

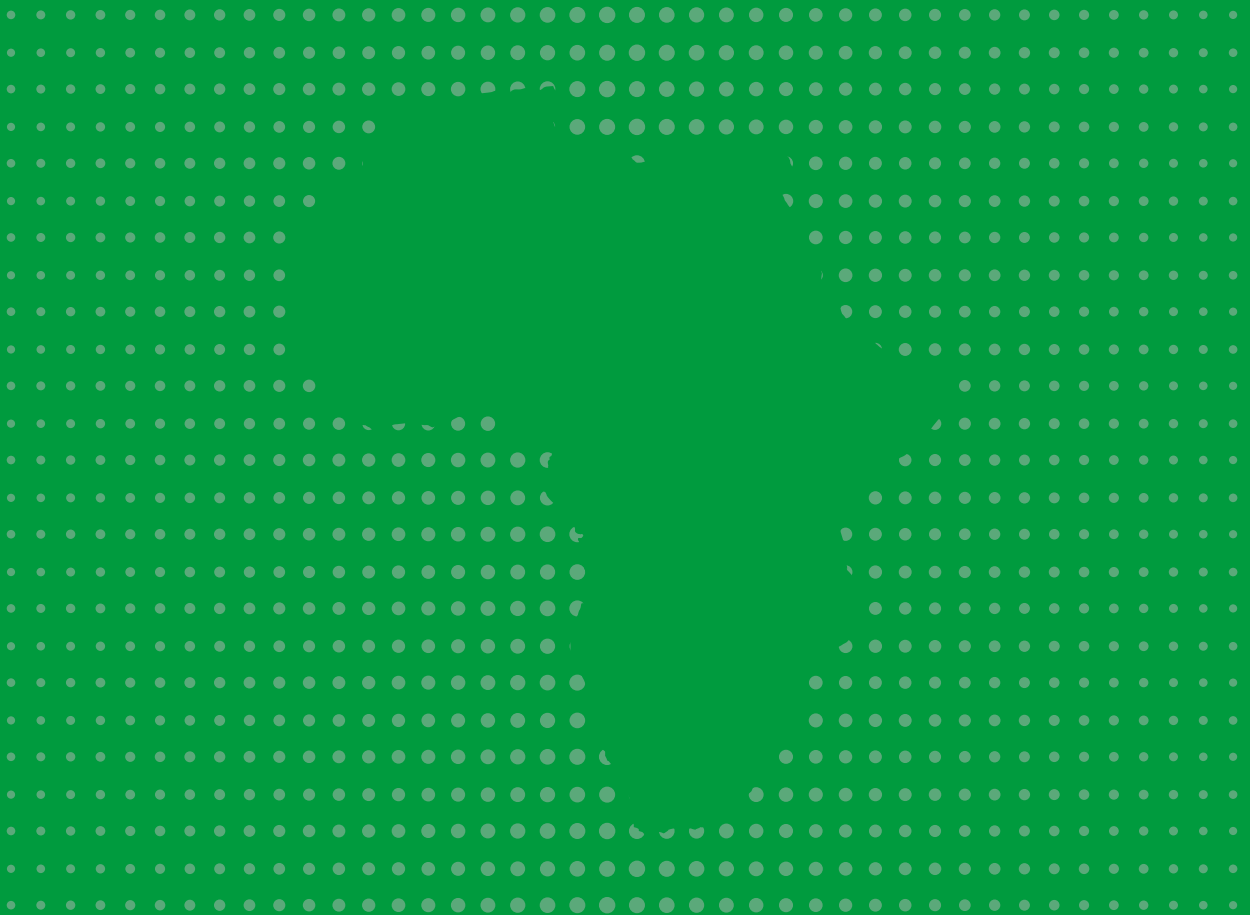
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# RECONCILIATION & DEVELOPMENT

OCCASIONAL PAPERS | NUMBER 7

## SOCIAL COHESION HANGS IN THE BALANCE AS SOUTH AFRICANS FEEL ECONOMICALLY INSECURE:

Reflections from the South African  
Reconciliation Barometer





RECONCILIATION & DEVELOPMENT  
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# **Social cohesion hangs in the balance as South Africans feel economically insecure: Reflections from the South African Reconciliation Barometer**

**Jaynisha Patel**

Project Leader for Inclusive Economies at the Institute for Justice and Reconciliation

## About the Reconciliation and Development series

The Reconciliation and Development Series is a multidisciplinary publication focused on the themes of peacebuilding and development. Peacebuilding research includes the study of the causes of armed violence and war, the processes of conflict, the preconditions for peaceful resolution and peacebuilding, and the processes and nature of social cohesion and reconciliation. Development research, in turn, is concerned with poverty, structural inequalities, the reasons for underdevelopment, issues of socio-economic justice, and the nature of inclusive development. This publication serves to build up a knowledge base of research topics in the fields of peacebuilding and development, and the nexus between them, by studying the relationship between conflict and poverty, and exclusion and inequality, as well as between peace and development, in positive terms.

Research in the publication follows a problem-driven methodology in which the scientific research problem decides the methodological approach. Geographically, the publication has a particular focus on post-conflict societies on the African continent.

## About this paper

This report was compiled by Jaynisha Patel, Project Leader for Inclusive Economies at the Institute for Justice and Reconciliation.

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Tel: +27 (21) 202 4071  
Email: [info@ijr.org.za](mailto:info@ijr.org.za)

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## List of abbreviations and acronyms

<b>ACLED</b>	Armed Conflict Location & Event Data Project
<b>ASGISA</b>	Accelerated and Shared Growth Initiative for South Africa
<b>ANC</b>	African National Congress
<b>COSATU</b>	Congress of South African Trade Unions
<b>EFF</b>	Economic Freedom Fighters
<b>GEAR</b>	Growth, Employment and Redistribution
<b>GDP</b>	Gross Domestic Product
<b>IJR</b>	Institute for Justice and Reconciliation
<b>NDP</b>	National Development Plan
<b>NGP</b>	New Growth Path
<b>PPP</b>	Public-Private Partnership
<b>RDP</b>	Reconstruction and Development Programme
<b>SARB</b>	South African Reconciliation Barometer
<b>WEO</b>	World Economic Outlook

## Key findings

- South Africans report growing feelings of economic insecurity that have largely played out along deeply entrenched lines of racialised inequality.
- Nearly half (42%) of South Africans perceive a worsening of their employment opportunities since 1994, while over one in four (28%) say they have stayed the same. This mirrors a growing national unemployment crisis that peaked at 40% in 2020 while only a third (32%) of people feel that their financial situations have improved over the last two to three years.
- Nearly three in four (72%) of South Africans link present-day poverty to historical disadvantage under apartheid. This parallels the lived reality of South Africans who experience income deprivation, with as many as 18% of black South Africans, 9% of Coloured South Africans and only 2% of white South Africans reporting regularly going without an income.
- When it comes to achieving their goals, South Africans feel hindered by structural constraints. As many as 46% of Coloured South Africans feel they lack access to financial resources, 41% struggle to access the right places and 40% can't access the right people. Nearly a third of black South Africans similarly report barriers to accessing financial resources (34%), the right people (34%), the right places (33%) and the right education (31%).
- This continued economic marginalisation has consequences for social cohesion. If given the opportunity, 14% of South Africans would be willing to use political force or violence, and interestingly, over half (54%) of those who have used political violence in the past also report regular income deprivation.
- In 2019, South Africa had a record number of protests and riots. This was the same year that the unemployment rate grew by 5% on the previous year and gross domestic products (GDP) by only 0.2%.

