowing.

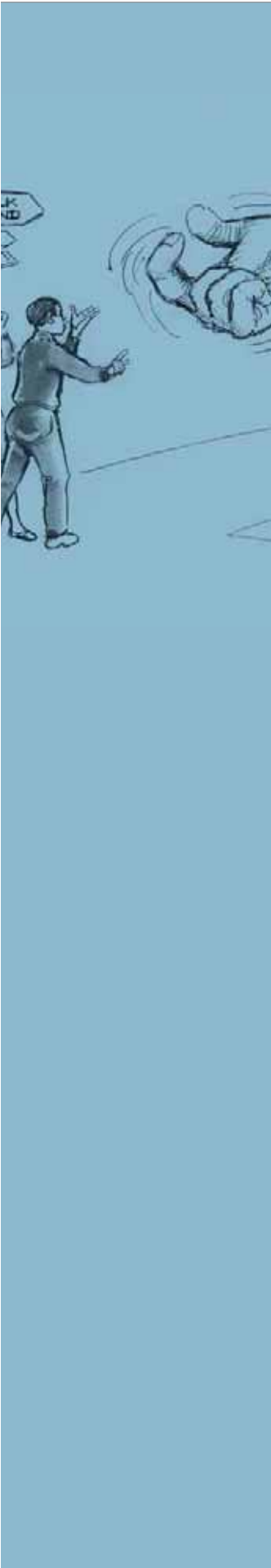
The ruling party actively campaigns for a stronger state, which, it promises the electorate, will take greater control of the economy and create more jobs. Organised labour and key civil society organisations fall in behind it.

The 2014 election sees a consolidation of the 'pro-poor' agenda as the ruling party becomes more strident in its demand for redress and redistribution. This finds resonance with the majority. The thrust of its election campaign revolves around holding the market economy responsible for the country's woes. The party is returned to office with a comfortable majority and obtains a stronger mandate to restructure the economy.

THE STATE BACKS WINNERS; OR IS IT LOSERS?: 2015 – 2017

After 2014, government accelerates its large-scale infrastructure programme to stimulate economic development. The expansion of rail and ports is prioritised and new lifelines are also provided to state-owned enterprises, including productive and unproductive state assets such as Eskom, Telkom, Transnet, Denel and SAA among others. Government calls for private pension fund investment in these projects, warning that it will introduce prescribed investments if 'voluntary' private sector investment is not forthcoming. Wary of borrowing too much on international markets, it also decides to borrow more from the government pension fund.





As the projects take off, the ongoing skills shortage is felt more acutely. Improvement of the skills level and of education is prioritised. Scarce skills and artisan training is accelerated and technical colleges are de-mothballed. The government turns to development co-operation agreements with other countries to draw the international skills required for the projects.

By 2016, the projects are still not making a significant dent on unemployment and poverty – they have long lead times and many of them are capital-intensive. And by late 2016, the projects are yielding mixed results. Some are succeeding but others are proving to have been dubious choices – rather than “choosing winners”, as it intended, the government has chosen losers – and several projects are failing. They require more and more resources to be pumped into them.

The government now decides to introduce prescribed asset requirements, despite strong opposition from the private sector.

SHORING UP THE BASE

To maintain support among its own base, the government turns, belatedly, to improving the quality of its social service delivery. The lack of focus on the quality of services, because of its concentration on economic intervention, has left it vulnerable to criticism from all quarters. The quality of social service delivery has been, at best, uneven. Government now seeks to address this through its Co-ordination and Planning Department.

Government departments are directed to deliver social returns on their expenditure. Tougher action is threatened against civil servants who do not deliver.

The Department of Education embarks on a renewed campaign to mobilise parents in the interest of development and to pressure teachers to re-commit themselves to their profession. There is active intervention by the government to equip schools with libraries, laboratories and computers. Funding to teachers’ and technical colleges is increased to meet teacher and skills shortages.

By exercising tight control of the management of health services, and mobilising citizens behind preventative programmes, as well as providing effective treatment programmes, government attempts to eradicate the scourge of TB and HIV/Aids.

In 2016, there is a renewed focus on urban and rural reform, including an increased role for subsistence farmers to improve food security in the rural areas. To transfer land more speedily, government abandons the “willing buyer-willing seller” principle. This causes jitters in the market place. It also makes tranches of state land available to support black communal farming. Land tenure patterns in traditional areas are also reformed so that successful farmers can produce a surplus. However, this proves to be too little too late as the earlier over-emphasis on industrialisation takes its toll.

Despite the populist rhetoric, inequality continues to widen. With its eye on the next election, government embarks on a renewed ‘redistributive social justice’ campaign to reduce inequality, and resorts to stricter BEE requirements for government contracts, including favouring employee share ownership in companies and farms. Tax policy becomes a more proactive instrument of redistribution as higher taxes support state investments, social grants and poverty eradication programmes.

In 2017, two years before the national elections, government makes a concerted effort to clear the backlog in public housing and to improve public amenities in poorer urban areas. This helps to boost the Expanded Public Works Programme, which has been allocated steady increases in funds in each new Budget since 2009.

Government takes a stronger stance of zero-tolerance towards crime. The capacity of the security and criminal justice system is strengthened as the state becomes more assertive and aggressive. Crime is reduced through tough measures, including more tolerance of a “shoot to kill” policy on the part of the police and the private security industry is tightly regulated. Citizens of all social groups condone the actions of a strong government.

