

## **SOCIAL AND DEVELOPMENT PROBLEMS: CHANGE REQUIRED IN SOUTH AFRICA – A WEAK RAND IS NOT THE PANACEA TO FINANCIAL AND ECONOMIC WOES**

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### **Abstract**

*The paper poses the question as to whether the African National Congress (ANC) can be considered as the party for change having governed South Africa for twenty years, since the dawn of democracy in 1994, given the general elections that are to take place in May of 2014. It argues that although it was the revolutionary party that ushered in democracy in 1994, it is no longer the party for change. It appears to be worn out. In exemplifying this important aspect the paper will discuss certain characteristics of the state and government under its twenty year rule, such as election promises, good governance problems, human rights issues, Judicial accountability, unspent cash and water problems, basic educational resources, subsistence farmers and poor implementation, a frail currency and effects on productivity, and economic and enduring inequalities. The paper synthesizes the thought processes of various articles and the authors therefore project on these salient issues within the body of this paper. The paper does not exhaust the issues enumerated above and does not pretend to do so. It however, opens up a serious debate and does not impinge upon the analysis of other writers. It is hoped that the paper will open up a platform for sound and reasoned academic debate and discussion.*

**Key Words:** Change, Political, Economics, Growth, Promises, Good Governance, Civic Action, Unspent, Educational Resources, Subsistence Farming, Inflation, Productivity

### **INTRODUCTION**

Growing the economy and creating jobs is at the centre of this year's general election, reflecting South Africa's struggle to create jobs or even save existing ones. It is the rapidly changing political landscape at the moment and after twenty years of democracy under ANC rule, the party appears to be worn out. There is no doubt that, it will win the 2014 elections, but this will be achieved with a reduced majority. This will be significant because the ANC can no longer rely on its credentials of a liberation party. In respect of the characteristics alluded to in the title of this paper, some are as follows: the lack of basic services is due to the fact that the ruling party cannot manage funds and these funds remain unspent; this impacts on economic growth, it has failed in the Eastern Cape and other provinces to provide quality basic education, that budgets for subsistence farming has increased substantially but poor implementation is hampering

growth. That the country has a frail currency which pushes up inflation and lessens productivity, and therefore a weak rand will not save South Africa. It is therefore imperative and necessary that young minds must be exposed to economics to address the country's vast and enduring inequalities. It is against this background that the paper will discuss the thrust of this paper.

### **IS THE ANC THE PARTY FOR CHANGE**

The African National Congress is at the crossroads and under pressure going into the May 7<sup>th</sup> elections because of its own making, even though it insists, it has a 'good story to tell' and according to Calland (2014: 32) that President Zuma's state of the nation speech was savvy, well constructed and it improved the mood, but it was an election speech that spoke of the past to strike emotional chords, rather than investing in the future, for purposes of capturing the confidence and imagination of the large number of young voters who make up the key battleground for the 2014 general election." Jobs are the key issue and jobs are what the citizens and especially the youth want. To this end the government has failed to deliver jobs and the situation is worsening. Although corruption has shot up the league of table of voters' concerns in recent years, the Human Sciences Research Council (in Calland, 2014) pints out that "unemployment remains the issue of the greatest concern to the greatest number by a country mile. So the ANC is forced to hark back to happier days and to trade heavily on the liberation brand that until now has proved to be so resilient. But it will be for the last time, for by 2019, it will have to have found a new tune to play."

The authors posit that, the ANC should now be regarded as a conservative party. It is no longer the party of change, looking ahead with a compelling alternative vision for society. On the contrary, it argues for more of the same and in this regard Calland (2014) states that "it asks for a continuation of policies of the past five years, the continuation of ANC rule and the continued allegiance with the public sector unions in particular and the attendant 'tenderpreneur' parasites of the ruling party, the 'predatory elite,' who live with off their relationship with government officials, especially in the sphere of local government." This solidifies the concept of political patronage and gives credence to corruption and nepotism. When the President in his state of the nation address to the nation stated "that social delivery protests were the result of the successes of the government rather than its failures – because when you have delivered to 95 percent 'naturally' the 5 percent will feel aggrieved – it was the least convincing part of his speech" (Calland, 2014). It is hard to imagine that this assertion would be regarded by the large numbers of unemployed South Africans as anything other than spin of the most tendentious kind, standing in stark contrast to what they see all around them.

