

SOUTH AFRICAN GOVERNMENT POLICIES: TOWARDS COMBATING POVERTY AND EXCLUSION

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1. INTRODUCTION

The purpose of this paper is to chronicle the main policy development discourses over the past twelve years and to note their significance for the manner in which the South African government operates. In addition, it ventures to heed the significance of the policies through which the government shows commitment to promoting and strengthening shared governance and combating poverty and exclusions. The attempt to examine the impact of policies on development with reference to the promotion of shared governance, poverty alleviation and combating exclusions is not a simple task. The reason is that so much has been done, and policies have been promulgated over the past twelve years and the 'wheel is still in spin' to achieve more for the poor and for the previously disadvantaged individuals and communities. The road has not been easy; socio-political contestations, distortions and ideological conflicts have at times served as 'road humps' and 'ambers' cautioning the speedy players. The process of policy development discourse continues to grow in profundity and shape towards a good direction as viewed by the majority of the people (Partel et al. 2002:15). Some view this kind of development discourse as apartheid in reverse. Others view it as a means to a better life for all and have moved towards exploring the new open opportunities to contribute and participate in world trade markets, thus harvesting fruits from a twelve year old democracy in which shared governance, rights to human dignity and sustainable development are the stem of the new nation. It is assumed that other developmental initiatives will assume a new significance when the dust has settled and many share the new developmental vision.

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2. PERSPECTIVES ON EXCLUSIONS AND INEQUALITIES: A MOVE TOWARDS DEMOCRACY

The intensity of the political reformation process took its toll when the black majority informed the then authorities that they were not demanding imposed solutions, "but rather the right to participate in the formulation of solutions" (Heymans and Tótemeyer 1988:184). The White Paper on Local Government, 1998, shows that slogans such as 'One city, one tax base' were used as a form of resistance to apartheid government (Republic of South Africa 1998:3). The argument of the previously disadvantaged people was informed by the resolution of the ANC's 1969 strategy and tactic Mogorogoro Document which asserts that "in our country - more than in any other part of the oppressed world - it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole". It is therefore a fundamental feature of the strategy that victory must embrace more than formal political democracy. Change was set in motion which culminated when the then State President, Mr De Klerk, announced the unbanning of political parties on 2 February 1990 and the release of political leaders such as Mr Nelson Mandela and Mr Govan Mbeki, to name but two. In addition, negotiations aiming at bringing about democracy began in 1992 and resulted in the signing of the Kempton Park Agreement in 1993, which became the source document for the first Interim Constitution of the Republic of South Africa, 1993 (Act 209 of 1993), now repealed. Interim arrangements were made to take the country peacefully through the first democratic elections which were held on 27 April 1994.

South Africa was the last country in Africa to be emancipated from the bondage of colonialism, and from the emanating racialism and socio-economic inequalities which the majority of the population had endured for over 340 years. The point of departure is that even during the second decade of freedom the majority of people are still poor and excluded from the realm of economic development. For instance, Africans make up 79,5% of the total population and 61% of them are classified as poor compared to 1% for Whites who make up 9,2% of the population (Statistics South Africa 2006:1). One of the reasons for this inequality was the near exclusion of the majority of people and women from development discourses and the governance process of the state - the consequence of which was the creation of a 'dependency syndrome' where the government played a major role in providing for people's livelihoods. Exclusions and unequalness were considered to be challenges to the then government. The Reconstruction and Development Programme (RDP) concurs that "income distribution is racially distorted and ranks as one of the most unequal in the world - lavish wealth and abject poverty characterise our society. This state of affairs contributed to economic inefficiency, inequality and exclusions

of the majority of people and SMMEs in the realm of the economy and in decision-making chambers" (ANC 1994:2).

The new government experienced a big gap between the haves and the have-nots which was considered as a factor in poverty and exclusion. The ANC, as the party in power, noted that "in class terms, apartheid ensured that blacks occupy the lowest rungs of the ladder of colonial capitalism: as the unemployed and landless rural masses; as unskilled and semi-skilled workers; as professionals squashed between the rock of poverty and glass [!] ceiling of job reservation; and as petty business operators confined to spaza retail trade and disorganised mini-bus sector....Ranged against them, and yet feeding on their strata, small business and, particularly, the monopoly capitalists" (Mandela 1999:6). The need to secure a counterweight programme to deal with the legacy of apartheid inherited by the present government became imperative.