THE TIDE TURNS: 2018 – 2020

But a year later in 2018, the situation is dismal. The use of prescribed investments of public and private pension funds has alienated the private sector and public sector employees, who fear that their savings and pensions will decline in value. Private sector domestic and foreign direct investment has all but dried up. The economy stagnates.

As a result, the government is forced to maintain social grants and UIF support at high levels to neutralise the threat of impending food riots. It can ill afford to do this. It borrows more money on the international markets but it has now reached a point where it is borrowing simply to fund the interest repayments. The proportion spent on interest in the Budget is about the same as that spent on education. It needs to find another source of borrowing.

Notwithstanding its rhetoric of independent development, government is forced to consider borrowing from multi-lateral financial institutions to maintain state industries and fund its budget deficit.

However, in spite of the IMF’s more flexible lending regime introduced at the start of the economic meltdown in 2009, it still imposes restrictive conditions on countries to which it lends. One of those conditions is that it is highly selective about which state-owned enterprises it supports; another is that it opposes expenditure on non-conditional social grants. In this way, the IMF and World Bank are able to dictate to the government what its spending priorities should be, and generally these do not include large state-owned enterprises.

Because of these restrictive conditions, and with elections imminent, government decides to hold off on borrowing from the IMF or World Bank and seeks instead to raise the required revenue through international bond issues. It is successful, but only at a much higher interest rate as the credit ratings for the country have decreased. This forces government to raise the deficit more than it has budgeted for.

The ruling party enters the 2019 election confident about its mandate, but worried about how it will finance social delivery. Until 2018, the government has managed to keep its constituency neutral, if not happy. However, it has alienated the private sector and it is increasingly unable to finance its spending and investment programmes. Nonetheless, government is still buoyed by the support of the trade unions, as well as the land and civic movements, which have benefited from more aggressive land reform and urban development. The unions see the post-2019 elections period as “payback time” for the wage restraint and flexible labour market policies they agreed to under the 2014 social accord.

The election campaign of ‘Growth and Redistribution’ manages to secure the support of the majority of citizens, while the middle classes acquiesce, somewhat bought over by the reduction in crime and social instability. Opposition parties continue to squabble; they remain divided and fractured and fail to form an electoral pact. Thus in 2019, the ruling party is returned to power, albeit with a reduced majority, as a result of greater voter apathy and citizen complacency.



STRUCTURAL ADJUSTMENT – WHO WOULD HAVE BELIEVED IT?

However, as 2020 draws to a close, the tide has thoroughly turned. After four years of declining investment, budget deficits, mounting indebtedness and murmurs of discontent, government is finally forced to apply for a full IMF conditional loan, which includes a structural adjustment programme, at the expense of its constituency. Government is given little choice but to more speedily reduce the budget deficit, reduce the size of the public sector, institute large-scale civil service reform, including massive retrenchments, cut social grants and privatise large parts of the economy.

By 2020, unemployment and poverty begin to rise and murmurs of discontent and pockets of civil unrest increase. The cosy relationship between the state and trade unions begins to falter and government resorts to deploying the security forces to re-establish law and order.

The dream of a strong state that delivers socio-economic benefits to its people is deferred. That dream pivoted on a substantially strengthened state capacity and a highly professional civil service, and the ability of the state to leverage the necessary technical expertise, resources and capital to engineer development.

However, as this scenario unfolds and draws to an end, it reveals high state involvement amid continuing state incapacity in critical areas of delivery; leading to aggressive rather than confident intervention. The private sector and middle class are alienated. Citizens who were initially supportive of state intervention later become acquiescent and then, towards 2020, are angry that delivery has to be cut back. Unrest flares up and a hard-pressed state harshly suppresses these protests before they can spread.

The greatest risk of this scenario is that the state descends into authoritarianism. It cannot muster the support it requires from business or civil society, and has to rely on authoritarian methods to compel compliance. This is particularly the case when the government borrows imprudently either to invest in the economy itself or to deliver social services to its constituents, and then falls into a debt trap. Once it is forced to retrench civil servants and cut back on social grants because its debt makes it dependent on the dictates of multi-lateral financial institutions, it has to heavily suppress the social unrest that results.

Key Ministries to report to DP to fast-track skills development

Pretoria, October 12, 2010

The Super Minister's Council has announced that the Deputy President will take responsibility for ensuring that there is tighter co-ordination between the home affairs, industrial strategy and education departments.

From next week, those ministers will report directly on a weekly basis to Deputy President Andrew Overdrive, who is responsible for overall state planning and co-ordination.

Announcing this at a Cabinet briefing, Drive said it was clear that Home Affairs was not processing applications of skilled immigrants quickly enough, and that the education department, in spite of an improvement in the rate of matric passes, was not producing enough science and maths graduates.

"The problem is these departments are not talking to each other in a productive way," Overdrive told the briefing. "We have hundreds of engineers and teachers who are still waiting for Home Affairs to process their papers, and

business is complaining that they cannot find sufficiently skilled people in the country."

The skills shortage is also believed to be affecting large state-owned enterprises (SOEs), such as the Coega harbour development, the Pebble Bed Modular Reactor, and Eskom. Last year, Cabinet committed to ploughing resources into these SOEs to try to kick-start the ailing economy, which has shed more than 250,000 jobs in the past year.

Massive boost for PBMR, Eskom

Pretoria, January 20, 2011

Government is to pump more than R10 billion extra into the Pebble Bed Modular Reactor next year, and more than R15 billion into Eskom.