In respect of job creation, economists state that these promises by the ANC are based on ambitions to secure votes and will not materialize. Take the ANC's pledge to promote local procurement by directing the state progressively to buy at least 75 percent of its goods and services from South African producers and to support small enterprises and co – operatives. Mathekga (in Matoboge, 2014) states that "The ANC has decided to use the state to rejuvenate the economy on the realization that the private sector is not, at this point able to do the job. An opportunity exists for the government to step in, in the form of public expenditure and the creation of incentives for entrepreneurship. On the surface it is a good idea, but there is a lingering question about the states capacity to implement these projects." From a purposeful reading of the ANC's election manifesto, one can easily glean that the ANC's promised interventions appear to be short – term initiatives, with no potential to have significant impact on unemployment in the long term. Matoboge (2014: 32) indicates that "in a sense, the ANC manifesto seems to be an attempt by the3 party to buy time and manage the unemployment and

social discontent, instead of being a long – term solution. The party is running out of ideas.” On the other hand Cruickshanks (in Mataboge, 2014) states that “it would be unwise to insist on local procurement when some products are cheaper imported.” As for the ANC’s plan to consolidate the public works programme with a view of creating six million ‘work opportunities’ by 2019 Cruickshanks (in Mataboge, 2014) states that “we’re going to end up having fewer goods.”

The electoral newcomer this year the Economic Freedom Fighters (EFF) have the most ambitious and dishonest manifesto because it would set a minimum wage of R4 500 across the board for all full time workers, ensure that mineworkers are paid R12 500 a month, and that farm workers would take home a salary of R5000. The manifesto although unrealistic is an aim to challenge the status quo. In reading the manifestos of the different parties there is no doubt that most of them have not done their homework. It shows that South African politics is not yet at the level where substance matters. The manifestos are full of jobs rhetoric and no feasible solutions. The issue is simple will the ANC muster the necessary campaigning focus and force, and the strategic flexibility required? Can it bifurcate its campaign accordingly? Does it have the skill and capacity to rise to the occasion?

Calland (2014) points out that “in the positive column is the rise of support by 16 percent in the province of KwaZulu Natal, the home province of the president, but a decline of 8 percent in the other 8 provinces in the 2009 elections. But President Zuma’s popularity has plummeted below that of the Democratic Alliances leader Helen Zille by 20 points. The other plus factor is the all embracing fact that in the 20 years of democracy celebrations, the ANC will be able to use state resources to bolster its election campaign. On the negative side, it can no longer count on the unequivocal support of the trade union movement, as Cosatu unity continues to disintegrate. It is seriously short of money, which is observed by the sale of large assets such as Chancellor House. Having got rid of its former Youth League Leader Julius Malema, it no longer has the dynamic army of young foot soldiers. Malema is a destabilizing factor and churns out his charm in areas that the ANC fears to tread. How the ANC responds to these emerging challenges of its hegemony, over the next two months and the next five years will determine the character and trajectory of the next twenty years of democracy, which is why 2014 could prove to be a watershed election.

### **GOOD GOVERNANCE VITAL**

It is an emerging phenomenon in Africa. Good governance is of cardinal importance to successful democracies. The only country bucking this trend in Southern Africa is Swaziland’s absolutist monarchy and styming the trend of participatory democracy. “Compared with other Southern African countries, the transition to democracy, South Africa has a shorter history of political inclusiveness, it has established participatory governance structures since 1994, but the transition to democracy in other countries of the region has been fragile, with corruption reigning supreme in terms of the fragility of state institutions with great anxiety and uncertainty” (Virk, 2014: 33). Credible elections are vital for creating the peaceful democratic environment necessary for socioeconomic transformation in Southern Africa. Yet elections in this region and many parts of Africa have not been free and fair. This therefore weakens prospects for effective governance and undermines regional stability. There has to be a public commitment by governments to foster inclusiveness, tolerance, fairness, impartiality and transparency in electoral processes. They are a bench mark for accountability, but often times they are breached. This is an emerging feature recently in South Africa, with the Chief election commissioner being compromised by the report of the Public Protector, implicating her in property deals. In this

regard the public and opposition parties have been vocal about the possibilities of a fair election on May 7<sup>th</sup>, 2014. Virk, in this regard (2014: 33) states that “the SADC guidelines require member states to establish impartial, inclusive, competent and accountable national electoral management bodies and there should be no meddling in the appointing of commissioners. The propensity of ruling parties in Africa to centralize control of campaigning, monopolize national media and, at times, use state institutions for party – political advantage can create an uneven playing field, hindering free elections.”

