

“SHIFTING RDP INTO GEAR”. THE ANC GOVERNMENT’S DILEMMA IN PROVIDING AN EQUITABLE SYSTEM OF SOCIAL SECURITY FOR THE “NEW” SOUTH AFRICA.*

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1. Introduction

Under white minority rule during the twentieth century a South African social security system was established along the lines of early social security in Western Europe, where it evolved mainly as social insurance, first for the industrial workforce and later for the whole population. In apartheid South Africa an embryonic welfare state was instituted to protect whites against various contingencies. The expansion of this system to other groups ironically put South Africa in the uncommon situation of being a semi-industrial country with the trappings of a modern social welfare state, the core of which is the provision of a basic pension for everyone in need.

South African social security evolved into two main components: occupational insurance and social assistance.

Occupational insurance included: retirement benefits for a substantial proportion of the formally employed labour force; a somewhat inadequate system of workers’ compensation; a system of unemployment insurance which cannot address the major unemployment risks associated with structural rather than cyclical unemployment; and health insurance for the better skilled, in conjunction with universal health care for those who could not afford private care.

Social assistance has three main pillars: social old-age pensions, disability grants, and child and family grants, all means tested to ensure that they are targeted at the poorest (Van der Berg, 1997:482-485; Van der Berg, 2002:1-46).

2. The origins of a pro-white social security system in South Africa

In pre-colonial South Africa the welfare needs of individuals were met through the wider African society and communalism, co-operation and mutual support by individuals; the social group was thus highly developed. The foundations of racial discrimination, the denigration of indigenous ways, paternalism in the social services and the distorted nature of social welfare policies favouring whites as a welfare elite were laid during colonial times (Patel, 1992:34-35).

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In the seventeenth century the Dutch East India Company at the Cape of Good Hope began to raise money for poor relief through the Dutch Reformed Church (DRC). After the British occupation of the Cape Colony in 1806, the beginnings of organised social welfare services were established. Religious organisations, particularly the DRC, had begun creating institutional welfare resources such as the first orphanage, founded in 1814. As the century progressed, a pattern emerged in organized social welfare provision with an emphasis on the care of children, care of the physically handicapped and the relief of indigence. In all instances, the emphasis was upon white people. After the Anglo-Boer War (1899-1902) the plight of poor whites elicited an immediate response from community and church; Afrikaans women's organisations and the DRC reacted by providing aid to poor whites at the local community level (Potgieter, 1970:10-18; McKendrick,1988:7-10; Kruger,1992:110-123,157,160-162).

Poor relief was the major component of the social security programme until the end of the 1920s. Later, social old-age pensions became the dominant mode of support of the poor. Occupational insurance for retirement became institutionalised after the 1920s. It was based on contributions paid into a fund by employers and employees, according to contractual agreement, which upon retirement gave the employee certain pre-defined benefits. In as far as there is an element of compulsion, in accordance with agreements entered into between employers and employees to make such provision for retirement, occupational insurance is a form of social security, although - unlike the position in many other countries - contributions paid by employers and employees do not flow through the coffers of the state and are thus not included in social security taxes. Thus, coverage for retirement of the employed population by occupational insurance is extensive and has been growing rapidly, partly as a result of the absence of a state social pension scheme providing significant benefits (Van der Berg, 2002:15-17,23).

Similar to early 20th-century patterns of industrial conflict in Europe, the growing (white) labour movement in South Africa generated class conflict at the beginning of the 1920s. In 1922 the country's biggest industrial clash up to that date took place between organised labour and mining capital on the Witwatersrand industrial complex. Although the workers lost the industrial battle, by 1924 the consequences of this clash eventually resulted in a political victory for organised labour in partnership with their Afrikaner Nationalist allies.

Soon after assuming power, the new Nationalist-Labour coalition, or Pact government as it was called, introduced "affirmative action style" legislation which reflected aspects of occupational insurance and social assistance. It served, *inter alia*, as an artificial bolster for white labour and as an attempt to address the poor white problem. Concentrated state programmes were devised to create work opportunities for them and in 1924 a state Department of Labour was created with the express object of finding work for them. Prior to the election the South African Party government had already implemented the Industrial Conciliation Act of 1924, which gave the unionised workers a secure position against any attempt to undercut their wages by cheaper non-

white wages (Davenport, 1987:531-4; McKendrick, 1988:11). With the introduction of the Wage Act in 1925 poor whites were to be sheltered and protected against competition from blacks in the labour market under so-called “civilized labour” policies. The Act aimed at fixing white wage rates at a level that may be described as the *white survival line* to prevent white employees from sinking socially and economically below such level – thus a line separating what was considered to be “civilized”, or white, living standards from so-called “uncivilized”, or non-white, standards of living. The Act also closed certain loopholes in the Industrial Conciliation Act’s protection of white employment. The purpose was to eliminate the economic incentive to employ black miners. It is estimated that between 1924 and 1933 the Pact government transferred about 8 000 jobs from blacks to whites (Doxey, 1961:76-84,126,153-7; Terreblanche, 2003:237).