This was announced today after the annual Cabinet lekgotla. The R10 billion will be over and above the R22 billion already spent on the PBMR.

Although the PBMR is still not operational, a spokesman said government believed it was a project that could provide South Africa with a cutting international edge in technology in the strategic energy sector. "South Africa owns the intellectual property rights to the PBMR technology so we can sell it worldwide when it comes on-stream," he said.

However, critics have pointed out that the PBMR has consumed vast amounts of the Budget since 2007 and is yet to show any returns.

Social grants, UIF get big boost in budget

Cape Town, February 9, 2012

Social grants and the Unemployment Insurance Fund are to receive a major boost this year, the Minister of Finance Johnson Cwele announced in the Budget speech today.

Expenditure on social grants will rise from R118.5 billion to R120 billion this year and R125 billion over the medium term. It is expected that 15 million people will receive social grants this year, rising to 17.5 million by 2015.

Expenditure on the Unemployment Insurance Fund is expected to rise to R9 billion this year – a massive increase of nearly 50%. Revenue in the UIF pool is down from R15 billion last year to R10 billion this year.

The sharp increases in both social welfare and unemployment insurance are due to the large increases in unemployed people laid off last year because of the current recession.

Cwele predicted that unemployment may worsen this year as indications were that there had been a sharp drop in domestic and foreign investment.

Breakthrough accord on economy

Pretoria, May 2nd, 2014

In what has been hailed as a breakthrough, a new accord has been reached between government, business organisations and the trade unions.

The three-day long National Economic Summit ended late last night with parties agreeing to sign the pact, which will be known as the "Growth and Investment Accord".

The essence of the pact is that business will commit more savings to investment and will not implement job-cuts in the next year, if unions agree to a wage-freeze in the same period.

Government also wanted business to invest in some of the larger state-owned enterprises such as Denel and the Pebble Bed Modular Reactor. However, no agreement was reached on this.

A spokesman for the Summit said talks would continue on this point later in the year.

Business outcry over prescribed assets

Johannesburg, July 17, 2015

Business organisations today sent letters of protest to the government objecting to the proposed Bill on prescribed investments.

The Bill, due to be debated in Parliament when it resumes in September, will compel private retirement funds to invest a certain proportion of their capital into government-designated industries.

These have not yet been stipulated, but among them are believed to be the Road Construction Program, announced in last year's Budget, the Pebble Bed Modular Reactor and Eskom.

"It is critical that we build our infrastructure," said a government spokesman at the post-cabinet briefing this week. "The market is always reluctant to invest in big-sky projects. We need the investment, and the time has come for the government to harness that investment."

Business, however, is concerned that the returns on private pension funds will be severely compromised if fund managers do not have the discretion to invest contributors' funds at the best possible return.

Unions threaten clash with government over performance plans

Johannesburg, June 1, 2017

The largest trade union federations in the country have vowed to oppose government's plan to introduce performance management for civil servants, as well as the idea to impose a wage freeze next year.

The unions say that strict performance management, of the type spelt out by Public Administration Minister, Ms Yvonne Ebrahim, is a violation of the rights of workers and could well be used to victimise union members.

However, government is adamant. "Our education system is not performing. We are not turning out the skills that we need," said Ebrahim at a briefing yesterday. "Our teachers are clearly not doing their jobs."

But unions have threatened a massive tools-down throughout the country if the performance management system of the kind the government has proposed is adopted.

This is approximately what it was in 1994, indicating a sharp drop of confidence in the future of the country.

The proposed deficit is likely to fuel interest rates – currently standing at 15.5%, up from last year's 14%.



Police, residents in battle over social grants

Dutywa, August 3, 2020

Angry residents of this Eastern Cape town blockaded the N2 for about 10 km in both directions today, severing the national route, as they burned tyres and stoned passing cars in protest at the cut in social welfare grants.

Police battled to contain the conflagration, which destroyed the tar road, as well as public buildings and schools in the area.

The residents are protesting about the 50% decrease in the amount of the social grant from this year. The decrease was announced by the government in February.

It is a condition of the loan it has taken from the International Monetary Fund of US\$10 billion.

The government announced after the May elections that it would have to take the loan because the deficit had climbed to 9%. Investment has also fallen off sharply and unemployment has increased from 19% to 24% in the past two years.

The government is also to stop all Public Works Programmes from next year as part of the conditions that the IMF has set for the loan. This is expected to further increase unemployment. About 1.3 million people are currently employed in the Public Works Programmes.

The Dutywa protest is the third of its kind in small towns across South Africa in the past three weeks.

New bid to recruit skills

Cape Town, February 10, 2016

Government will embark on an aggressive recruitment strategy for nuclear physicists and engineers for its PBMR and related energy projects, the President announced today.

Speaking in his annual State of the Nation Address, President Selloa Khotso said the projects had not yet met expectations because of a shortage of the necessary skills to run them.

The PBMR, now ten years old, is yet to begin producing energy. From this year, the Prescribed Investments Act, passed last year in the National Assembly, will force pension funds to invest 30% of their capital in the PBMR.

Budget deficit at highest point since 1994

Cape Town, February 15, 2018

The Budget deficit is to increase to 5.7% this year, the highest in the era of South Africa's democracy.

Announcing the annual Budget yesterday, Finance Minister Johnson Cwele said the deficit was necessary to fund the increased numbers of people on social welfare grants and on government's own investment and development strategy.