Greater and more effective participation by civil society, in particular, is essential to consolidating democratic governance in the region. Elections are important, but they are not a panacea, for governance challenges, nor are they synonymous with democracy. In South Africa, for example, the inability of successive ANC governments to reduce poverty and increase economic opportunities, particularly for the youth, poses one of the greatest challenges to continuing democratic consolidation. Elections must be viewed from the perspectives and aspects of developmental goals. In this regard the ANC South African government over twenty years of ruling the country has made some strides, but in the main has fallen short of many targets and this has resulted in greater civil disturbance and great turmoil in the mining sector, together with uncontrollable corruption. The world and South African citizens will be watching with bated breath the outcome of the May, 2014 elections.

#### **CIVIC ACTIONS**

According to Ahmed (2014: 34) “People who are taught human rights do not necessarily apply what they have learnt in practice.” He poses the question “Can human rights be construed as a mechanism to change the course of human nature? In answering this question Ahmed (2014) argues using the research of Stephen Marks that our revolutionary predisposition for self – preservation has been eroded to some extent, by the progressive recognition and acceptance of human rights norms and values. From this it can be gathered that behaviours common to societies, such as gender, stereotyping, discrimination and violence, are consistently challenged by human rights principles. Consequently, human rights could be considered as a mechanism to reverse the course of human nature. Often time’s arguments are largely based on notions of cultural relativism, and therefore often we find that individuals are branded “fundamentalists” because they think beyond acceptable norms and challenge the status quo. It is a question of applying the equality provision of the Constitution to various complex questions and to compromise personal beliefs that differed from the values enshrined in the Constitution. For example, developing democracy in South Africa is not the sole purview of the ruling party on the basis of its interpretation of the revolutionary struggle it engaged in because many citizens stood outside the revolutionary mandate of the ruling party, but contributed to the overthrow of apartheid and, therefore, it is necessary to listen to their viewpoints also in respect of societal issues in order to consolidate democracy in South Africa. This poses serious challenges for human rights education in the country. Ahmed (2014) points out that “human rights education that is limited to teaching rights is therefore insufficient and quoting Andre Keet, who says that “instead of facilitating the transformative radicalism of human rights, human rights education is often taught in a way that limits its pedagogical value.” On the other hand (Levinson in Ahmed, 2014) says that “to teach human rights and justice through “guided experiential civic education is required and necessary.” Politicians and citizens in South Africa should be exposed to this experience, in order to create a better democratic society. This approach must include assisting all to write to government officials requesting detailed plans for improving conditions in schools and clinics, training them as election observers, or preparing a presentation to their local

elected officials on a public policy issue such as access to water and sanitation. “The value of experiential education is that it empowers both the government politicians and the people not only to learn about rights but also to claim their rights as active citizens,” according to Ahmed (2014).

Active citizens are not born; they are shaped through experiences and thus increase their likelihood of playing a more active role in their communities, which allows them to hold government accountable to the tenets of the rule of law within a constitutional democracy. It is government’s duty to develop this concept and to plough enough resources into this exercise through both its education departments.

### **JUDICIAL ACCOUNTABILITY**

Sergeant At The Bar (2014: 34) states that “twenty years into South African democracy in South Africa the democratic government embraced a model that gave the judiciary a crucial role in the transformation of the social and economic landscape, which had been ravaged by three centuries of racism. Because the law had been the way by which apartheid was structured, the law would not play the diametrically opposite role of sweeping away racist practice.” The South African judiciary was given awesome powers of constitutional adjudication. It could overturn legislation passed by a democratically elected legislature and supervise the conduct of executive power. Therefore accountability became the prerequisite of the judiciary in democratic South Africa, and constitutional review became an important principle. Recently, amidst a number of other transgressions in twenty years of ANC rule, by the government of the day in terms of the rule of law that permeates constitutional democracy; there is a debate about the norms and standards that the Chief Justice of the country mooted for purposes of an accountable judiciary. It raises the issue of accountability of judges, following the challenge of the Judicial Services Commission Act by Constitutional Court justices Bess Nkabinde and Chris Jafta, after they were required to testify before the judicial tribunal dealing with the long – standing complaint against Western Cape Judge President John Hlophe; it is now reported that two other hearings dealing with serious complaints regarding judges are to be postponed.