In 1926 the Pact introduced the Mines and Works Amendment Act to protect white mineworkers from displacement, thereby giving the Minister the power to reserve jobs for whites more openly and directly (Yudelman, 1983:221-5). Job reservation for unskilled and indigent whites provided openings for careers in government institutions such as the police, the prison service, the postal service, the armed forces, the railways, agricultural settlements and municipalities. The Pact government’s industrial legislation aimed to provide unemployment insurance and social assistance, thus ensuring the long-term protection and entrenchment of white labour privileges. By 1939 the government had as good as eliminated the poor white problem (Davenport, 1987:534; Yudelman, 1983:237-9; McKendrick, 1988:11).

While African, Coloured and Indian people’s problems remained relatively neglected, public concern about white poverty grew even further with the depression of the late 1920s. In 1928, at the instigation of the DRC, the Carnegie Corporation of New York was persuaded to fund a new approach to white indigence: a scientific investigation into the causes of white poverty, its extent and the means by which it could be reduced. The 1932 report of the Carnegie Commission of Enquiry was dramatic in the impact that it had on South African social welfare. The recommendations of the Commission were seminal to the creation of a state Department of Social Welfare in 1937. Besides white poverty, the welfare of children and of the handicapped received increasing attention through legislation, the establishment of local community-sponsored welfare organisations, and the bonding together of local welfare organisations in national councils.

The creation of a Department of Social Welfare signalled a conscious state decision to become more involved in welfare programmes. The services of the Department were primarily directed towards whites, who received more services and a higher standard of service than any other population group. The post-World War II public demand for a comprehensive system of social security in South Africa was declined by the government on the grounds of expense. With this decision, the South African government rejected an institutional approach to social welfare, and reaffirmed the traditional standpoint that the individual was primarily responsible for ensuring his or her own well-being.

The final event of major significance for (white) social welfare in South Africa was the coming to power in 1948 of the National Party (NP) government. The policies of apartheid were to implement the mechanisms of separate development, also with regard to social welfare. Structurally, separate development in the period from 1951 to 1980 was reflected in the fragmentation of state welfare services according to race. From the 1950s onwards, the Department of Social Welfare had its welfare responsibilities for African, Indian and Coloured persons transferred to the Departments of Bantu Administration, Indian Affairs and Coloured Affairs, respectively. The separation of welfare services according to race group served to perpetuate and entrench discrimination in the quality of services. Social security benefits were paid to whites at a level higher than that paid to other groups. Whites were eligible for a greater range of personal social welfare services (Potgieter, 1970:18-39; McKendrick, 1988:11-16; Patel, 1992:37-39).

Under apartheid, state welfare expenditure for whites represented an important economic and political stabiliser in government efforts to maintain white support. This was particularly evident during election campaigns, when salary increases and better social benefits were often announced for state employees. Black welfare needs, on the other hand, were badly neglected during the apartheid era (Patel, 1992:42-43).

The apartheid government's Industrial Conciliation Act of 1956 can be regarded as another attempt to provide a measure of insurance for white labour against unemployment. The Act enforced job reservation and racial separation in trade unions and was designed to afford the white group another legal barrier against non-white encroachment (Doxey, 1961:139,143).

According to Van der Berg (1997:485), occupational retirement insurance expanded rapidly in the 1920s to include many skilled, mainly white, employees. The 1956 Pensions Funds Act was a milestone in regulating pension funds; but the norm of excluding the lower skilled from such coverage remained and in the context of apartheid this meant that almost all blacks were excluded.