The number of people on social grants has increased from 16 million last year to a projected 19 million by the end of this fiscal year.

The deficit announcement comes at a time when private sector investment has fallen from 25% of GDP to less than 16%.

SUMMARY: SCENARIO 2: WALK BEHIND

	ACCELERATING DEVELOPMENT: 2009 – 2011	DISPELLING DARK CLOUDS: 2012 – 2014	STATE BACKS “WINNERS”: 2015 – 2017	THE TIDE TURNS: 2018 – 2020	
	<ul style="list-style-type: none"> • Ruling party retains majority. • Global crisis means declining investment, growth and tax revenues. • Government commits to continued investment in large infrastructure projects. • Government boosts state capacity through greater coordination and training. • Expanded Public Works Programmes create more unskilled jobs. 	<ul style="list-style-type: none"> • Job losses mount as global crisis bites harder; government spreads social welfare net. • Government increases tax rates, freezes civil service wages. • National Economic Summit results in Growth and Investment Accord. • Election campaign run on “pro-poor” platform. • Ruling party victory taken as mandate for even stronger state intervention in economy. 	<ul style="list-style-type: none"> • Government accelerates large-scale infrastructure programme to boost development. • Government feels skills shortage as it tries to develop key high-tech SOEs – “winners”. • Improvement of skills through better education and artisan training is prioritised. • Some “winners” become “losers”, with heavy costs to the fiscus. • Prescribed asset laws force private investment in large projects. 	<ul style="list-style-type: none"> • Prescribed asset laws alienate business: investment contracts and unemployment worsens. • State borrows at high interest rates to fund growing deficit. • Election run on “Growth and Redistribution” ticket. • Country gets IMF loan conditional on sharp cut-back in state expenditure. • Widespread discontent and protests: government cracks down. 	



T H I R D S C E N A R I O

W A L K T O G E T H E R

This is a scenario of active citizen engagement with a government that is effective and that listens. It requires the engagement of citizens who demand better service delivery and government accountability. It is dependent on the will and ability of citizens to organise themselves and to engage the authorities, and on the quality of political leadership and its willingness to engage citizens. It entails a common national vision that cuts across economic self-interest in the short term. This is not an easy scenario. Its path is uneven – there is robust contestation over many issues and it requires strong leadership from all sectors, especially from citizens.

In this scenario, citizens actively organise to force government to be more accountable. This organisation is triggered by the impacts of the global economic crisis and internally by a shifting balance of forces in politics and government after the elections in 2009 and a significantly different balance after 2014. Its major driving force is community and citizen organisation – a plethora of voices raised in local communities that spread across the country.

THE BLEAK YEARS: 2009 – 2011

The 2009 elections have come and gone. The ruling party retains an overall majority and confidently asserts its mandate to govern. The effects of the global economic crisis are an immediate constraint. Growth has slowed to well below 2%, leading to retrenchments and a contraction of consumer spending.

The “crisis pact” between government, business and labour, initiated in 2009, continues to operate but with difficulty. The relationships between the three are plagued by trust deficits. They struggle to arrive at a common vision of social good. The unions and business, for instance, cannot agree on whether promises of job retention should be matched by a wage freeze, or short-time arrangements. The unions point out that the wages of their members support large numbers of dependents; business, particularly the mining industry, insists that its margins are now so low that in some mines it is costing them more than they take out in profit simply to keep them operational. The government, for its part, promises that it will continue to fight poverty through its programmes of social grants, improvement of infrastructure and increased provision of services such as water, sanitation and electricity. But delivery is slow, and although the presidential imbizos continue with the enthusiastic participation of both government and local communities, the promises made at these imbizos are frequently not kept because of worsening capacity constraints at national, provincial and local government levels.

By 2011 the situation is bleak. Everyone had expected a tough few years, but no-one realised how hard they would be. The memories of the boost in economic activity in the early years of the century have faded. South Africans are confronted with an economy that is now stagnant. Even the tourism and infrastructure impetus that the 2010 World Cup gave to the economy has faded. The dividend has been paid.

Thousands of miners have been laid off as commodity exports have shrunk. The fiscus has been stretched beyond its limit to pay out unemployment insurance and social grants, and all the while revenues have continued to shrink. And now three major automobile manufacturers, major exporters, have announced that they will struggle to keep open because of declining export orders.

CITIZENS DEMAND MORE: 2012 – 2014

Constrained by tough economic circumstances and hampered by incompetent delivery, the ruling party is hard-pressed to maintain its clear majority in the 2014 elections. Voters return it to power, but with a reduced majority.

Before the election, a spate of community meetings signalling dissatisfaction over community issues sends a clear signal to the ruling party. The slogans and songs that dominate these meetings are a visceral reaction to increasing reports of corruption and higher tolerance of it among senior members of government. The ruling party gets the message. In response, it actively promotes election candidates with a clean track record on corruption and with better records on delivery.

But citizens want more. A plan ripples through the nation for a national citizen's charter to be drawn up.

Its seeds were planted in 2012 when the public's attention was captured by a wave of spontaneous demonstrations by KwaZulu-Natal residents angry and dissatisfied with the standard of healthcare. It was one of those moments in a nation's life when the unexpected happens. The protests caught fire and news spread quickly through the country. Eager to avoid a show-down at a time when the economy was so weak and in a bid not to scare off investors, government called on citizens to form citizens' healthcare groups with which it could work. By 2014, these groups are active in almost every province and are making their mark. Distinct improvements in government healthcare delivery begin to reveal themselves. The "citizens' movement" soon spreads to other sectors, including education.