“Recall that the challenge brought by the two Constitutional Court justices was to Section 24 of the Act, which empowers the presiding officer of the hearing to appoint a member of the National Prosecution Service (NPA) to lead evidence at a hearing called to determine a complaint against a judge. It is argued that, by using a member of the NPA as an evidence leader, the principle of separation of powers and judicial independence has been compromised. This has been used for postponing the hearings into the serious complaints against them.” Serjeant At The Bar (2014). It must be also placed on record that Judge Motata and judge Poswa have used this issue as a reason for a postponement of the hearings against them in respect of serious complaints made against them. In Motata’s case, the complaint goes back to 2008, when he was charged with drunk driving. He now faces charges relating to the employment of a defense in his criminal trial that he knew to be false and the use of racist language. These are extremely serious charges and, correctly, the presiding judge at the hearing, Deputy Judge President Achmat Jappie, said that “it is in the interest of Motata and the public that the matter be concluded as soon as possible” (Jappie in Serjeant At The Bar, 2014).

In Poswa’s case, with two colleagues is charged with the failure to deliver judgments for an inordinately long time, has taken the approach that this hearing must be postponed until the constitutional issue raised in the Hlophe matter is determined. But that is unlikely to be decided quickly. It has been suggested that the matter be determined expeditiously by the Constitutional

Court, but there must be serious doubt as to whether the court could hear an application brought by the two of their own. So the Jafta – Nkabinde application will be heard in the high court, and then it is probable that the Supreme Court of Appeal will be required to hear an appeal from the losing party. In all probability it will take another two years to complete.

It brings us back to the principle of accountability and the important initiative of strengthening this by way of judicial norms and standards. Judges must have full entitlement to insist that the rule of law is meticulously followed in the conduct of such an important hearing but the fact remains that serious allegations remain undermined by the present government and is going on for six years together with other serious constitutional breaches. Questions of judicial integrity and expeditious delivery of justice lie at the heart of constitutional democracy, given the past history of the country. It is to ensure that all judges are accountable together with the judicial system which must be open and transparent and must not be manipulated by the Minister of Justice in the interests of the ruling political party, which is the stark reality in South Africa. There is just no code of conduct that can hold the government and its judges accountable. It is therefore in the interests of the judiciary of South Africa to institute disciplinary action and to rule without fear, let or hindrance because, it is a key institution in the delivery of substantive democracy, that, however, rare these complaints might be, they must be decided decisively and quickly in order that people do not lose confidence. This must end and end now.

#### **SOME DEIVERY ISSUES:**

##### **UNSPENT FUNDS AND WATER**

The reality in South Africa, in many cases in respect of basic services comes down to the poor management of voted funds in the form of money with little government monitoring and accountability. Sosibo (2014: 10) states that the Human Rights Commission (SAHRC) “has described the lack of access to clean water and adequate sanitation in the country as a potential ‘national crisis.’” A report by the organization, he states found that, as far as provision of water is concerned, 38 percent of South Africa’s municipalities are a high risk of crisis and 9 percent are already in crisis, putting their inhabitants at risk of contracting disease. In many parts of the country diarrhea is recurrent, especially among children, because neither the water supplied erratically by some of the municipalities nor the water delivered by trucks is of an adequate standard. There have been numerous clashes with the police over the supply of water, twenty years down the road to democracy, which impinges upon peoples’ human rights and negates constitutional imperatives. The month of March, 2014 has seen protests and clashes in many parts of the country over sanitation and water supply. The Department of Water Affairs (in Sosibo, 2014) states that “access to sanitation is increasing at a rate of 300 000 households a year but the sanitation sector is faced with ongoing growth of formal and informal settlements, particularly in urban areas, due to rural – urban migration, population growth and the influx of foreign nationals.”