## Introduction

South Africans find themselves in an increasingly precarious material situation. Amid low trend growth that has been aggravated by the Covid-19 pandemic in 2020, and a government increasingly resorting to austerity measures, many are feeling marginalised and desperate.

After 26 years of political freedom, the lived economic reality of many South Africans represents a far cry from the promise of liberation from the material constraints of apartheid. Amid rising poverty and acute inequality, the 2019 South African Reconciliation Barometer (SARB), a nationally representative public opinion survey of the Institute for Justice and Reconciliation (IJR), reveals that in 2019, 59% of South Africans felt that their economic predicament would either stay the same or deteriorate in the two years thereafter. This downbeat assessment most likely emanates from an assessment of persistent structural barriers that disadvantage historically marginalised groups, but also a plethora of state failures spanning policy choices, policy implementation, corruption and unsuccessful partnerships.

The SARB may provide important clues to the framing of inclusive policies that reduce vulnerability, without stoking further discontent and division

If South Africa is to emerge from its current predicament as a unified and cohesive society, it is important to understand how these conditions, and the underlying circumstances that caused them, have influenced the public's desire for the creation of an inclusive society. With the potential of historical cleavages re-emerging as a result of material scarcity, data, such as that of the SARB survey, may provide important clues to the framing of inclusive policies that reduce vulnerability, without stoking further discontent and division. While posing significant challenges to the resilience of the South African government, Covid-19 also offers it the opportunity to break decisively from the obsolete economic paradigms of the past two and a half decades, paving the way for more inclusive solutions.



## Outline

This paper is comprised of three sections and a conclusion. Section 1 provides an overview of the SARB survey methodology. The SARB survey is a nationally representative opinion survey run by the IJR. The survey interviews 2 400 South Africans, generating a margin error of  $\pm 2\%$ , at a 95% confidence level. Survey findings can be disaggregated by key demographic indicators. Importantly for this paper is disaggregation by historically determined race groups.

Section 2 shares insights from SARB's 2019 public opinion survey. The analysed data reveal the extent to which South Africans felt economically insecure even before the onset of Covid-19. Their lived experiences of economic exclusion and material scarcity fuel these feelings, as people perceive structural constraints as barriers to personal prosperity. Through the SARB, South Africans have a voice, and that voice points to the economically insecure position that people find themselves in, often attributing it to the unrelenting legacy of racial discrimination. Section 2 concludes with reflections on how economic marginalisation can impact the country's state of social cohesion.

Section 3 explores four significant reasons underpinning people's growing feelings of economic insecurity. Firstly, historical and psychological discrimination fuel racialised inequality that in turn creates feelings of marginalisation, victimisation and exclusion. Secondly, macroeconomic policy – through inconsistency and incompetence – has failed to address mass unemployment, poverty and inequality. Thirdly, waning trust in the state as public servants diminishes the integrity of government through pervasive corruption and abuse of power. Fourthly, a failure of the state, the private sector and labour unions to unify under a shared vision for the country has resulted in restless partnerships that do not deliver meaningful change. Together these forces leave people feeling economically insecure, undermining the cohesiveness of society, sowing seeds of discontent and division that open the door for civil unrest and the mainstreaming of radical narratives.

The conclusion reflects on a way forward for South Africa, emphasising the importance of growth that is equitable and development that is closely tied to human development. Political will and meaningful partnerships are necessary to set the country on a path of inclusive development, one that protects the most marginalised, and in turn, unifies a fractured society.

Through the SARB, South Africans have a voice, and that voice points to the economically insecure position that people find themselves in

## Section 1: SARB survey methodology

The SARB is a cross-sectional, iterative public opinion survey, which has been conducted by the South African-based IJR since 2003. It is the world's longest-running public opinion survey on national reconciliation and provides a nationally representative measure of South Africans' attitudes to reconciliation and several other important social and political indicators.

To date, a total of 16 rounds of the surveys have been conducted. The SARB went into the field twice a year in 2003 and 2004, and then annually until 2013. In 2013 and 2014, the SARB survey instrument underwent an extensive review to improve the survey questionnaire in conceptualisation and measurement of key constructs and variables. Other than for measurement purposes, the regular review and revision of the survey ensure that the SARB was and continues to remain conceptually relevant and contemporary in the context of the various social, political, economic and cultural changes experienced in the country since its inception. Subsequently, the survey has been fielded biennially, with the most recent round carried out in 2019.

All SARB rounds were conducted by face-to-face interviews, with the 2003 to 2015 rounds being conducted in six languages according to the preference of the respondent. Participation is always voluntary, based on fully informed consent, and participants are free to withdraw from the survey at any time during the interview. No incentives are offered to respondents for their participation.

The SARB is the world's longest running public opinion survey on national reconciliation

The sampling approach employed for the 2019 SARB survey was consistent with previous SARB data-collection rounds, that is, a stratified, multistage random sample design was used. Province, race and geographic area (metro/non-metro) were taken as the explicit stratification variables to ensure that good coverage and the best possible precision per stratum were achieved. Variables such as district and local municipality, main place and sub-place were used as implicit stratification variables to improve the representativeness of the sample. The total sample size for the 2019 round was 2 400 respondents. Fieldwork for the 2019 round took place from July to August 2019.

For the 2019 dataset, sample weights were benchmarked to the Statistics South Africa<sup>1</sup> 2019 mid-year population estimates. The weights were within acceptable limits, with no observed abnormal or unusual skews. The final dataset was weighted to correct any disproportions that may have occurred. The benchmark variables used in the integrated weighting are as follows: province, race, gender and age group. The survey has a 95% confidence level, with a margin of error of around 2 percentage points.

## Section 2: Reporting the South African experience of economic insecurity

This section reports on South African perceptions of economic security and their prospects for future prosperity. Using insights from the 2019 SARB, four pertinent questions will be answered:

1. How do South Africans perceive their economic circumstances over time?
2. Do South Africans continue to attribute present-day patterns of economic inequality and poverty to the continued legacy of historical discrimination?
3. What are the barriers that South Africans perceive as preventing them from attaining their goals?
4. What do feelings of economic insecurity mean for social cohesion in South Africa?