By the 2014 election, healthcare and parent-teacher groups have spread throughout the country. As politicians start drafting their election programmes, the citizens' groups begin, in parallel, to draft "citizens' charters" that they present at every election meeting. Politicians are no longer able to simply visit communities to present their election manifestos. Now, instead, they are compelled to listen as local communities present their charters to them. And voters are more discerning at the polls.

The government elected in 2014 comprises a weakened ruling party that forms a tactical alliance with another party that has strong support in two of the nine provinces. There is a realisation now among politicians that their future, and the future of the country, depends on not only the will but on the capacity to effect better delivery and to promote economic growth.



A SOCIAL PACT EMERGES: 2015 – 2017

It is still not an easy time economically. The global economy has begun a turnaround and growth has begun to tick up in South Africa, but not sufficiently to ameliorate the social impacts of job losses and the fiscal constraints placed on social service delivery. The quality of service delivery has also not universally improved. Unemployment and poverty has deepened in both urban and rural areas, sparking growing food riots and generalised flare-ups.

Government realises that it cannot navigate the challenges on its own. Already, it is having problems maintaining the current levels of service delivery and infrastructure. The government advocates a national social pact to begin to address the deep structural challenges, which are now even more acute. It calls on organised labour, business and civil society to contribute to solutions. Again, the localised citizen-charter movement makes its mark and it is agreed that a charter of citizens' rights will be placed at the heart of the pact.

Thus a "citizens' charter" is born.

The social pact spans key areas of social delivery and tackles core economic challenges.

TOWARD AN EDUCATED, HEALTHY AND SECURE NATION

In education, for example, business is asked to work more closely with the education department to help develop the skills the economy needs. In this way, under-equipped schools are identified and plans to provide science laboratories, libraries and better ablution facilities are drawn up for the most poorly equipped schools. This, together with better monitoring of teachers, will pay dividends within just three years. Government now actively encourages parents' associations and school governing bodies to work with and monitor teachers' performance. The union movement also undertakes to put children's education first by encouraging better training for teachers and insisting that their union members focus on improved performance and attendance at schools.

As an experiment, some public schools are even run as public-private partnerships. Government pays private companies to ensure that schools are properly equipped and maintained so that "when the principal and teachers walk into a school they can focus only on teaching."

Skills development is actively continued beyond school. By 2016, the SETAs have gone. Business invests instead in an apprenticeship programme that runs alongside, and in conjunction with, colleges. Required and scarce skills are developed in consultation with the private sector.

The realisation that skills can enhance economic growth pushes government to substantially improve its immigration policies, cutting bureaucracy and red tape to attract the skills the economy needs.

In 2017, the matric pass rate increases to 70% and the number of science and mathematics passes increases three-fold. More students are now entering universities and both government and business are offering generous bursaries for the study of science, mathematics and engineering.

Youth unemployment has remained a problem since 2009, even though there have been more jobs available in the skilled sector. Through negotiation, a youth wage subsidy, where government subsidises the wage for first-time workers between the ages of 18 and 25, is adopted. The unions were initially hostile to the idea, as they were to the idea that labour laws should be relaxed to allow firms to give young workers their first jobs. But now they see how this initiative is welcomed by tens of thousands of young people and their parents, because they at last have an opportunity to enter the formal economy.





By 2017, there are far more young people with the requisite skills who are poised to enter the labour market. Similar co-operation arrangements are forged in other areas such as healthcare and crime-fighting.

TACKLING RURAL POVERTY

Rural poverty is also addressed when government encourages the private sector to form partnerships with black farmers and new land-owners in rural areas. These range from equity deals in sugar estates and game farms, to small-scale training of new farmers by established farmers. Some of the programmes began in the previous decade: a project to link black cattle farmers with markets in the Amathole district, for instance, has been actively supported by some of the established white farmers who provided training on how to raise cattle on veld and feedlots. This project is expanded to include more areas in the Eastern Cape where ownership of cattle is high, but realisation of their value low. Government holds this up as an example for other areas of how land can and must be turned into a productive asset.

A PROFESSIONAL CIVIL SERVICE

South Africa's leaders in government, the private sector, the unions and civil society also work hard to build a sense of nationhood and pride. They acknowledge that a key ingredient of growth is the development of a professional civil service. The time has gone for civil service appointments to be used as rewards for political loyalty. The civil service is now representative of the population, so the affirmative action policy is dropped and skilled members of minority groups are actively recruited back into public service. This helps to reinforce a sense of "one nationhood".

FOCUS ON SUSTAINABLE JOBS

Short-term "survival" agreements struck during the worst of the global economic crisis are re-negotiated as a jobs pact: government agrees to improve infrastructure and maintain investment confidence; the private sector focuses on investments that will create sustainable jobs; and the unions agree to wage restraint and a flexible labour market in the short term.

Although government maintains its investment in key areas of the economy, such as Coega and Transnet, it does not expand these, focusing instead on delivering the core public goods it is accountable for: education, health, and safety; this with the support of business, the trade unions and citizens. Government does, at the behest of small business and the unions, strengthen and maintain a regulatory framework that ensures competitiveness in the economy, protects consumers and the very vulnerable, and enforces high tax compliance to ensure a reliable revenue stream.

The government acknowledges the role of external expertise in the development and implementation of policy. As in some other countries, think tanks, academics and outside experts are an integral part of policy development.