3. Black workers and social security

Black expectations of a social security system were already evident by 1955. At Kliptown near Johannesburg the so-called Congress of the People, a multi-racial anti-apartheid movement consisting of the ANC, the South African Indian Congress, the South African Congress of Democrats (with a predominantly white membership) and the South African Coloured People's Organisation, gathered to endorse the Freedom Charter – a document that envisaged a non-racial, democratic South Africa. The contents of the Charter reflected rudimentary elements of social security such as unemployment benefits, health insurance, social old-age pensions, disability grants and child and family grants (Karis & Gerhart, 1977:184,205-8).

In the 1960s and early 1970s, when rapid industrialization increasingly drew black workers into industry, occupational retirement insurance was widened to include less skilled workers. The mainly white trade unions were instrumental both in this and in having coverage extended to more industries (Van der Berg, 1997:485).

But the gradual emergence of non-racial industrial unions during the 1970s challenged the comfortable “social contract” between the apartheid state, employers and white labour based on protectionism and cheap black labour. By the 1970s the official (white) labour movement was a spent force, with falling membership and a rapidly declining ability to protect members’ material interests. At the same time, black workers began building a modern labour movement, organizing on a formally non-racial class basis, and soon displaced the racist unions as the institutional centre of South African labour. Labour law reforms, introduced by the Wiehahn Commission of Enquiry between 1977 and 1979, opened civil society, allowing for the formal recognition of black trade unions (Adler & Webster, 2001:5,60).

Although the black trade union movement became a political force in the 1970’s, it rallied mainly around wage issues and political demands. Social security only really came to the fore as an issue in 1981, when the government tried to enforce the preservation of pension rights when people changed jobs. Ironically, the trade unions mobilized effectively against this move and their victory became another milestone in the empowerment of black workers. Thus social retirement insurance was initially instituted for whites, who dominated the skilled positions in formal employment, but was eventually extended to blacks (Van der Berg, 1997:486).

From the 1960s onwards, fiscal expenditure on social assistance rose rapidly in the attempt to incorporate blacks into the system fully and eliminate the racial barriers which had allowed the white welfare state to prosper in the first place. A trend emerged towards reducing racial differentials in spending on social services. During the “late apartheid period” of the 1980s under PW Botha, changes and restructuring in social welfare reflected declining growth rates, which promoted an early drive towards neo-liberal restructuring, and an attempt to get Africans, Coloureds and Indians to support apartheid in the face of growing protest. By the late 1980s the racial welfare gap had narrowed slightly. By 1990 whites accounted for only 23% of welfare spending, whilst Coloureds and Indians received 24% and Africans 52% (Kruger, 1992:178-179; Terreblanche, 2003:27-28; Van der Walt, 2000:70-71).

On the other hand, since the 1980s the state continued to scale back its fiscal commitments as an economic recession had imposed budgetary constraints. This also implied a government cut back on welfare expenditure (Kruger, 1992:155,183; Patel, 1992:43; Marais, 2001:48). These fiscal constraints precluded increasing black benefits to white levels, and so deracialization was most readily accomplished where resistance to reducing white benefit levels was lowest. One such area was social pensions and grants, where the small numbers of elderly or disabled poor whites who qualified under the means test were politically marginal. When the 1980 recommendation for compulsory

preservation of pension rights upon withdrawal from a fund was written into the 1981 Preservation of Pension Interests Bill, black workers saw this as an attempt to deny them access to their own money as most black people see the state as the legitimate source of old-age pensions. Thus this measure met with such fierce resistance that the government was forced to withdraw the bill. After this victory trade unions took a far more active interest in retirement benefits (Van der Berg, 1997:488-490).

4. The Tripartite Alliance, the RDP and GEAR

After four years of planning, a “super” trade union federation, the Congress of South African Trade Unions (COSATU), was launched in November 1985 in Durban during the height of political unrest in the country. Its formation introduced a new dynamic into political unionism in South Africa. At its inception COSATU had a total membership of 450 000. In 1990 the federation claimed more than 1.2 million members organized in fourteen industrial unions (Baskin, 1991:34,53-8,88-90,448).

The community-based unions which entered COSATU brought with them a strong tradition of support for the ANC (Finnemore, 1998:32). In 1987 COSATU endorsed the Freedom Charter. Then in February 1990 the Nationalist Party government of FW de Klerk unbanned political organizations such as the ANC, the PAC and the South African Communist Party (SACP). COSATU entered into negotiations with the ANC and the SACP and succeeded in formalising a strategic alliance, known as the Tripartite Alliance (Baskin, 1991:187-190,420,425,429-434). The Alliance was viewed from within the labour movement as designed to ensure that a working-class bias prevailed in the policies and programmes adopted by the ANC once it became the principal party of government. The Tripartite Alliance was forged to ensure that, henceforth, the newly democratic government in South Africa would be labour friendly (Southall and Wood, 1999:68).