**Figure 1:** Employment opportunities for you and your family since 1994

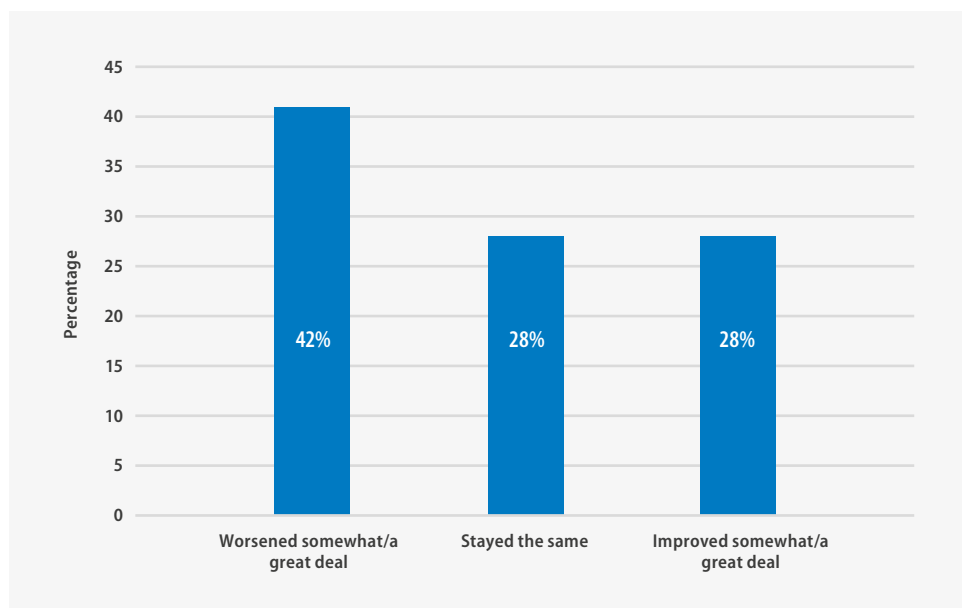
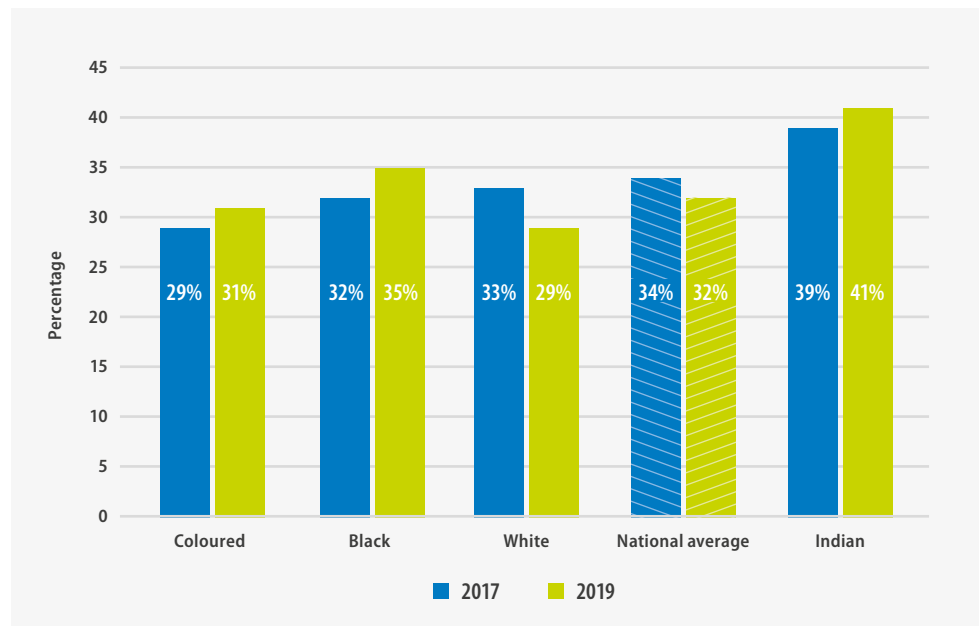


Figure 1 shows how South Africans perceive their employment prospects in the country's third decade of democratic freedom. Near half (42%) of South Africans note that employment opportunities have deteriorated since 1994, while 28% indicated that it has 'stayed the same' or improved 'somewhat' or 'a great deal'.

The perceptions of poor employment prospects closely mirror the perceptions of how South Africans view their financial fortunes in the two years preceding the survey. Figure 2 shows the percentage of South Africans who feel that their financial circumstances have improved over the ‘last 2-3 years’, across 2017 and 2019. Nationally, only a third perceived their circumstances to have improved, with most historically defined racial categories experiencing slight improvements in their financial situation over time. Notably, Indians perceive the greatest gains in this regard (41% in 2019), while white South Africans reported the lowest levels of improvement (29% in 2019).

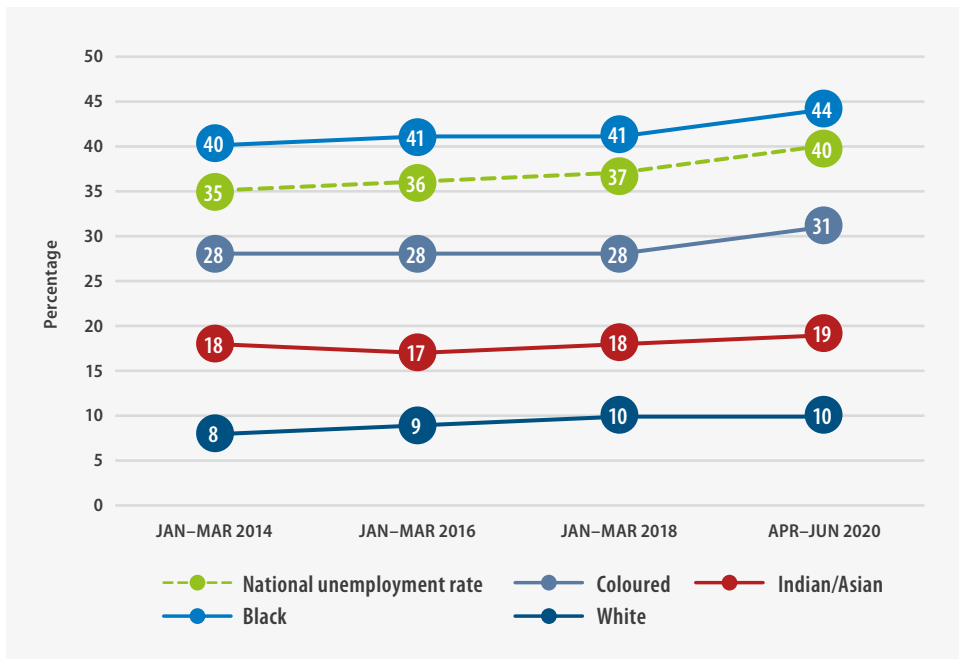
**Figure 2:** A comparative look at South Africans who experienced an improvement in their personal financial situation in the preceding 2–3 years (2017 and 2019)



Employment opportunities and financial circumstances are tightly tied to the state of the labour market, which has had record declines in employment since the 2008 financial crisis. Figure 3 illustrates the persisting nature of the unemployment crisis and an early look at the impacts of Covid-19 on the labour market. Figure 3 reports on the country’s expanded unemployment rate between 2014 and 2020.