Investor confidence is buoyed by stable, co-operative governance and by the government's support of prudent fiscal and monetary policies. By 2017, a combination of state and private investment has created new jobs and increased investment in infrastructure.

BUILDING A NATION: 2018 – 2020

Continuing reports of corruption in some areas of government prompt citizens' groups to begin actively campaigning for electoral reform. Voters want politicians to be directly accountable to them, not to their political principals.

In 2018, legislators in opposition parties bring a bill to Parliament to reform the electoral system. Parliament deadlocks and the bill is referred to the Constitutional Court. Citizens' groups join the application, arguing that the right to political representation is infringed by not having legislators directly accountable to people living in various areas. The Constitutional Court directs Parliament to revise the Electoral Act to allow for direct representation of voters, together with a proportional representation system.

In the election of 2019, for the first time since the dawn of democracy, voters can now vote for their own constituency representative at national level, while voting for the political party of their choice at provincial level. By an Act of Parliament the newly elected MPs are made accountable for constituencies. Now, citizens hope, MPs in touch with their constituencies can bring incipient problems to the attention of local and provincial government, the first line of delivery for the key social services. And MPs become directly accountable for delivery in their constituencies.

SUCCESS OR FAILURE?

The success of this scenario depends crucially on effective citizens' organisations and pressure on government to deliver. It depends too on an approach to governance that places value on building relationships between various sectors. It is driven by a balance of forces in society where no one sector is dominant. It depends on enhanced state capacity and stronger accountability structures that force the state to focus on delivery rather than on political favours.

This is not an easy path. It is contested and uneven, and there are flare-ups. If citizen groups are resuscitated and strengthened they must organise themselves, as they did during the anti-apartheid struggle, but behave in a very different way. This is not about making South Africa "ungovernable". Crucially, it is about making South Africa more governable. It is about working with the state to make it more responsive and accountable; it is about making democracy work. If pressure collapses into violent protest that does not build organisation, it can become a destructive force.

The outcomes of this scenario are open and are vulnerable to manipulation by stronger actors. It is difficult to build a sense of nationhood, and failure to agree or deliver could exacerbate social and racial tensions. If this scenario becomes simply an "elite pact" between the organised sectors of society – such as business, the trade unions and major civil society groups – it will further marginalise poor and unemployed people.

Of course, citizen engagement can result in good or bad outcomes. Populist leaders ride on the back of grievances and get elected, and short-term measures that appear popular can have damaging long-term effects. If democracy continues, though, citizens get a chance to reverse their mistakes. But the damage done in the interim can be severe.

Even if agreements between social partners are eventually reached, this is a cumbersome way to effect social delivery. Decisions can be slow to be made and slow to be implemented. This scenario is about active engagement, not only between the already strong sectors of society, but crucially between the citizenry and the state. Diversity and the need for collaboration might make the compacts ineffective or worse, because energies are diverted from strengthening the capacity of the state. If strict time limits are not set for the delivery of certain goals, the capacity to deliver becomes weaker, not stronger.

*“This scenario could translate into a stagnant state.
It presupposes an independent, professional civil service.
Is there the capacity for this given our political immaturity?”*

Key to this scenario’s success is visionary leadership, a committed civil society and a far-thinking private sector. It is a scenario where multiple centres of power need to deliver and be held accountable.

“We need to define the nature of the three centres of power in a well-functioning postmodern society. We need a strong, caring pro-poor government, a vibrant civil society, including trade unions, and a powerful business sector that can consistently position our economy to be globally competitive.”

Essential too is a reservoir of trust and goodwill – a building of social capital – in society. Unless there is trust between the social actors and an effective, well-functioning state that creates an enabling environment and regulates markets fairly and properly, this scenario will fail.

The Birth of the Citizens' Charter

June 16, 2015

Weekly Feature Article

It began in the most unexpected of ways. In 2012, a rural clinic in the far north of KwaZulu-Natal ran out of drugs. ARVs were depleted, as were the drugs to contain TB, and even more minor ailments. Antibiotics were dispensed to patients only with the most serious cases of infection.

The clinic said sorry, but they had to treat many more patients than they had expected. This was partly true, as the global economic crisis had resulted in growing numbers of retrenched people adding to the burden of clinics in the rural areas. Before, people would simply turn around and go home, despondent but angry. This day, they did not go home. They demand to see the manager of the clinic.

At the same time, the hospitals in Durban were also under pressure. Fewer people could use private healthcare because of the economic downturn. A large group of patients, angry and dissatisfied with the standard of care, crowded outside one of Durban's biggest public hospitals demanding to see the management. And the news spread quickly through the country.

Government, eager to avoid a show-down at a time when the economy was so weak and in a bid not to scare off now rare investors, asked the patients in each area to form a committee to tell the health department how it could solve the problem.

By 2014, citizens' healthcare groups were active in almost every province. They were supported by NGOs in the healthcare sector, as well as local businesses, some of whom had been involved for more than a decade in programmes such as malaria eradication.

The citizens' groups made their mark. Managers in various clinics were changed. There was more focus on the competence of managers rather than on their political affiliations or colour. The dispensary became better managed; supplies were brought in on time. At each clinic and hospital, telephones with a hotline number for complaints was installed.

The movement spread to parents, worried about the quality of education for their children. There were still too many schools where teachers did not turn up on time, or were not properly qualified to teach.