But the increased provision of sanitation has been slow in the past two years “so there has been a lack of coordination between different departments and tiers of government. The provision of basic services is a local government competency, happening in communities with no tax base. In many cases local governments do not have the resources to provide these services. “Sometimes local authorities receive bulk grants from the government but they do not know how to spend it and they misallocate the funds, which is a polite way of saying there’s corruption.” (Sosibo, 2014). Water and sanitation must become government’s top five priorities because the right to them is linked to other rights and improper toilets become a major safety and human dignity issue, especially for women and children. This is a major problem in schools were there are no

proper toilets and opens up the question with regards of rights in education. This requires a coordinated approach from government, which is sorely lacking. It's not a simple issue. Sosibo (2014) indicates that "it is estimated that at 2011 prices, about R45 billion was required to provide basic services and upgrade existing infrastructure, but the total grant to municipalities in the 2011 – 2012 financial year was R41 billion. But the municipalities are unable to spend these funds which are also exacerbated by corruption, incompetence and overt corruption." Mthantatho (in Sosibo, 2014) of the Financial Fiscal Commission states that "a lack of capacity and a failure to follow procurement regulations, which often lead to service providers not delivering services of an acceptable standard, were largely responsible for under spending. Take the rural household infrastructure grant, for example, where conventional sanitation methods can't be used; the fund has experienced considerable under spending since it was introduced in the 2010 – 2011 financial year."

Sosibo (2014) reports that "only 66.7 percent of that year's R100 million allocations was spent and, in the following year only 72.8 percent of the R258 million allocations was spent. There was significant spending between February and March 2011 (R52 million) which raised the suspicion of fiscal dumping." If a new grant is in the system one will find that the beneficiaries are not aware or not sure of how to use it, which is usually a lack of capacity and very poor central government oversight and monitoring. Therefore, government programmes that are key to development compromise the poor and also development. There are low levels of literacy that points to the failure of literacy programmes initiated by government and people generally do not know their rights. In the North West Province alone 42 percent of protests were based on water issues.

### **ECONOMIC GROWTH WITHOUT WATER**

Governments in Southern Africa, including South Africa generally fail to prioritize the plight of the poor with regards water. Southern African leaders have failed to boost spending on water related issues. They have failed to further boost spending on basic services. They failed to reach targets set by themselves. According to the Mail and Guardian (2014: 10) "an estimated 174 million people in Southern Africa, almost two thirds of the total population, lack access to basic latrines and more than 100 million people go without clean drinking water. Some 120 million children under the age of five die every year in the region from diarrhea caused by unsafe water and sanitation. A major increase in resources is needed in rural areas. When money is available, it is directed to urban areas with an indifference to the needs of rural areas and rural people." The Mail and Guardian (2014) further reports that "in 2008, African governments signed the eThekweni (Durban) declaration in South Africa, committing to spend at least 0.5 percent of their GDP on sanitation and hygiene and to put in place separate budget lines to improve accountability and track progress, but no government in Southern Africa has met the spending target. There is little transparency in Southern African governments over how money is spent." This is woeful performance by South Africa and its counterparts in Southern Africa. Without water there can be very little economic development and without sanitation the health of the people cannot be improved, which have negative impact on economic growth.

### **EDUCATION WOES ONLY IN ONE PROVINCE – THE EASTERN CAPE**

The Eastern Cape Province of South Africa and therefore by direct implication the central government is running out of ways to defer its obligation to provide basic educational resources. The Eastern Cape government and its Education Department face three storms. These storms are

an indictment to the government of South Africa, twenty years down the road of democracy and freedom. This revolves around basic resources required for education, let alone quality education. The lack of these resources has trampled upon the human rights of deprived children within the Eastern Cape education system. These revolve around the overt lack of classroom desks and chairs; unpaid teachers; and, systemic infrastructural failures in respect of vacant teacher posts, in hundreds of schools in the province. John (2014: 12) reports that “a blistering recent judgment, found the education department had failed to provide desks and chairs to more than 600 000 pupils explicitly reaffirmed that the constitutional right to basic education is immediately realizable.” This leaves no room for the department to sidestep an order forcing it to provide furniture to about 1300 schools by May 31, which will cost about R360 million. Devastating learning conditions continue at the Moshesh Secondary School, despite a settlement between the nongovernmental organization Equal Education and the Eastern Cape Department of Education in June last year. The other problem is of unpaid teachers from November last year. The situation is one of hopelessness.

According to John (2014: 12) the judge said that “the department’s excuse of budgetary constraints to provide furniture was not good enough. The nature of the right requires that the state take all reasonable measures to realize the right to basic education with immediate effect.” The department’s approach shows little prospect that the furniture crisis will be addressed in the foreseeable future. The department has to be reminded that the right to basic education is not confined to making places available at schools, but it is also about providing resources such as teachers, teaching material and appropriate facilities to facilitate learning. The judge therefore, by saying that the right to basic education demands that the department take reasonable action with immediate effect is the first time that a court has explained what immediately realizable means in terms of the state’s obligations. The classes are so congested that three pupils share one desk and often write on their laps. Books have not been supplied for a protracted period of time. The department seems not to cooperate with NGO’s monitoring the situation.