Employment opportunities for South Africans have been withering over time with the national unemployment rate peaking at 40% in 2020. Not only does this mirror the perceptions reported on in Figure 1, but it also underscores how historical patterns of racial discrimination in South Africa are visible in present-day unemployment figures (Figure 4).

Figure 3: Unemployment rates by race groups



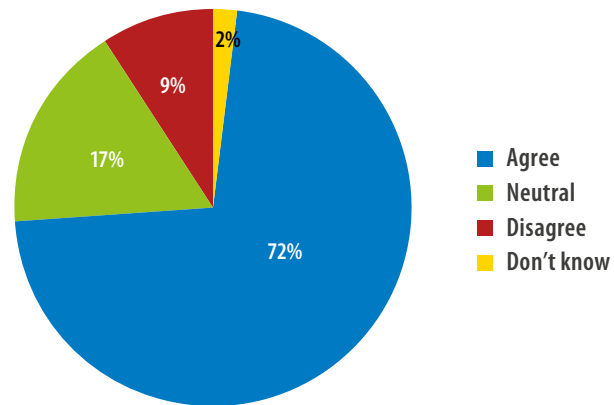
Source: Statistics South Africa, 2019.

Over time, black and Coloured South Africans witnessed the largest increases in unemployment (4% and 3% respectively), disproportionately contributing to the 5% increase in national unemployment across 2014 and 2020. These figures can be contextualised against the backdrop of a combination of a slow (or no) economic growth, a conflation of contradictory policy choices and maladministration – forces that will be discussed in Section 3. The economic impacts of these factors are often more harmful to groups who are already economically insecure. In South Africa, this has strong and persistent linkages to historical economic exclusion by race.

Nearly three in four South Africans agreed that present-day poverty is a consequence of historical disadvantage

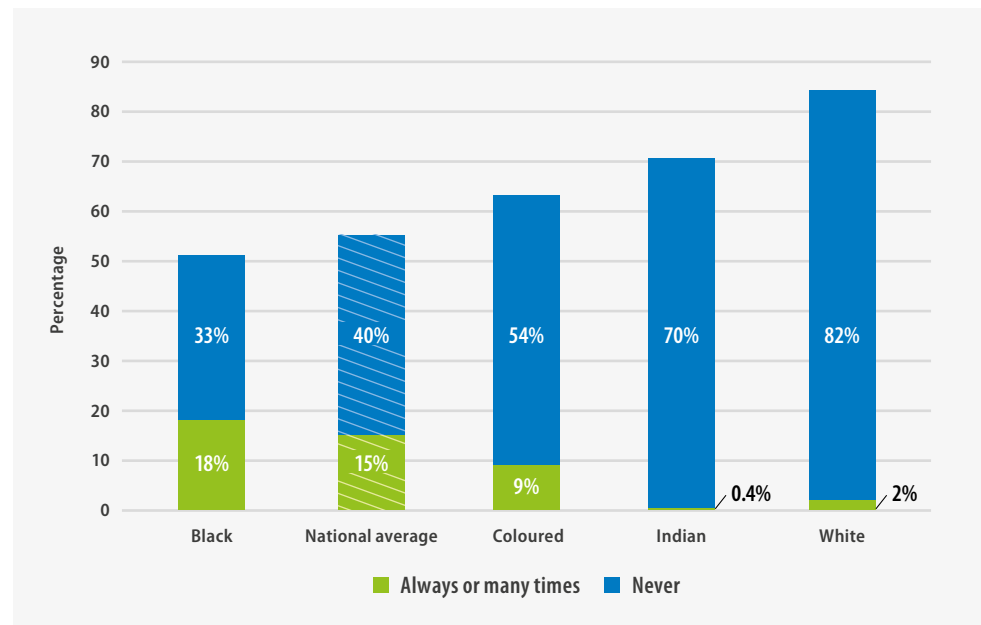
Figure 4 shows the extent to which South Africans still link economic insecurity, or poverty, to historical discrimination under apartheid. Nearly three in four (72%) of South Africans agreed that present-day poverty is a consequence of historical disadvantage, while only one in ten (9%) of people disagree with this. This perception filters through into the lived reality of different race groups, as shown in Figures 4 and 5.

Figure 4: Historical disadvantage impacts on present-day poverty levels



The SARB asked respondents a series of questions directly related to their material circumstances, including how often they go without a cash income. In Figure 5 we see that 15% of South Africans reported that they ‘always’ or ‘many times’ survived without a cash income in the preceding year. The largest shares of those who fall into this category are black (18%) and Coloured (9%) South Africans. This is in stark contrast to 2% of white South Africans and 0.4% of Indians. Conversely, four in five (82%) of white South Africans reported that they have ‘never’ gone without a cash income – 49% higher than black South Africans who have never had to go without an income. These findings illustrate that the perception of economic insecurity for many South Africans neatly parallels their lived experience as it relates to their employment and financial situations.

Figure 5: Who goes without having a cash income?

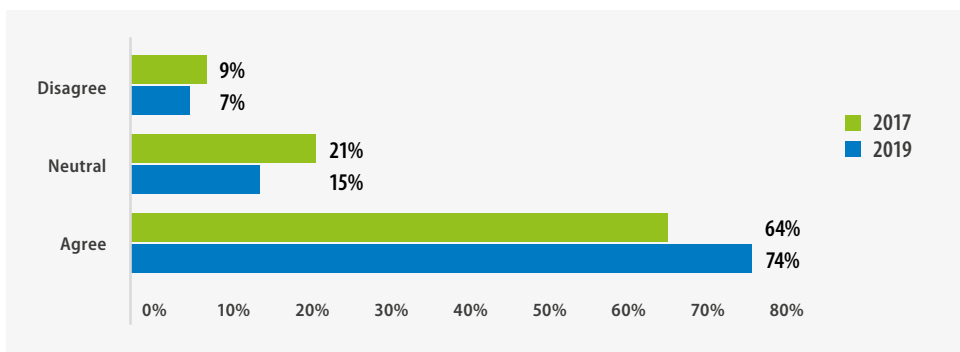


South Africa faces overwhelming and stubborn structural challenges that significantly impede progress and transformation as they relate to economic inclusion or prosperity. One such hindrance is the process of land reform and

the related failures of the willing buyer, willing seller approach to the redistribution of land.<sup>2</sup> The SARB survey measures the extent to which South Africans perceive land reform as a critical factor in addressing the country's inequality crisis.