The 1990s presented the South African government with one of the most challenging periods in its history. The prevailing challenge which put pressure on government was lack of financial resources, lack of capacity to bring about efficiency in policy execution and the restructuring of different administrations to form one public service. Mokate (2002:5) notes that a quest for technical excellence had arisen to administer the practical consequences of policy decisions of transforming the public sector from an old traditional way to a new effective and efficient system of governance which makes the most of the resources available to deal with economic growth, alleviating poverty and globalisation. Mokate (2002:7) argues that the new government must eliminate the economic dependency of the state on other developed states and the dependency of the people on the government. Hence, transformation and restructuring of state assets seem appropriate to mobilise resources through internal efforts in the interest of sustainable development and democracy.

Kusi (1998:11) agrees that "on the social and economic fronts, the need to address poverty, exclusions and service delivery backlogs in the previously marginalized communities in general and the provision of services to a fast growing population in changing circumstances has increasingly burdened the government". However, an innovative motion to overcome some of these challenges is something that is possible, although it might test the patience of the government and the poor (Seisas 1988:14). South Africa has the potential as have most of the advanced economies in Africa to compete with the developed countries. Among other things, South Africa has a wealth of natural resources, and displays many world class features with sophisticated financial and physical infrastructure, good telecommunications and

supply networks and one of the top ten stock exchanges in the world (Seisas 1988:14).

The democratic government inherited a weak economy and fragmented society. It is in this regard that we can begin to trace the roots of poverty which was exacerbated when the Gross Domestic Product (GDP) 'growth rate', fell from 6% in the 1960s to 1,8% in the 1980s, eventually plunging into the negative range (-1,1) in the early 1990s (South African Year Book 2002/03). Other challenges to be addressed by government to increase chances of alleviating poverty and exclusions are: unemployment; human resources investments; infrastructure development; shared governance or a more effective, integrated and interactive government; rural development and urban renewal; broadening access to social and economic services; to fight and reduce crime and corruption, and a recovery of African economy (Mbeki 2002:15).

3. COMBATING POVERTY THROUGH ECONOMIC GROWTH: PARADOXES IN PROGRESS

Poverty and exclusion are multi-dimensional phenomena. The causes of poverty and exclusions are to be found in social, political and economic factors. Hence, different authors attach different meanings to these concepts. An inductive approach to unearth the dimensions of poverty and exclusions that are vital to policy makers should be focused upon. The lack of economic, social, human, physical and environmental assets by the poor is considered to have a link to vulnerability and exposure to poverty and exclusion (Patel et al. 2002:31). The poor are those people who are chronically hungry, perennially needy and pathetic and have no or very limited access to economic, educational, political, and social resources (Parnell et al. 2002:56). The most poor are divided into two broad groups, according to Patel et al. (2002:33), namely: the God's poor and the resourceless poor. The latter refers to a group that includes factors for which there is no remedy - disability, age, widowhood and childlessness. The former refers to a group that includes immigrant widowers and the landless poor. The poor are the most excluded people in society - excluded from the economic core and the structures of governance.

Poverty and exclusion are associated with the pain that comes with too little food or no food for some days, no shelter, no jobs or long hours of work with little pay; emotional pain stemming from daily humiliations of dependency and lack of power, no or limited access to information held by government and private financial authorities (Patel et al. 2002:33). Furthermore, the poor suffer from the moral pain stemming from being forced to make choices - "such as whether to use

limited resources to save the life of an ill family member, or to use those resources to feed the children" and not to pay for their school dues (*ibid*). In South Africa, the poorest 53% of the population accounts for less than 10% of total economic consumption, while the richest 6% of the population accounts for over 40% of consumption. A third of the 53% of the poorest people have no shelter, they live in shacks or 'traditional dwellings'. And about 80% of them have no access to electricity and modern sanitation and about 70% have no access to piped water to their premises (Daphne 1998:18). Poverty is about a lack of access to a combination of assets that enable sustainable livelihoods. It is manifested in a number of ways, including the lack of income, insufficient resources and vulnerability to social, political and economic shocks (Mokate 1999:2). The World Bank study on reducing poverty in South Africa conducted in 1994 admits: "While only one in a hundred white children dies in infancy, ten of every hundred African children do - five of them from easily preventable conditions. Of African children who reach the age of five, more than half suffer stunted growth because of inadequate nutrition [and HIV/AIDS]. Among those who manage to enter school, only one in seven reaches standard 10, after many years of repetition. Of adults, fewer than half work in the formal economy. For those who become parents, the maternal mortality rate is 70 times higher among Africans than among whites. The cumulative effect of such inequity carries through life. Per capita, whites earn 9,5 times the income of blacks and live, on average, 11,5 years longer. In sum, South Africa exhibits that most bitter of social outcomes: destitution amid plenty" (The World Bank 1994).