Again, it started on a small scale. Parents in Tembisa, in 2012, fed-up with three schools in the area where teachers consistently turned up late for work, decided at a teacher-parent meeting that they were going to arrive in numbers at the schools before 8am, starting time, one morning. As the 8 o'clock bell rang, they locked the gates, trapping the dilatory teachers outside.

The teachers' union complained. The department of education directed them to talk to the parents' associations.

The Tembisa action was the genesis of tri-partite formations – between parents, the teachers' unions and the education department – being set up in every area in Gauteng.

The effect was almost immediate. Teachers, aware that their pay cheques now depended on their timely arrival in class, arrived at school on time.

But there were still not enough qualified teachers. The Education Department pressured Home Affairs, which had with some success been digging itself out of its own mire for the past four years. Home Affairs was told in the Cabinet co-ordination meeting to fast-track the applications of teachers who wanted to work in South Africa.

By the 2014 election, the patients' and parent-teacher groups had spread throughout the country. As politicians drafted their election programmes, the citizens' groups began, in parallel, to draft "citizens' charters" that they presented at every election meeting.

It was these strands of small protests that formed the threads of the citizen's charters: a health committee in KwaZulu-Natal, a parents-teachers body in Gauteng, a community safety forum in the townships of the Western Cape, which suffered the most violent crime in the country.

Together they formed the fabric of a renewed country.

Pact needed for delivery

Cape Town,
February 15, 2015

South Africa needs a strong pact between government and all its citizens to navigate a successful recovery from the global economic crisis, Finance Minister Mandisi Ramalapha said during his Budget speech in Parliament yesterday.

Announcing the Treasury forecast for a 2.5% growth rate in the coming financial year – the highest since 2011 – Ramalapha said now was the time for all sectors of South African society to pull together to make South Africa a better place for all.

“We have been through an exceedingly tough time,” he said. “We are looking today for a repeat of the miracle of 1994. That miracle grew out of an even tougher era. It came about as a result of the goodwill, hard work and determination of millions of South Africans who focused on making democracy a reality. We need those elements again today.”

This is the ruling coalition’s first Budget since the elections of last year, which were marked by widespread protests and demonstrations at election meetings by “citizens’ groups” demanding less corruption and more efficiency in government.



Votes battle goes to Concourt

Johannesburg,
September 1, 2018

The Constitutional Court has reserved judgement in the case brought by the Citizens Action Group (CAG) asking for a declaration that the Electoral Act is unconstitutional.

CAG, which comprises various bodies ranging from school parents’ committees to community policing forums and health committees, is fighting for an amendment to the Electoral Act to allow constituency representation in Parliament. This, it argues, is in accordance with the provision in the Constitution that entrenches the right of public access to the legislature. The CAG argues that the system of proportional representation, where voters vote for parties rather than direct representatives, undermines their access to the National Assembly.

“We have no idea who our MPs are, and when there are problems in our neighbourhoods, it is hard to know who to turn to,” said a CAG spokesperson.

SUMMARY: SCENARIO 3: WALK TOGETHER

THE BLEAK YEARS: 2009 – 2011	CITIZENS DEMAND MORE: 2012 – 2014	A SOCIAL PACT EMERGES: 2015 – 2017	BUILDING A NATION: 2018 – 2020
<ul style="list-style-type: none"> • Ruling party retains majority. • Global crisis means declining investment, growth and tax revenues. • Crisis pact wobbles along. • Service delivery deteriorates. • Pockets of citizen groups take action over health, education, crime. 	<ul style="list-style-type: none"> • Healthcare and parent associations spread through the country. • Government promises action against incompetent managers and civil servants. • Improvements in service delivery. • Ruling party runs election campaign on ticket of competent government. • A weakened ruling party is returned to power; it forms alliance with other parties. 	<ul style="list-style-type: none"> • Economy begins slow recovery but insufficient to deal with deepening poverty. • A “Citizens’ Charter” is born. • A formal social pact emerges: it includes political parties, labour, business, citizens’ groups. • Business shoulders more responsibility in education, infrastructure, health. • Trade unions back measures to combat youth unemployment. • Citizens work with government to monitor education, health, crime. 	<ul style="list-style-type: none"> • Government focuses on delivering core public goods. • Business invests more, employment rises. • International investor confidence buoyed by co-operative governance. • Citizens lobby for more accountability from politicians; opposition parties take up the call. • Citizens, parliamentarians and courts effect change in voting system so politicians are directly accountable to voters.

SUMMARY AND CONCLUSION



We have come a long way as a country, despite our legacy and the daunting challenges we inherited. Our peaceful transition to democracy, in the aftermath of the brutal repression and economic deprivation of apartheid, was remarkable. In 1994, we had high hopes for the future and rejoiced in the “miracle of South Africa”.

How have we done since 1994? We have achieved a great deal, but we have also made some serious mistakes that threaten our future. We face critical economic and social challenges – particularly in relation to unemployment and poverty, safety and security, education and health – that are now exacerbated by a global economic crisis. All of us, not just government, have contributed to our problems and must contribute to the solutions.

Where do we go from here? Which path will we choose?

The Dinokeng Scenario Team came together to take stock of where we are and to consider possible futures for South Africa. The Team’s diagnosis of the present is that the South African honeymoon is over. The “*Mandela and liberation dividend*” has been fully settled. The heart of our challenges is that we have failed to appreciate or understand the imperatives of running a modern democratic state. Leadership across all sectors lacks clarity of purpose and is increasingly self-interested, unethical and unaccountable. We have a weak state with declining capacity to address our critical challenges. In addition, our citizenry has been largely disengaged or co-opted into government or party structures since 1994, and has demonstrated a growing dependence on the state to provide everything.