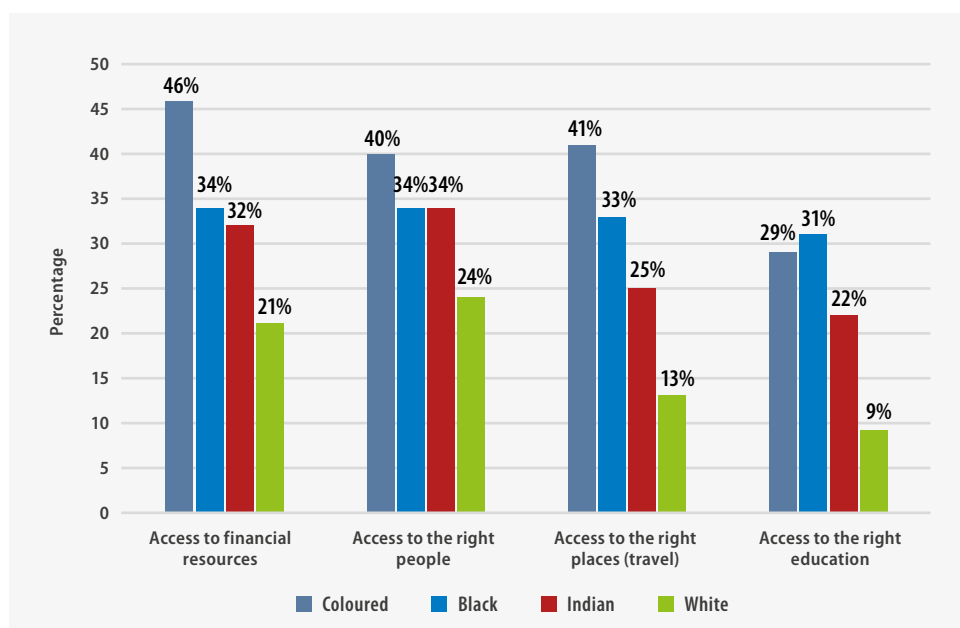
Figure 6 shows that support for land reform to address inequality has increased significantly between 2017 and 2019, with three in four (74%) South Africans seeing it as a necessity. The 10% increase over a two-year period is suggestive of a growing demand for redistribution, in the face of the government whose solutions have not yet effectively addressed inequality or land reform. Notably, the 10% increase in support for land reform between 2017 and 2019 comes off the back of a 6% decrease in neutral attitudes on the topic.

**Figure 6:** Land reform is important to address inequality



When considering the individual aspirations of South Africans, persistent structural barriers to prosperity hinder goal attainment, swelling the national feeling that people feel economically excluded. In Figure 7 we see the extent of this feeling as it relates to personal goal attainment, illustrating that historical marginalisation persists in the structures of present-day South Africa.

**Figure 7:** Barriers to goal attainment: South Africans who believe they do not have ...



Large segments of the population believe that in order to realise their goals, they need access to the right financial resources, people, places and education. When broken down by racial category, Coloured South Africans felt the most constrained in their access to financial resources (46%), the right people (40%), the right places (41%) and the right education (29%). On the other extreme, a smaller number of white South Africans feel that they do not have access to the right financial resources (21%), the right people (24%), the right places (13%) and the right education (9%).

This speaks to numerous structural constraints on the pathways to prosperity. Lack of access to credit (or financial resources) is a great barrier for small businesses<sup>3</sup> and South Africans who turn to entrepreneurship when faced with dwindling job opportunities. Local government touts SMMEs as opportunities for macroeconomic growth, yet as of 2019, 67.5% of these businesses remain informal<sup>4</sup> as the state has failed to reduce bureaucratic red tape.<sup>5</sup> Interestingly, a third (33%) of SMME owners have not completed high school, while 73% are black owned.<sup>6</sup> While this path to inclusive development is marred by barriers, it has also been severely affected by the Covid-19 lockdowns, spurring urgency to address barriers like the ones shown in Figure 7.

The impact of corruption on the labour market not only increases the tax burden on the employed population but also discourages work-seekers from participating

Access to the right people (or lack thereof) is often a factor of poor labour market mediation<sup>7</sup> and insulated networks of social capital. A lack of pluralism, rampant patronage networks and rent-seeking often exclude individuals who are not well-connected or cannot afford to buy opportunities from those leveraging their influence for financial gain.<sup>8</sup> An empirical study found that the impact of corruption on the labour market not only increases the tax burden on the employed population but also discourages work-seekers from participating in the labour market.<sup>9</sup>

Access to the right places comes down to two factors. First, the enduring spatial planning of the apartheid state that prevents affordable housing in economic hubs. Second, the impoverished and inefficient public transport system<sup>10</sup> that has been degraded by poor management and alleged corruption.<sup>11</sup>

Finally, access to the right education can be summed up with the findings from a study done by the Centre for Development & Enterprise, identifying that inequalities in the system play out along socioeconomic status, location and language lines.<sup>12</sup> The study describes two separate public schooling systems with the smaller, wealthier one accommodating learners with higher outcomes and the larger, poorer one reporting learning outcomes up to three years behind key learning milestones. To illustrate, the study found that Grade 3 students from a former whites-only school scored higher on a test than Grade 5 students from a former blacks-only school. In essence, people suffer not from a right to access quality education, but rather the ability to access it.<sup>13</sup>

The perception data collected by the SARB quite clearly highlight that South Africans feel worse off than before and economically insecure, often linking their circumstances to the continued legacy of apartheid. South Africans continue to



feel economically handicapped, and this has implications for the country's state of social cohesion.

Figure 8 shows the percentage of South Africans who would be willing to, or have in the past, used force or violence for a political cause. Importantly, 14% of South Africans would use political force or violence if the opportunity presented itself. This speaks to a substantial frustration that might be gnawing or manifesting among South Africans.

**Figure 8:** Willingness to use force or violence for a political cause

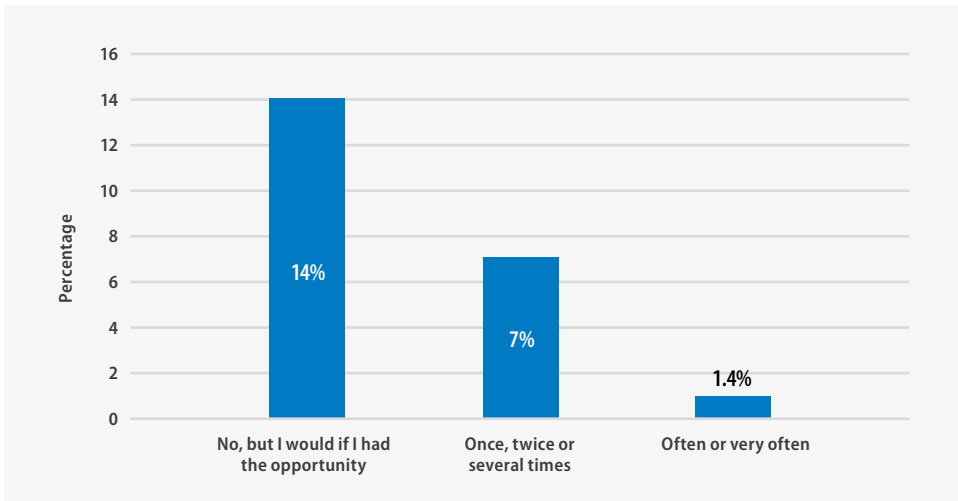


Figure 9 shows a further breakdown of the willingness to use political force or violence from within the numbers of South Africans who frequently go without an income and those who have a secure income. Interestingly, we see a correlation between income deprivation and political violence.