The majority of the poorest of the poor reside in the rural peripheries of the country. The rural communities are faced with a number of barriers that prohibit them from increasing their economic productivity. Daphne (1998:28) agrees that on average the rural households spend more than three to five hours a day fetching water, and another five to six hours are spent on collecting dung and wood to make fire. The government has developed an Integrated Sustainable Rural Development Strategy (ISRDS) and the Promotion of Rural Livelihoods (RLLiv) Programme to combat poverty in rural areas.

It is said that economic growth is the nucleus of poverty alleviation. Economic growth must not be lopsided and flawed (Manuel 2003:6). That puts pressure on policy makers to be more vigilant and prudent when concerned with the structure and quality of growth and development. The Human Development Report (1996:2-4), concurs that policy makers need to make determined efforts to avoid growth that is jobless, ruthless, voiceless, rootless and futureless.

Jobless growth means that the overall economy grows but hardly expands employment opportunities, and thus unemployment increases.

Ruthless growth refers to the situation in the economy where the fruits of growth benefit the rich and the few minorities, leaving the majority of people struggling to deal with abject poverty.

Voiceless growth refers to economic growth which is not accompanied by extension of empowerment. Opportunities must be created for all people to participate in economic growth and development. In addition, economic organisations must be encouraged to invest in the social development of the area in which they operate. The disabled, women and blacks had silenced voices in the government decision-making and economic structures during the pre-democratic era. Now the government has made significant strides in fighting exclusion in the political, social and economic sectors. Legislation on community participation was promulgated and human rights are included in the Constitution. An inclusive voice of all people irrespective of race, gender and creed is considered paramount for sustainable development, and policies to combat exclusions have been developed and now are accelerated as part of reconstruction and development. For example, the Affirmative Action policies, the Employment Equity Act, 1998 (Act 55 of 1998); Skills Development Act, 1998 (Act 97 of 1998); and the Black Economic Empowerment (BEE) Charter, 2003, just to count a few, are aimed at ensuring that the previously disadvantaged people contribute to and share the fruits of the growth and development (Mbeki 2002:7-9).

Rootless growth refers to growth which causes people's cultural identity to wither. South Africa is a home to more than 20 ethnic/ or cultural groups, hence referred to as the home of the rainbow nation. However, the black cultural identity which is comprised of many different cultures still has limited mainstreaming in the economic growth. Although the efforts by government to introduce BEE is appreciated, its effectiveness is still contested.

Futureless growth occurs "where the present generation squanders resources needed by future generations" (Human Development Report 1996). The government has embarked on sustainable development as a model or strategy to resolve poverty and underdevelopment. Sustainable development has three pillars which are economic, social and environmental developments. It is in this context that the government has developed a 'vision 2020' which should ensure that the present generations do not squander resources but instead mobilise and sustain resources for the future reconstruction and development of the country and its people to more developed phases. The Human Development Report, 1996, states that the "develop-

ment that perpetuates today's inequalities is neither sustainable nor worth sustaining".

An important dimension that has emerged in policy discourses is the importance of the relationship between growth and equity. This is a measure for avoiding growth that comes at the expense of the poor and sustain poverty instead of combating it. South Africa learnt lessons of this nature from the Reagan and Thatcher administrations where economic growth was jobless, voiceless and "came at the expense of the poor". The Reagan and Thatcher reigns were partly marked by growth "where greater numbers of people have insecure tenure of employment, working in the casual, part time and low wage sectors" (Daphne 1998:62).