Prior to South Africa’s first democratic election in April 1994 the ANC agreed in principle to adopt COSATU’s Reconstruction and Development Programme (RDP) – a programme that contained elements of social security in return for COSATU’s support in the elections. Thus the RDP formed the basis of the ANC’s election manifesto. Indeed, COSATU’s intervention was crucial in securing an election victory for the ANC (Baskin, 1994:1; Buhlungu, 1994:7-22; Marais, 2001:133; Terreblanche, 2003:108-109). According to Marais (2001:239), the RDP was also an ideological reference point that seems to confirm the political-historical continuity between the Freedom Charter and the realities of post-apartheid South Africa.

The RDP originated in an attempt by labour to produce an accord that would tie a newly elected ANC government to a labour-driven development programme. As a “growth through redistribution” policy (Terreblanche, 2003:89) the RDP envisioned as a first priority: “beginning to meet the basic needs of people: jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care, and social welfare”. The RDP soon became the paradigm within which all development

policies were to be discussed - an extended wish list in which the homeless, the landless, workers, and even international bankers could take equal comfort. From 1994 to 1996 the RDP became ostensibly the guiding document of the Government of National Unity, located in an RDP Office within President Mandela's Office, under the immediate authority of Minister Without Portfolio Jay Naidoo – ex-General Secretary of COSATU (Webster & Adler, 1998:1-2; Midgley, 2001:269).

Whereas retrenchments in social programmes were common during the 1980s, by the mid-1990s there seemed to be growing support in international debates among political leaders for the proposition that market forces alone could not solve serious social problems. Therefore the new government focussed on meeting basic needs, eradicating poverty and investing in human capacities. It also undertook a major review of the country's welfare system. The review sought to address the injustices of the system and to formulate a welfare strategy that was compatible with the new government's developmentalist commitments. Following discussions with diverse constituencies, a draft *White Paper for Social Welfare* was published in 1995, which emphasised the concept of developmental social welfare. It was formally adopted by Cabinet in 1997. South Africa's RDP and its White Paper on developmental social welfare were thus clearly compatible with the social development approach and consistent with its humanitarian and "people-centred" values. While neo-liberal approaches prevailed in other parts of the world, the new South African government resurrected the social development approach and elevated it to a position of prominence (Midgley, 2001:267-269,271).

In terms of social security the RDP did indeed achieve some remarkable results. In line with the new constitution's provision that all citizens are entitled to social security, the government soon established a very extensive welfare system, catering for the aged, disabled, children in need, foster parents and many others too poor to meet their basic social requirements (Harsch, 2001:9). For instance, free health care programmes were implemented for pregnant women and small children, and free meals were provided for between 3,5 to 5 million school children (Heymans, 1995:57; Marais, 2001:190).

However, the RDP soon ran into trouble. From the beginning the government lacked the capacity to implement it. Because RDP staff lacked proper implementation skills, huge backlogs in providing access to basic services, as defined in the RDP, occurred. Provincial maladministration of primary nutrition programmes took place and since 1994 there has been growing dissatisfaction with service delivery and employment creation as embedded in the RDP. The RDP did not spell out a detailed programme for attaining its main aims. It was too broadly formulated and ended up as a wish list for too many people (Heymans, 1995:61-3; Meyer, 2000:2; Terreblanche, 2003:109). For example, by March 1996 only R5 billion of R15 billion allocated for reconstruction and development had been spent (Lee, 1998:5).

According to Bond (2000:90,97-98) the RDP was “fatally undermined by timid politicians, hostile bureaucrats and unreliable private sector partners”. Naidoo, the RDP minister, did not command the respect of his ANC parliamentary colleagues and did not always see eye to eye with President Mandela on RDP issues. Also, Naidoo’s implementation of the RDP had to cater too much to the satisfaction of capitalist interests.