South Africans who regularly go without income also represent the largest share of respondents who have 'often' or 'several times' resorted to using political force or violence. This is by no means a statistically proven relationship, but rather an indication of the importance of material well-being on social cohesion.

**Figure 9:** Willingness to use violence or force for a political cause by going without an income

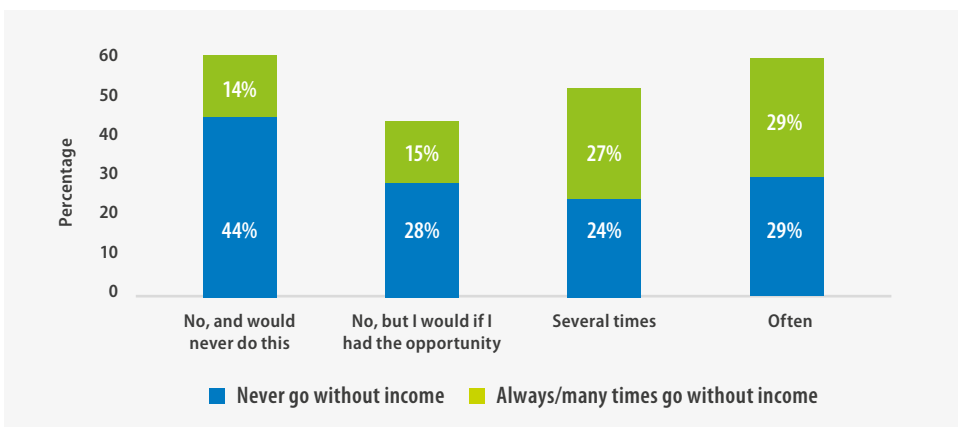
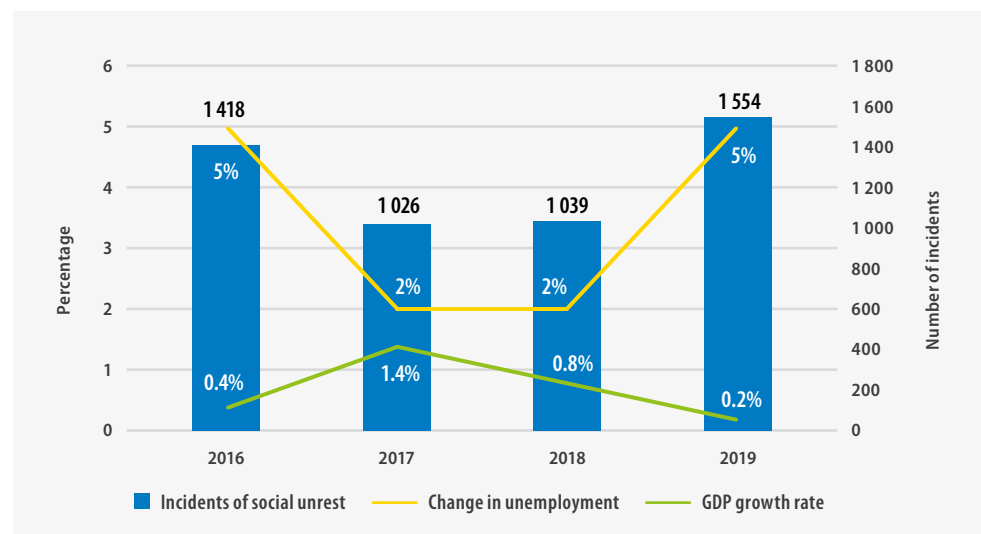


Figure 10 draws data from three different sources – Armed Conflict Location & Event Data Project (ACLED), Statistics South Africa and the World Economic Outlook (WEO) – to illustrate the impact of slowed economic growth on the labour market and social cohesion. The left axis tracks the two line graphs which show an inverse relationship between GDP growth and changes to the unemployment rate. Put differently, as GDP growth is throttled, the change to the unemployment rate increases. The right axis measures the number of incidents of social unrest (shown in the bars). These are made up of protests, riots, violence against civilians and to a lesser extent, battles. As the GDP growth rate moves down, and the unemployment rate moves up, there is a simultaneous increase in incidents of social unrest. South Africa hit a record number of 1 554 incidents of unrest in 2019, the same year the country had a marginal GDP growth rate of 0.2% and 5% change in the unemployment rate.

This draws a closer relationship to the material well-being of South Africa and the country’s state of social cohesion. These two factors cannot be divorced from each other, heightening the necessity to take seriously the way South Africans perceive their relative material circumstances, their feelings of economic exclusion and their lived experiences.

**Figure 10:** Incidents of social unrest alongside changes in GDP and unemployment



## Section 3:

### Why do South Africans feel economically insecure?

The perception data collected by the SARB provide key insights into the growing extent to which South Africans feel economically insecure. This paper speculates on at least four possible explanations for such insecurity.

#### The enduring legacy of racial discrimination

Firstly, discrimination – both historical and psychological – continues to trap South Africans in precarious economic circumstances. South Africans generally report feeling disappointed with reconciliation, evidenced by 71% of people feeling it has not yet happened.<sup>14</sup> Such a sentiment is born from a political transition that failed to bring with it a social transformation,<sup>15</sup> and from widespread economic exclusion. Racialised inequality results in major differences between race groups in supporting material redress<sup>16</sup> that goes on to stifle the reconciliation process.

Not only has historical discrimination set the stage for a mounting inequality crisis – where South Africa’s top 10% of income earners capture two thirds (66%) of national income, while the top 1% of earners capture one fifth (20%) of the country’s income<sup>17</sup> – but it has also fed and fuelled a cycle of psychological poverty. The impact of historical discrimination continues to live on within poor South Africans, particularly within the large numbers of the poor who attribute their circumstances to structural causes rather than individualistic ones.<sup>18</sup> Unequal access to resources forces poor black South Africans to live an undignified life that promulgates feelings of marginalisation, victimisation and exclusion.<sup>19</sup> The country has failed to achieve social justice, which now stands as a threat to development and sustainable peace.<sup>20</sup>

The country has failed to achieve social justice, which now stands as a threat to development and sustainable peace

Some of the structural barriers that people attribute their material circumstances to can be seen in Figure 7 where large segments of South Africans are shown to perceive that they are unable to achieve their goals because they lack access to financial resources, the right groups of people, the right places and the right education. This also varies according to race groups, with Coloured and black South Africans suffering the most from these structural constraints. This explains in part why South Africans continue to attribute their economic insecurity to historical discrimination (Figure 4) and why South Africans do in fact attribute their circumstances to structural rather than individualistic factors.