4. AN ANALYSIS OF SELECTED LEGISLATION AND POLICIES: THE ROLE OF GOVERNMENT IN PROMOTING SHARED GOVERNANCE

The reason for briefly examining the government structures is that government plays a critical role in the lives of the poor by "either responding to or repressing their needs, concerns and voices to be heard" (Patel et al. 2002:8). The Constitution of the Republic of South Africa, 1996, is the main policy that provides for the establishment of government structures and systems, and for the quality of interactions between the government as the provider of services and citizens as service consumers. It is critical to look at the nature of the selected policies implemented by the new government and assess whether the government has been successful in combating poverty, exclusions and underdevelopment in the country. These policies are the Reconstruction and Development Programme (RPD); the Growth, Employment and Redistribution Strategy (GEAR); and the Accelerated and Shared Growth Initiative of South Africa (ASGISA).

4.1 The Reconstruction and Development Programme (RDP)

The RDP calls for a people-centred development which is considered as part of the broader transformation process. Transformation constitutes a vital touchstone in policy discourse and watermarks the golden age of macro development and participatory democracy (Satgar and Mantashe 1996:11). Transformation has evinced a constant progress and commitment of the government to improve shared governance and to ensure that development "embrace all facets of social and economic life" of the people. In the RDP, the government continues to advocate economic growth, and in fact, put forward a concept of 'sustainable economic growth' as a fundamental requirement to alleviate poverty and unemployment (Mawhinney 2002:31).

The RDP is defined as an integrated, coherent socio-economic policy which seeks to mobilise all peoples of South Africa and the country's resources toward the final eradication of apartheid and the building of a democratic, non-racial and non-sexist nation. The RDP is an integrated process which is based on reconstruction, growth, development and redistribution. Growth refers to the measurable increase in the output of the modern economy - and is considered to precede development. Development is seen as a marginal effort of redistribution to areas of urban and rural poverty. In this light, development is considered as a facet of growth or 'deduction from growth' (ANC 1994:1). Economic growth in the RDP is pursued as an end in itself, but is related to redressing the past imbalances and building a foundation for a new society (COSATU 1998:29). The RDP provides the following objectives which the new government is committed to achieve, *viz*:

- ❖ Meeting basic needs;
- ❖ developing human resources;
- ❖ building the economy;
- ❖ strengthening democracy; and
- ❖ implementing the RDP.

In order for the objectives to be achieved, certain principles have to be followed. Therefore the RDP embraces the principles of Agenda 21 adopted at the Earth Summit on sustainable development held at Rio, Brazil, in 1992. The RDP provides six basic interdependent principles which are considered paramount to the political and economic philosophy of reconstruction and development, notably:

A people-driven process which refers to a situation where people become the drivers and architects of development. Development must be people-centred to avoid citizen apathy, marginalisation of a special type and exclusion. Statements like "do not give people fish, but rather teach them how to fish" were uttered in government policy-making corridors. Integrating or linking economic development with human development is vital for combating the 'dependency syndrome' of the people on government, and furthermore, for sustaining development.

Nation-building serves as the basis on which the country would take up an effective role in the global economy. South Africa is in the forefront of developing and sustaining the vision and achieving the objectives of the New Partnership for Africa's Development (NEPAD) and Southern African Development Community (SADEC). The country participates in the global economic markets and policy debates through transnational networks. Daphne (1998:44) advises that when building a nation a situation of [re]creating 'first worlds and third worlds' within one territory should be avoided.

Link reconstruction and development: The RDP integrates growth, development, reconstruction and redistribution into a unified programme which is aimed at meeting the basic needs of the people, and unleashing the previously suppressed human and economic potential in order to realise effective economic output through infrastructure and human development.

An integrated and sustainable programme is necessary to address the imbalances of the past and an integrated, co-ordinated and co-operative approach is considered imperative as a cornerstone for effective development. All three spheres of government need to work co-operatively to optimise government outputs, in addition to ensuring that all government efforts are directed at reconstructing and developing the country.

Peace and security for all: The country's security forces must provide protective services to all people in a non-discriminatory and constitutional manner.

Democratisation of South Africa: "Democracy is not confined to the periodic exercise of franchise rights, but rather an [inter]active process enabling everyone to contribute freely to reconstruction and development" (ANC 1994:7). The RDP requires fundamental changes in the way in which policies are formulated and implemented: changes which place people at the heart of development and service delivery. Subsequently, a Batho Pele (meaning putting people first) Policy was developed to further achieve the objectives and principles of the RDP.