It became clear that the country’s economic and fiscal difficulties would impede the realisation of the RDP’s goals. Although the new government hoped for economic growth rates of 4-6% per annum, the actual growth rate was only slightly above the natural rate of population growth of about 2.5%. The government could not mobilise sufficient funds to meet the RDP’s objectives without redirecting allocations from the mainstream government departments. In a climate of resource scarcity, competition among ministers was intense and the prospect of having their budgets appropriated by the RDP administration was strongly resisted. In fact, most of the funding for the RDP’s programmes had come not from the South African government but from international donors, and it was generally project based. As economic considerations began to dominate government policy in the latter half of the 1990s, the lofty social commitments of the RDP were given less prominence than the need for rapid economic growth (Midgley, 2001:270).

The death blow to the RDP was dealt in a White Paper on reconstruction and development published in November 1994. The White Paper departed significantly from the original RDP document. It introduced fiscal prudence not as a means of attaining RDP objectives, but as an added goal. The notion of redistribution was dropped, as the government’s major role in the economy was reduced to the task of managing the transformation. Given the ANC’s commitment to fiscal discipline and macroeconomic balance, no fiscal “space” was available for properly implementing the RDP and for the redistributive implications of its poverty-alleviation programme and its emphasis on meeting basic needs (Terreblanche, 2003:109).

A final nail was driven into the coffin of the RDP when the new ANC government encountered its first major currency crisis, starting in February 1996 when the value of the rand plummeted by more than 25%. In order to calm domestic capital and foreign currency markets, the government embraced a conservative macro-economic strategy, “Growth, Employment and Redistribution” (GEAR). It was developed by a technical team of 15 policy makers comprised of officials from the Development Bank of Southern Africa, the South African Reserve Bank, three state departments, academics and two representatives of the World Bank. The ministry of the RDP was abolished in March 1996 and the office of the RDP was transferred to the office of the then Deputy-President, Thabo Mbeki. In contrast to the RDP, GEAR therefore was not the product of consultation with COSATU and the SACP, and would generate considerable internal disagreement within the Tripartite Alliance (Kotzé, 2000:12; Terreblanche, 1999:2; Terreblanche, 2003:112-114,116; Bond, 2000:82,118; Webster & Adler, 1998:4).

In essence GEAR implied that economic development in South Africa should be led by the private sector; the state should play a smaller role in the economy; state-owned assets should be privatized; there should be deep cuts in government spending; international competitiveness and an export-orientated economy should be encouraged; of exchange controls should be relaxed; and social service delivery budgets and municipal infrastructure programmes should be reprioritized in order to address the claims of the poor to a fair package to meet their basic needs. Concurrently, those social services that could not be provided to all, or could be undertaken more effectively by the private sector such as social assistance grants to impoverished children, were to be eliminated or scaled down. The central government would unilaterally set priorities and funds to be committed to social and sectoral policies (Meyer, 2000:3-4; Bond, 2000:78,116,183,187; Van der Walt, 2000:71-73; Marais, 2001:163-165).

“Growth through redistribution” was to be replaced by “redistribution through growth”. The poverty problem would be resolved through higher growth rates and the alleged “trickle-down” effect. In the GEAR strategy the redistribution of income is of secondary importance. The advocates of the “trickle-down” approach regard job creation as the main mechanism for transmitting the additional income created by high economic growth rates to the poor (Terreblanche, 2003:83,435; McKinley, 1997:141).

Perhaps the most important difference between the RDP and GEAR was that, while the former expected the state to conduct a people-orientated developmental policy, the latter saw South Africa’s economic “salvation” in a high economic growth rate that would result from a sharp increase in private capital accumulation in an unbridled capitalistic system. The government’s task in this was to refrain from economic intervention and to concentrate on the necessary adjustments that would create an optimal climate for private investment (Terreblanche, 1999:5).

5. Reaction to GEAR and the social security dilemma for the ANC government

Since GEAR was substituted for the RDP, the ANC government has been lambasted severely by academics, *inter alia* leftist political economists and labour leaders alike for its change in economic policy. Already in August 1996 the National Institute for Economic Policy (NIEP) raised questions as to whether GEAR would actually be able to realise its stated objectives.

According to Asghar Adelzadeh (1996:3-5,22,27-28) of NIEP, GEAR failed, *inter alia*, to present an analytically sound and empirically justified strategy. He predicted that GEAR’s conservative macroeconomic framework would constrain growth, employment and redistribution, and that it would not meet the main RDP objectives. Adelzadeh argued that GEAR provided very little fiscal stimulus to reach the required growth rate of 6% and success was almost wholly dependent upon the response of the private sector. The plan would actually increase poverty and income distribution would deteriorate. Overall, the proposed growth framework and policy scenarios were

“analytically flawed, empirically unsupportable, historically unsuitable for this country, and ...will lead to disappointment and failures in achieving the RDP objectives of fundamentally transforming the inherited patterns of inequality”.