#### Policy incoherence

Secondly, a myriad of inconsistent policy choices has altogether failed to address inequality, in a broad sense, and economic insecurity at the individual level. The African National Congress’s (ANC’s) macroeconomic policy choices, which in essence are the country’s policy choices, are greatly divergent from their ideology. The ANC’s ideology is well-known to be rooted in the Freedom

Charter<sup>21</sup> with ideals that soon became more of a marketing strategy as it dawned on the party that those ideals are not wholly realistic.<sup>22</sup>

As a result, democratic South Africa has, to date, had five different macroeconomic policies that have had the central aim of boosting economic growth as a means of addressing unemployment, poverty and inequality. The Reconstruction and Development Programme (RDP) was adopted in 1994 and was replaced by the Growth, Employment and Redistribution (GEAR) policy in 1996. Although many critics see the change from RDP to GEAR as a departure from a redistributive agenda to a liberal one, GEAR essentially repackaged the same policies, except for liberalising the financial markets, to reaffirm investor confidence<sup>23</sup> after the revenue shortfalls that contributed to the demise of the RDP.<sup>24</sup> The priority of both of these frameworks was to control (and keep low) the fiscal deficit, inflation and the interest rate by means of liberalisation and privatisation. Across both of these programmes, there was a failure of implementation and administrative competence and although inflation, interest rates and the fiscal deficits were under control, the legacy of GEAR was an increase in inequality, poverty and unemployment.<sup>25</sup>

In 2006, the Accelerated and Shared Growth Initiative South Africa (ASGISA) replaced GEAR. ASGISA was 'more of the same'<sup>26</sup> and placed a strong emphasis on trickle-down economics\* to achieve its objective of halving inequality and poverty by 2014. When the sun set on ASGISA in 2010, it had successfully managed to increase the country's GDP<sup>27</sup> despite the 2009 recession brought on by the global financial crisis. However, similar to its predecessors, ASGISA is considered to have failed in its mandate of addressing poverty and inequality, leaving both the same or worse.<sup>28</sup> In the decade following the financial crisis, South Africa failed to meaningfully grow its economy while the fiscal prudence of preceding years amounted to little as debt has since continued to spiral.

Following the financial crisis, South Africa failed to meaningfully grow its economy, while the preceding fiscal prudence amounted to little as debt has since continued to spiral

Former president Jacob Zuma's New Growth Path (NGP) replaced ASGISA between 2010 and 2012. The NGP continued ASGISA's agenda of infrastructure investment, a significant departure on government spending from the previous policy frameworks. This time the objective of accelerating economic growth and creating jobs was to be through the expansion of particular industries – services, rural development and infrastructure, to name a few.<sup>29</sup> In other words, expanding government investments were to be a catalyst for job creation, stimulating demand and ultimately accelerating economic growth. Unfortunately, this was not to be as the seeds of state capture and rampant looting began to take root.

In 2012, the NGP was replaced by the National Development Plan (NDP). Once again, the NDP set out to create jobs and reduce inequality through trickle-down economics. The NDP departs from previous policy agendas as it emphasised exports of raw materials,<sup>30</sup> leaving by the wayside ambitions to support manufacturing and industrialisation.<sup>31</sup> Sadly, the policy does not address existing patterns of ownership, continuing down the path of minimal

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\* Low taxes on businesses and the wealthy are expected to stimulate demand and consequently, the growth of an economy.

state intervention –this is a stance that has had to change rapidly in 2020 with the onset of Covid-19 and an unprecedented expansion of government support for citizens and economic activity. The NDP is also the first macroeconomic policy with a strong emphasis on addressing corruption and improving the competencies of state administration and leadership.<sup>32</sup>

Despite every policy adopted by the government aiming to create jobs, Figure 1 reflects the continued failure of these policies in addressing unemployment since 1994. It shows that 42% of South Africans feel their employment prospects have worsened and 28% feel they have stayed the same. Similarly, Figure 2 shows that only about a third of South Africans feel that their financial circumstances have improved in recent years. This speaks to the direct failures of these policies in setting the country on a path of inclusive and sustainable development. South Africans of previously disadvantaged race groups continue to feel stagnant, with Figure 5 driving home the lack of economic transformation through these policies – 18% of black and 9% of Coloured South Africans report regularly going without a cash income, compared to 2% of white South Africans. Conversely, 82% of white South Africans report never going without an income, compared to 33% of black South Africans.

The SARB found that by 2017, trust in provincial and local governments was similarly depleted, dropping to 10% and 9% respectively

## A legacy of looting

This brings us to the third reason South Africans feel a growing sense of economic insecurity – state mismanagement. Amidst a snowballing unemployment crisis and rising inequality, allegations of the misuse of public office and eventually corruption, looting and state capture, contributed to a growing discontent within the country. As early as 2011, the Congress of South African Trade Unions (COSATU) expressed concerns that former president Zuma’s allies – the Gupta family – were exerting some level of influence on the government.<sup>33</sup>

By 2018, the public protector had uncovered evidence of looting that exposed layers of rot within public institutions, revealing the extent of the corruption of the political elite and business leaders.<sup>34</sup> In the end, state institutions had been hollowed out and the country faced a crisis of leadership. Trust in national leadership and institutions suffered a steady decline from 2012 (where 25% of South Africans expressed high levels of trust in national government), hitting a low in 2017, with the SARB finding that only 10% of South Africans have ‘a great deal’ of trust in their national government.<sup>35</sup> In 2019, under a new presidency that marketed itself as a force for anti-corruption,<sup>36</sup> trust in national government increased to 14.5%.<sup>37</sup>

Sadly, corruption was not only a characteristic of the national government. The SARB found that by 2017, trust in provincial and local governments was similarly depleted, dropping to 10% and 9% respectively.<sup>38</sup> By 2019, trust in the provincial government rebounded to 12% while local government trust hovered at 10%.<sup>39</sup>

Widespread fraud, dishonesty and looting were to be found at these two levels of government. The Public Protector has a substantial dossier of reports detailing a profusion of allegations and proven transgressions. The wide array of

substantiated findings includes irregular awarding of tenders for cleaning services by Constitution Hill<sup>40</sup> (the seat of the Constitutional Court of South Africa); the maladministration and improper procurement by the Johannesburg Roads Agency;<sup>41</sup> and nepotism and wasteful expenditure at Ngaka Modiri Molema District Municipality, where appointments without due process were made, confirmed salary hikes of almost 185% were approved, and employees were purged for alleging irregularities and wasteful expenditure that could have otherwise been used for servicing local communities.<sup>42</sup>

## The lack of a unified vision

Finally, a fourth explanation underpinning the feelings of economic insecurity expressed by South Africans through the SARB is the complete failure of the government, private sector and labour unions in coming together under a shared vision for South Africa. Support from the Tripartite Alliance, and in particular, from COSATU (the country's largest trade union) has been absent across the state's various policy choices. This lack of support was evident from the early days of GEAR to the more recent NDP,<sup>43</sup> and even more recently, the assertions that soaring unemployment in 2020 is the consequence of the government adopting 'regressive and contractionary policies'.<sup>44</sup> In 2020, COSATU has also waged a scathing public wage war on the ANC, in its efforts to protect the economic interests of its workers who face wage cuts off the back of the government's fiscal crisis.