The case involving unpaid teachers and vacant teacher posts is set to be heard in the high court in the province on March 20. The claim is simple that the department reimburse R25 million to 32 schools and make permanent the temporary teachers they employed themselves to fill vacant teacher posts, despite this being the department’s responsibility. John (2014) reports that “the asking in court will be to allow the case to become a class action lawsuit so that any school in a similar position can opt in and get the same reimbursement as well as having their vacant posts filled. This is the tip of the iceberg in respect of education rights in South Africa. The state of education is in tatters and has virtually collapsed in all provinces of the country exacerbated by poor quality, labour union problems, government ineptitude with the Minister of Basic Education patting herself on the back for rising matriculation pass rates. This does not speak to quality and the challenges that the education system is confronted with. It is an indictment to the ruling party after twenty years of democracy. Education is at the cross roads and will not improve under the present government.

#### **SUBSISTENCE FARMING AND POOR IMPLEMENTATION**

According to Steyn (2014: 2) “The budget for subsistence support for small farmers has soared, but poor implementation is hampering growth. Support for small – scale and subsistence farmers was a big ticket item in the 2014 budget, when it was announced that R7 billion would be allocated in conditional grants to provinces over the next three years. People do not believe it when you tell them that you work on projects for nothing say participants on small – scale and subsistence projects.” The group credits workshops arranged by the Gauteng Provincial



Department for teaching them almost everything they know about farming. And the support, where it has worked, has had a multiplier effect. “The number of smallholder and subsistence producers has grown substantially. According to the agriculture department’s budget vote, the number has grown from 85 500 in 2010 – 2011 to a projected 435 000 subsistence and 54 500 smallholder farmers over the next three years” Steyn, 2014: 2). The 2014 budget review acknowledges the shortcomings of existing support programmes. Steyn (2014) further adds that “the government has trebled its support for agriculture since 1996, focusing on smallholder farmers and subsistence producers. Despite this smallholder production, declined between 1998 and 2008.

Farms, a potential source of job creation, continue to struggle to access finance, suffer challenges in agronomics, product quality and have insufficient and poor extension support. In its budget vote (in Steyn, 2014) “the agriculture department said the government was develop0ing an agricultural policy to support the national development plan’s target of creating one million jobs in agriculture by 2030.” According to Stats South Africa (In Steyn, 2014) “those who have worked for a wage, salary commission or payment in kind, even if it was for only one hour, are considered to be employed” (This is a ludicrous analysis and spin on behalf of the government and depicts a skewedness of employment figures). Access to markets remains a real problem for small – scale farmers. However, it must be recognized that a number of small projects have been formed by compacts of people who have created employment for others. Schools benefit from these projects by contributions made by these small farmers and not government. However, the additional money appropriated is welcomed but there are serious concerns about government’s spending strategy because there is no implementation strategy and many small – scale farmers are not simply farming. In this regard Steyn (2014) points out that “additional funding is not going to make a short – term difference because, it will not open blockages in the system. The answer lies in good mentorship and in addressing the need for effective farmer associations on the ground. The government had neglected to give big commercial farmers any role in its rural social development plan, noting that support for bigger farmers would energize them to support smaller and emerging farmers. It is further pointed out that the department’s budget vote reflects plans to provide comprehensive training and extension support to targeted subsistence and small – holder farmers and to transform 12 provincial and rural agricultural colleges into agricultural training Institutions by 2016 – 2017.” Cousins (2014, in Steyn) states that “it is unclear which farmers we are talking about and what forms of support will be directed to them. The department was constrained by a lack of data and should be pushing for a detailed survey of smallholder and subsistence farms. The extension services are poor and therefore it is difficult for smallholder farmers to emerge as good farmers.”