Critics of the ANC government's economic policy such as McKinley (1997:132), Webster & Adler (1998:68), Bond (2000:38,49,55,83,184-185), Bond (2004:1-3), Marais (2001:95-96,123-138,163) and Terreblanche (2003:83-87,95-107,115,436-439,446) argue that the eventual implementation of GEAR had an intriguing run-up. Already in the early 1990s the World Bank and the International Monetary Fund (IMF) had propagated a neo-liberal approach, an export-driven growth strategy and fiscal discipline for a democratized South Africa. The NP government published its Normative Economic Model (NEM) in March 1993, which was heavily influenced by the IMF's neo-liberal dogma. When the ANC, together with other liberation organisations, started to negotiate with the NP for a new democratic political dispensation in 1990, it had little economic experience. The South African left prepared itself for a revolutionary take-over of both the state and the economy, and was therefore unprepared for an evolutionary reform process. Prior to 1994 the ANC was beguiled by a plethora of neo-liberalist corporate scenario-planning exercises and ANC leaders were fêted with private “orientation” sessions and confabs at exclusive game resorts.

Soon after the 1990 thaw the World Bank opened its channels to the ANC and trade unions, and enlisted researchers associated with the democratic movement in its projects. Therefore “the soil of conciliation and consensus was being diligently tilled”, which for the ANC was a “political retreat” and a “defeat” for its left-wing. In terms of economic policy the ANC reached an “elite compromise” with the corporate sector. By signing a secret protocol on economic policy with the corporate sector and the NP government, the ANC accepted the NEM as the basis of the post-1994 economic policy. Thus the ANC won the proverbial political “war” but lost the economic “peace” to big business and capitalist interests.

By 1996 the ANC government's economic policy had acquired an overt class character. It was geared to service the respective prerogatives of domestic and international capital and the aspirations of the black bourgeoisie at the expense of the impoverished majority's hopes for a less iniquitous social and economic order. This was a momentous shift for a party with a strong working-class constituency, closely allied with the SACP and COSATU. For Terreblanche (2003:115) GEAR was “openly Thatcherite in content and tone” and, according to Van der Walt (2000:75), it “violates the promise of ‘A Better Life for All’”.

Indeed, since the GEAR macroeconomic strategy was announced, it has not lived up to all the expectations of its planners to enhance growth, employment or redistribution. In the period 1996-2001 the economy grew by only 2,7% a year instead of the 6% as originally envisaged. Employment shrank instead of growing by 3%. Instead of the additional 1,3 million job opportunities supposed to be created by 2001, more than 1 million jobs have been destroyed since 1996. The cause of this was the introduction of labour-saving

technologies, increased out-sourcing and a market turn towards using casual and contract labour. Real government investment grew at 1,8% instead of 7,1% and real private sector investment dropped sharply – from a 6,1% growth rate in 1996 to -0,7% in 1998. Welfare spending fell from 9,6% of the total budget in 1998/99 to 9,3% in 2000/01, and health spending from 12,2% to 11,7%. The redistributive effect of the transfer of income has not been large enough to make a difference to the lives of those trapped in the vicious circle of growing unemployment, violent criminality and contagious diseases. GEAR actually set no redistributive targets (Terreblanche, 2003:117,121,432,436; Marais, 2001:163,170-175; Bond, 2000: 51, 193-194; Bond, 2004:1-2; Van der Walt, 2000:74).

Thus South Africa experienced jobless growth, while major layoffs took place in both the public and the private sector. In 1997 in the gold mining industry alone there were 30 000 retrenchments (Harsch, 2001:5; Lee, 1998:5-6; Meyer, 2000:11-2). According to Meyer (2000:11-2), the 1997/1998 national budget provided for further marginalization of social services, particularly in the health and education departments, thus contributing to a broadly perceived conception in labour circles that the government is attempting to shed its social responsibility role as envisaged in the RDP.