The Scenario Team poses the following critical questions about the future of our country:

How can we as South Africans address our critical challenges before they become time bombs that destroy our accomplishments?

and

What can each one of us do – in our homes, communities and workplaces – to help build a future that lives up to the promise of 1994?

The Team’s scenarios offer three possible ways we might answer this question; three ways we might walk into and so create our future.

In the first scenario, we **Walk Apart**. In this scenario, the state becomes increasingly weak and ineffective. A disengaged and self-protective citizenry eventually loses patience and erupts into protest and unrest. The state, driven by its inability to meet citizens’ demands and expectations, responds brutally and a spiral of resistance and repression is unleashed.

The message of Walk Apart is that if we fail to address our critical challenges, if we fail to build state capacity, and if citizens do not organise to engage government constructively, we will experience rapid disintegration and decline.

In the second scenario, we **Walk Behind**. In this scenario the state becomes increasingly strong and directive, both enabled by and enabling a civil society that is increasingly dependent and compliant. The state grows in its confidence to lead and direct development. However, it does not by itself have the capacity to address our critical challenges effectively. The demands of socio-economic development and redistributive justice amid a global and domestic economic crisis place strain on the state’s capacity to

deliver to all and to be all. These strains are most evident in the declining ratio between revenue and expenditure. In the worst case, the state over-reaches and is forced to borrow from multi-lateral financial institutions. As a result, South Africa loses the ability to determine its own social spending agenda.

The message of Walk Behind is that state-led development cannot succeed if state capacity is seriously lacking. In addition, a state that intervenes pervasively and that dominates all other sectors will crowd out private initiative by business and civil society and create a complacent and dependent citizenry.

In the third scenario, we **Walk Together**. This scenario tells the story of a state that becomes increasingly catalytic and collaborative; of an enabling state that listens to its citizens and leaders from different sectors; a state that engages with critical voices, that consults and shares authority in the interest of long term sustainability. This is also a story of an engaged citizenry that takes leadership and holds government accountable, a citizenry that shares responsibility for policy outcomes and development. This is not an easy path: the outcomes are open and are vulnerable to manipulation by stronger actors, and the alliances, pacts and partnerships required to address our challenges could be too slow and weak to be effective.

The message of Walk Together is that we can address our critical challenges only if citizens' groups, business, labour and broader civil society actively and effectively engage with the state to improve delivery and enforce an accountable government. This scenario can only be successful if all three of the present trends identified in our diagnosis can be reversed: if citizens re-engage; if the capacity of the state is strengthened; and if leaders from all sectors rise above their narrow self-interests and contribute purposefully to building our nation.





Our present already contains the seeds of all three futures and our future will not look like purely one or the other, but we have drawn the three apart to see the opportunities and risks that each path poses for the country's future.

A healthy democracy and strong socio-economic development require a healthy interface between an effective state and an alert and active citizenry. It is our contention that the nature of this interface will determine the future of our country.

South Africans are standing at a crossroads. Each one of us, citizens and leaders, must choose how we walk forward. Through the steps we take, we will create our future.

"What are the choices we have to make, and what are the consequences of these? What should we do now?"

"A good scenario must not slip away from us. I have four young sons and I want to be assured that my grandchildren will live in a country where they can live and be safe in a secure house, attend a good school and get by in life. Maybe they won't have a 4X4 or play golf, but they will be safe and secure. They will be social citizens. The nation, including the state, has to play a huge role in getting that right. I don't want a South Africa where people, black and white, fall through the social net. I don't want an enclave society."

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Note: Participation in the Scenario Team does not imply agreement with all the contents of this Scenario Report, which is based on the work of the Team but has been issued by the Convenors. The purpose of the Dinokeng Scenarios is to promote open and frank dialogue, a “flowing together” of diverse perspectives about the future of South Africa, within and beyond the Scenario Team, rather than to agree on the details of a specific text.

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GLOSSARY AND DEFINITIONS

GLOSSARY

Aids	Acquired immune deficiency syndrome
ANC	African National Congress
ARVs	Anti-retrovirals
BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
CBD	Central Business District
COPE	Congress of the People
DSO	Directorate of Special Operations
EPWP	Expanded Public Works Programme
FIFA	Federation Internationale de Football Association
GDP	Gross Domestic Product
HIV	Human immunodeficiency virus
HSRC	Human Sciences Research Council
IEC	Independent Electoral Commission
IMF	International Monetary Fund
Nedlac	National Economic Development and Labour Council
NGO	Non-governmental organisation
SADC	South African Development Community
SAPS	South African Police Service
SARS	South African Revenue Service
SETAs	Sector Education Training Authorities
SOEs	State-owned enterprises
TAC	Treatment Action Campaign
TB	Tuberculosis
UIF	Unemployment Insurance Fund
WEF	World Economic Forum

DEFINITIONS

In this report we use the terms “state”, “government” and “ruling party” as follows:

- “State” refers to the total set of public institutions, including all arms and levels of government, as well as independent institutions and 'organs of state' provided for in the Constitution.
- “Government” refers to the 'executive', including the three tiers of national, provincial and local government, as well as public administration.
- “Ruling party” refers to the majority political party that forms the government of the day.

*“If you want to walk fast, walk alone.
If you want to walk far, walk together.”*

(African proverb)

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