Through the RDP, the government made progress in terms of delivery of services such as water, electricity, houses, delivery and health. However, the delivery of these services is not on par with the rate of population growth. It has been rare for the government to efficiently and effectively realise its policy targets in areas of service delivery. In addition, people are complaining that houses are given to those aligned to the ruling party. It also seems that lack of leadership and capacity of the state as well as corruption are the main challenges that constrain the acceleration of the reconstruction and development agenda in South Africa today.

When the democratic government came to power in 1994, 30% of people lacked access to a safe supply of water near their homes. By 1997, the government had provided water and sanitation to more than 1,2 million people. Today, more than 10 million people have benefited from the government water supply programme. Access to water is considered as a right, not a privilege, as it is provided in Section 27 (1) (b) of the Constitution that "everyone has the right to access to...sufficient... water" (Republic of South Africa 1996:13).

With regard to health care services, the delivery in terms of the RDP has been as follows according to the Department of Health (Parnell et al. 2002:144): "Free health care services for children and pregnant women were introduced in June 1996. Furthermore, free primary health care (PHC) services were extended to all citizens in 1996. During 1997, 204 new clinics were built, 364 new and existing clinics had residential units added to them, 38 existing clinics were upgraded and 53 mobile clinics were purchased. The expenditure amounted to R313 586 172."

The quantitative view above shows the progress made since 1994. However, poverty still exists and many people regardless of race and gender are trapped in poverty more than before. It can be said that the RDP does not only impact on service delivery, but also on job creation. However, the process of implementing the RDP has not been without contestations, as one rural dweller once said: "The RDP is ridiculing our mothers. Our people are made to dig trenches. It is called employment. Whereas you walk right around this South Africa and you never find a white woman digging trenches. The dignity of our mothers is taken because they have to dig trenches, while they have to feed their babies, cook for their loved ones" (Parnell et al. 2002:245). There are reasons for government to get woman involved in the RDP projects, particularly in the rural areas. Firstly, women are in the majority in South Africa: 52% of the population are women. Secondly, men in rural areas use the bigger part of their wages to purchase goats and sheep and spend less on groceries and children, whilst women consider their families as of top priority.

4.2 The growth, employment and redistribution (GEAR) strategy

The GEAR strategy is a macroeconomic policy of the state which came into effect in 1996. The government introduced GEAR as directed by the two policy documents of the African National Congress, namely: Ready to Govern (RTG) and the RDP, to address the macroeconomic imbalances, including the budget deficit inherited from the previous government. The government views GEAR as the strategy to finance "development with [its] own resources rather than depend on borrowed money. The role of government has to shift from being a major player in socio-economic development to one of being a facilitator" (Binza 2001:1). The government would facilitate the economic conditions through "fiscal restraint, and budgetary reform, to mention but two. GEAR is a strategy to produce a 'competitive fast-growing economy and create more jobs'" (Parnell et al. 2002:60). Two members of the Alliance, the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU) who view GEAR as a neo-liberal policy and a betrayal of the revolution of the people, did not welcome this strategy (COSATU 1998:15).

There is a distinct difference between the RDP and GEAR. The latter stresses the vital role for non-state players in socio-economic development and service delivery, in particular the private sector. It further places emphasis on growth. Manuel (2002:6) concurs that "growth and development require capital investments; and these reside primarily in the private hands. Therefore, a developmental state has to define and regulate its interaction with private capital in such a way that mutual benefit can be derived. This includes an industrial policy (GEAR) that helps to direct private capital into crucial sectors of the economy."

The RDP stresses the importance of the state as the major player in the economy. It relies more on the development goals which the state has set itself to achieve. This view was shared by Mandela in 1995 in the preface of the White Paper on the Reconstruction and Development Programme: "The interdependence of the objectives of reconstruction and development on the one hand and growth on the other is now widely accepted, not only within the government and the Parliament, but throughout the South African society" (Republic of South Africa 1996:24).