**The transparency and accountability private-public partnerships\*\* must be corrected so that partnerships are created with the overarching aim of inclusive development**

On the other hand, private-public partnerships (PPPs)\*\* are championed as the foremost strategy to strengthen and align private and public interests. PPPs have recently gained momentum as a vehicle for growth in a post-Covid South Africa<sup>45</sup>. If this is to be, concerns over the transparency and accountability<sup>46</sup> of PPPs must be corrected so that partnerships are created with the overarching aim of inclusive development. At the same time, the state ought to tread carefully in the influence it allows the private sector, whose incentives are largely profit-driven. Without a robust, people-centred strategy, these partnerships will fail to deliver a consequential socioeconomic transformation that grows more urgent as the country plunges deeper into recession.

## Growing feelings of economic insecurity do not bode well for social cohesion

The amalgamation of these forces on how South Africans perceive their economic agency (discussed in Section 2) has frayed the cohesive fabric of society. The ACLED data shown in Figure 10, illustrate the correlation between social unrest, unemployment and economic growth. From 2012 to date, there have been more than a thousand annual incidents of protests, riots and violence against civilians per year.<sup>47</sup> In recent years, these have consisted of mass gatherings against corruption and leadership failures under former president

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\*\* A cooperative partnership between private and public stakeholders working together on a project, typically over the long term.

Zuma, student movements underscoring the desperation of youth – under the banner Fees Must Fall – and unprecedented protests against gender-based violence. There has also been widespread protest and riot action against service delivery failures at local and provincial levels. In Figure 8, a noteworthy 22.4% of South Africans have in the past or would in the future (given the opportunity) use force or violence for a political cause, and Figure 9 shows that many of those people are the same ones who experience income deprivation.

Inherent frustrations of populations faced with persisting inequality and unemployment also make them increasingly vulnerable to being co-opted by populist, radical agendas

The inherent frustrations of populations faced with persisting inequality and unemployment also make them increasingly vulnerable to being co-opted by populist, radical agendas.<sup>48</sup> Populism takes root through binary and divisive narratives, and in South Africa, it is not a far stretch to imagine how the legacy of the past, coupled with the failures of the present, could become consolidated in divisive political discourse. The rise of the Economic Freedom Fighters (EFF) brings to the mainstream a radical far-left agenda that continues to capture the imagination of South Africans who feel let down by the ANC. The EFF regularly highlights the provocative land reform debate.<sup>49</sup> Illustrating this is Figure 6 that shows a significant 10% increase in support for land reform over two years – a contentious topic that has failed to deliver reform through a free-market policy.<sup>50</sup>

As the government grapples with mounting debt, a post-Covid South Africa will see increased numbers of people forced to the economic margins of insecurity. Festering frustration and growing desperation will continue to fuel civil movements across the country, while radical agendas move to consolidate their positions further. The high price of social cohesion and a continued peaceful reconciliation hangs in the balance of failed economic reform, now worsened by an unprecedented economic downturn.

## Conclusion

Policy failures, the lingering legacy of discrimination that persists as psychological and material poverty, rampant looting at every level of public governance, and little coherence between the private, public and labour unions have left South Africans feeling hopeless and economically insecure. The 2019 SARB survey reveals the extent of these feelings before the Covid-19 pandemic, which has since disproportionately affected the country's most marginalised.

A narrow focus on growth and trickle-down effects has proven insufficient in delivering widespread equality that would have ultimately created feelings of economic security and optimism about future prospects. The SARB data discussed in this paper highlight both the perceived lack of economic transformation over the last two and a half decades, and a failure to address the structural constraints on micro-growth for individuals. This has culminated in a population that feels materially deprived, and uncertain of their future.

As the number of protests and riots is set to continue rising over the next few years, overcoming trust deficits in a post-Covid South Africa hinges on the state's ability to productively spend its borrowed money so that there is meaningful material change felt by South Africans. For citizens to see a return on the debt they are paying off, borrowed money must be deployed to projects that support and grow the economy in an inclusive fashion.

Gone are the days where 20th-century dogma controlled the narrative that trickle-down growth would accelerate reform. South Africa needs decisive macroeconomic policies that favour inclusion over efficiency. Growth for the sake of growth has failed to deliver meaningful change, and a greater emphasis on the distribution of growth is necessary. Linking human development to notions of inclusive development can help to put the country on a path of sustainable and equitable growth that facilitates lasting positive peace and social cohesion in South Africa.



## Endnotes

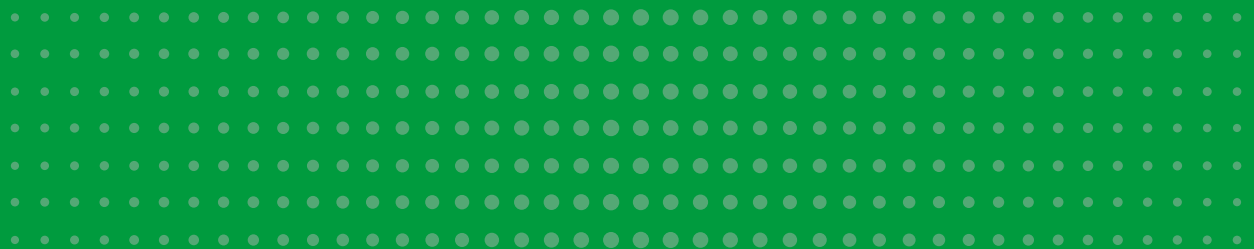
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## ABOUT THE INSTITUTE FOR JUSTICE AND RECONCILIATION

The Institute for Justice and Reconciliation (IJR) was launched in 2000 by officials who worked in the South African Truth and Reconciliation Commission, with the aim of ensuring that lessons learnt from South Africa's transition from apartheid to democracy are taken into account and utilised in advancing the interests of national reconciliation across Africa. The IJR works with partner organisations across Africa to promote reconciliation and socio-economic justice in countries emerging from conflict or undergoing democratic transition. The IJR is based in Cape Town, South Africa. For more information, visit <http://www.ijr.org.za>, and for comments or enquiries contact [info@ijr.org.za](mailto:info@ijr.org.za).



[www.ijr.org.za](http://www.ijr.org.za)

105 Hatfield Street  
Gardens  
8001  
Cape Town  
South Africa

+27 (0) 21 202 4071  
[info@ijr.org.za](mailto:info@ijr.org.za)

**SA** Reconciliation  
Barometer