### **NECESSARY TO CHALLENGE ECONOMICS**

Young South African minds have to be exposed to economics and trained to think about the society’s vast and enduring inequalities. They must be provided with an education that will allow them to open their minds and in so doing provide them with the much needed instruments with which to reach their own conclusions. According to Lagardien (2014: 4) “students must be exposed to ways of thinking that will question and undermine the processes that have produced the vast inequalities that poverty, unemployment, violence and marginalization produce. This can only be achieved if existing frames of instruction are broken and that a reevaluation of the curriculum that is taught is overhauled. Nowhere is it more important and necessary than in economics.” The 2008 financial crisis that sparked the recession, and the meltdown of several political economies across Europe, highlighted the inability of mainstream economics to predict

the former and avoid the latter, and it magnified the failures of the discipline to deal with pervasive structural and systemic change. These failures, coupled with economists dogged obeisance to methodological monism, and especially its near complete reliance on mathematical, algebraic formulae and modeling inspired a significant movement for a more pluralist economics. South Africa therefore has to consider collaboration on improving how, where and what we teach, in order to become a winning nation but more importantly to give meaning to democracy. Unless according to Lagardien (2014: 4) “South Africa wants to return to a pre – industrial society and disconnect itself from the global political economy, and therefore the country has to act accordingly in terms of the conditions of our times, because we live in unpredictable times internally and globally.”

#### **WHY A WEAK RAND WILL NOT SAVE SOUTH AFRICA**

Adrain Saville (2014: 3) states that, “there is a prevailing conventional wisdom among labour and certain sectors of the government and industry that believes that a weak rand will reverse South Africa’s sagging industrial competitiveness and thereby lift economic growth and redress the unemployment problem.” But the rand has steadily weakened since 2011 and where are the jobs? Why hasn’t a weaker rand saved South Africa? Part of the answer lies in the all embracing fact that the South African manufacturing output relative to changes in the real effective change rate of the rand, with output lagging by one year to allow industry sufficient time to respond. However, a purposeful analysis will show that “there does not seem to be any discerning relationship between currency and manufacturing output from 1980 to 2013. The co - relation is a mere 4.6 percent, meaning that currency movement explains less than 5 percent of the change in South African manufacturing between 1980 and 2013” (Saville, 2014: 3). Put simply, something other than the rand drives the country’s industrial activity and, the explanation can be found in global economic growth. When the global economy prospers, the country prospers, almost irrespective of the level of the rand. There is therefore no doubt that at least three – quarters of South Africa’s economic growth can be explained by global growth.

If a weak rand does not seem to help the manufacturing sector, and there is a reliance on world economic growth, which cannot be controlled to drive the economy, what can be controlled to create jobs, employment and prosperity? Real wages as an answer will show that wages have grown since 2000 whilst labour productivity has fallen. But if wage increases are not matched by gains in productivity, competitiveness will be in reverse. In this regard, Saville (2014) points out that “South Africa’s labour force is 45 percent less competitive than it was 12 years ago, against a backdrop of increasing labour competitiveness.” A weaker currency does not solve this problem. It pushes up imported inflation, which aggravates the cost of labour as wages rise to compensate for inflation, which, in turn makes employers less willing to hire. Therefore, the greatest prospect of shaping South Africa’s economic landscape is: that, it has too few firms, poor productivity coupled with poor governance and very poor accountability with a compromise of the rule of law, as seen by overt corruption, nepotism and political patronage; very poor education levels.

Every time the rand weakens, South Africa’s balance sheet and income statement are weakened, so that, if becoming poor is a way to becoming rich, then the rand should be allowed to keep weakening. But if South Africa is serious about improving employment, it needs to become more competitive and this will allow employers to be more willing to invest and hire more staff. In the long term, a substantial improvement in the quality of education and of productivity including management capacity and infrastructural productivity can drive these desired gains. By the same token corruption has to be stopped in both the private and public sectors of the country. In the

shorter term, productivity, linked real pay increases may at least be one in which these principles must become entrenched. Rather than a weaker rand, in order to drive development, South Africa needs a new social pact.

## **CONCLUSION**

Change is required in South Africa urgently in terms of the manifest challenges of the development agenda that confronts its fragile economy in times of uncertainty. There has to be a very serious commitment by labour, government and business to achieve the requisite development momentum and in order to achieve prosperity. South Africa can solve its unemployment problems with strong political will and the desire to become a winning nation by dealing decisively with corruption, patronage and nepotism, but more importantly the second phase of its entry into the era of moving decisively into two more decades of democracy, after the May, 2014 elections, will be dependent on the much desired turnaround strategies that will be employed by the ruling African National Congress government. In achieving this turnaround South Africa will require a strong leadership by all role players, especially the incoming government, post May 7, 2014.

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