It was due to this gap that GEAR was introduced in 1996. GEAR proposed a medium-term plan that aimed at bridging the gap, and loosening the 'bolts' that caused constraint in the economic environment. GEAR aims to improve economic growth and employment through:

- ❖ tighter fiscal controls to counter inflation;
- ❖ setting an appropriate medium-term deficit target to eliminate government deficits and reduce debt;
- ❖ further or continuous revision of the tax structure and the range of budgetary changes to reduce further inflation and exchange rate management;
- ❖ the formulation of trade and industrial policies to lower tariffs;
- ❖ tax incentives to stimulate investment;
- ❖ restructuring the public sector assets by means of public private partnership or privatisation;
- ❖ expanding the infrastructure to enhance investment;
- ❖ flexibility in the labour market; and
- ❖ facilitation of maximum wage and price flexibility (Republic of South Africa 2005).

A target was set to ensure that the above objectives would be realised. This further created legitimate expectations among the public that poverty and underdevelopment would soon be combated. The following were the targets set by GEAR:

- ❖ A GDP growth rate of 6% per annum by the year 2000.
- ❖ Job creation to rise steadily until about 409 000 jobs annually by the year 2000.
- ❖ An average real investment growth of about 11,7%.
- ❖ An inflation rate reaching 7,6% by the year 2000, which was later revised to a band between 3% and 6% after adoption of inflation targets.
- ❖ An increase in foreign direct investment equivalent to almost 4% of GDP.
- ❖ The restructuring of public sector assets (privatisation).
- ❖ Flexible labour markets.
- ❖ Redistribution of wealth and elimination of poverty (Republic of South Africa 1996).

It is argued that the opposite was achieved with regard to these set targets. For example, the growth rates declined from 3,2% in 1996 to 1,7% in 1997; 0,7% in 1998, and picked up to 4,5% in 2006 (South African Reserve Bank 2006:8). Pillay (1996:5) stated that "if we are to create jobs and thus solve the unemployment rate and generally transform our economy we must reverse the trend towards minimising the role of government in the economy".

It can be concluded that GEAR managed to reduce the budget deficits, and the government can concentrate on improving investment in social development. During the Budget Review in Parliament on 26 February 2003, the Minister of Finance announced that "the macroeconomic projections of the country signalled a positive assessment of the recent performance of the economy and an optimistic view of its future. However, reducing unemployment and ensuring that economic growth and development benefits all communities, remained the government's policy challenge" (Manuel 2003:5).

4.3 Accelerated and shared growth initiative of South Africa (ASGISA)

It is important to briefly share the reason behind the development of ASGISA and to provide the objectives of this policy. It was in July 2003, when President Thabo Mbeki announced the end of GEAR, after he had attended an international meeting of the 21st century leaders, called the Third Way. He was the only president on the African continent who was invited to the meeting, and now Mbeki is also one of the members of this global movement.

The Third Way is a "global movement dedicated to modernising progressive politics for the information age. Third Way politics seeks a new balance of economic dynamism and social security, a new social compact based on individual rights and responsibilities, and a new model for governing that equips citizens and communities in solving their own problems. In addition, its philosophy seeks to adapt

enduring progressive values to the new challenges of the information age. It rests on three cornerstones: the idea that government should promote equal opportunity for all, while granting special privileges to none; an ethic of mutual responsibility that equally rejects the politics of entitlement and the politics of social abandonment; and, a new approach to governing that empowers citizens to act for themselves.

The Third Way approach to economic opportunity and security stresses technological innovation, competitive enterprise, and education rather than top-down redistribution or laissez faire. It favours an enabling rather than a bureaucratic government, expanding choices for citizens, using market means to achieve public ends and encouraging civic and community institutions to play a larger role in public life" (http://www.dlc.org/ndol_ci.cfm?kaid=128&subid=187&contentid=895).

It is in this context that ASGISA was developed to effectively deal with the growth, competitiveness and development challenges experienced during the GEAR phase. This policy would enable the government to deal with the high costs of doing business which prevent small, medium and micro enterprises (SMMEs) in different municipal areas from surpassing current growth levels (Manual 2005:3). The objectives of ASGISA are to:

1. "Accelerate the pace of economic growth, and the rate of investment in the productive capacity;
2. promote opportunities for participation of marginalised communities in economic activity, and improve the quality of livelihoods of the poor;
3. maintain a progressive social security net, alongside investment in community services and human development;
4. improve the capacity and effectiveness of the state, ...[by] promoting service-oriented [local] public administration;
5. build regional and international partnerships for growth and development;
6. reduce the unemployment rate from 30% to 15% by 2014;
7. reduce poverty from one-third to one-sixth of the population by 2014;
8. increase the annual GDP growth rate from the then average of 3% to 4,5% per year for the period 2005 to 2009 and to 6% for the period 2010 to 2014" (ASGISA 2005:1-2).

The argument is that the policy will broaden economic growth and development. In addition, it acknowledges all the three spheres of government as important stakeholders in achieving and sustaining the 6% growth rate. Other important stakeholders are the business organisations, civil society movements and citizens who must be faster and better in improving growth. This means that both the making and acceleration of growth is a shared responsibility. These stakeholders in partner-

ship with government must pride themselves on achieving and sustaining 6% growth by 2014, in order to half poverty and have zero exclusion by that time.

The process of economic growth and development is not considered to be an easy path, unless government deals effectively with economic constraints as provided for in ASGISA. The view is that the above objectives will not be realised if the government is limited to providing solutions to the constraints to economic development. The constraints to ASGISA are:

- "The volatility of the rand and level of the currency which is caused among other things by diverting economic or financial resources into limited and narrow areas of investments. In addition, accelerating economic growth requires effective management of the country's expenditure on long-term government capital projects.
- The cost, efficiency and capacity of the national logistics system. Backlogs in infrastructure and investment, and in some cases market structures that do not encourage competition, make the price of moving goods and conveying services over distance higher than it should be. Deficiencies in logistics are keenly felt in a country of South Africa's size, with considerable concentration of production inland, and which is some distance from the major industrial markets.
- The shortage of suitably skilled labour amplified by the impact of the cost of labour. This problem is caused by the inferior and racial system of education and long distances that many workers are travelling to their work areas which are an inheritance from the previous government.
- Barriers to entry in doing business, limits to competition due to monopoly and limited new investment opportunities.
- A regulatory environment which contributes partly to the mediocre performance of the SMMEs with specific reference to their contribution to improving sustainable economic growth that impact on job creation for the people.
- Deficiencies in state organisation, capacity and leadership. Government is not organised in a manner where it can better respond to improve the economic development of the country, and lacks capacity decisive leadership to economic policy development discourses" (Mlambo-Nguka 2006:2-5).

ASGISA attempts to deal with these constraints in an effective and economic manner by enabling and accelerating infrastructure investments programmes, industrial sector investment strategies, skills and education initiatives through Joint Initiative for Priority Skills Acquisition (JIPSA). The view is that skills and education are considered as the epicentre of sustainable economic growth and development. In addition, the government must take bold steps to improve the

second economy though opening opportunities for broad-based economic empowerment, and providing support to the SMMEs (*ibid.*).

There is progress in this regard where the slogan 'proudly South African', which is central to enhancing an active participation of all stakeholders in growth and development, are used. ASGISA provides opportunities for all South Africans to make home-made economic solutions to problems of jobless and rootless growth and a dual economy. Whether this policy would achieve this is still to be seen. However, the alliance partners and business community welcomed this macroeconomic policy with open hands. This creates an impression that South Africa is in the new age, called the 'age of hope' (Mbeki 2006:7).

5. CONCLUSION

The content of the policies which have been briefly analysed portrays the nature of the government and the direction in which the economy is progressing. It is said that GEAR is a 'neo-liberal' policy which means that the government is moving towards the free market system. In addition, the policies show that the public sector is an entrepreneurial public sector as the RDP and GEAR embrace the ten principles upon which the entrepreneurial public sector or organisations are built, namely "steer or facilitate more than row; empower communities rather than simply deliver services; encourage competition rather than monopoly; are driven by missions, not their rules; fund outcomes rather than inputs; meet the needs of the customer, not the bureaucracy; concentrate on earning not just spending; invest in prevention rather than cure; decentralise authority; and solve problems by leveraging the market place, rather than simply creating public programmes" (Barberis 1996:202).

The process of combating poverty and exclusion requires an integrated and participatory approach to effectively unlock opportunities for the poor and the marginalised to access economic, political, technological, social and natural resources. Such approaches impact significantly on establishing and maintaining shared governance. The authorities must not limit, but rather create an enabling environment to enhance the promotion of poor people's rights to freedom, access to resources, and right to take actions to own the development of solutions to problems which have led to poverty and exclusion. Social fragmentation as regarded as a binary divide between the haves and the have-nots needs to be discarded. It is important that the poor also trust government and civil society structures.

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