As mentioned before, the ANC's unilateral acceptance of GEAR generated considerable internal disagreement within the Tripartite Alliance, especially from the ranks of COSATU and the SACP. The RDP did live on rhetorically as the ANC's "election manifesto" for the 1999 general election as attempts were made to align GEAR with the socially progressive objectives of the former. During the campaign the ANC declared that the RDP "was the only relevant detailed programme to carry South Africa to freedom and social justice". On the other hand, however, ex-President Mandela, President Thabo Mbeki and his finance minister Trevor Manuel, declared GEAR to be "non-negotiable". The ANC government defended the GEAR plan as an elaboration of principles and perspectives contained in the RDP. It argued that the specific measures in the GEAR plan were merely refinements of positions established in the RDP (Kotzé, 2000:12; Marais, 2001:162,169,187; Terreblanche, 2003:112,144,450,461). This compelled Bond (2000:192-195) to describe the ANC's strategy as a "tendency to talk left" but to "act right".

Union opposition to privatization in South Africa included concern about the socio-economic impact of restructuring and privatization, since it would lead to an enormous number of retrenchments and job losses, and therefore labour-market insecurity. The unions also harboured fears of the loss of social security benefits, such as pension/providence, medical aid and other related benefits as part of any workplace restructuring/privatization programme. (Harsch, 2001:4; Meyer, 2000:8,11; Terreblanche, 1999:6; Terreblanche, 2003:461; Marais, 2001:162). In COSATU's view, it was "blindingly obvious that it is not possible to have a developmental budget within an anti-developmental economic framework" (Marais, 2001:188).

COSATU opposed privatization of state-owned enterprises as envisaged by GEAR because of its negative effects on the socio-economic interests of the

poor and the working class. According to COSATU, the goal of the privatized companies would be maximization of profits for shareholders, not provision of services to the poor. The result would be job losses and increased costs for the services (Knight, 2001:4). For instance, COSATU President John Gomomo (1997:4), complained about the lack of job creation and redistribution and of social spending that had been severely cut as a result of GEAR.

In this context both COSATU and the SACP became increasingly critical of GEAR. COSATU's 6th National Congress rejected GEAR but did not demand that the ANC drop the policy. In an address to the Central Committee COSATU First Vice-President Connie September (1998:3) complained that COSATU members had to carry the burden (by means of taxes) of providing a social security net for the unemployed and demanded that this role be shifted to the state:

Two years into GEAR workers and their families are really beginning to feel its pinch. GEAR's rigid deficit and revenue targets have meant a very limited implementation of the RDP. Despite the RDP's promise, [the] job crisis is worsening and many of us face job loss or fear that we will never be able to find a good job, education, [and] housing...social services have not been expanded sufficiently to overcome our apartheid legacy, and many working in the public service find themselves with the axe of retrenchment hanging over their heads...GEAR must go, and it must go now, so that we can see the full implementation of the RDP.

However, such utterances were only efficacious as rhetoric. The SACP aired its discontent more stridently, while COSATU spoke strongly and even staged a series of protests and strikes against job losses. COSATU's sixth national congress rejected GEAR, but it did not demand that the government rescind it (Marais, 2001:162-163,180; Webster & Adler, 1998:5; Vavi, 2001:17). According to Marais (2001:182,185), COSATU's half-hearted efforts to contest the implementation of the GEAR plan were not only a reflection of the gradual weakening of labour's influence in the socio-economic realm, but should also be read as a reminder of the limits of its influence. Like the SACP, it has been unable to shift the paradigm of the government's economic thinking.

6. Shifting gears to a new position on social security?

Political economists concur that growing unemployment and poverty, the lack of job security and inadequate safety nets as a form of social assistance to reduce the vulnerability stemming from unemployment are South Africa's greatest social challenges at present, as there are signs that growing poverty is creating grave dissatisfaction at grass-roots level in the Tripartite Alliance (see Terreblanche, 2003:461; Van der Berg, 2002:1-5,7,32; Van der Berg & Burger, 2002:1,69,74). In the light of worsening poverty and the lack of social delivery South Africa is, according to Bond (2003:160-161), "a socio-economic time bomb".

When, early in 2002, the Committee of Inquiry into a Comprehensive Social Security for South Africa (the Taylor Committee) proposed a slow march towards a basic income grant as a means of granting social security benefits to the poor, the state at first responded with a notable lack of enthusiasm. However, with the escalation of unemployment, government spokespersons began to hint at public work programmes or special employment programmes as one way to tap the labour power of the poor to reduce the impact of structural unemployment (Van der Berg, 2002:33; Meth, 2003:114, SACBC, 2003:1; Mbeki, 2003:1-5).

During the 2004 general election campaign, the ANC seemed to have oscillated between a pro-RDP and a pro-GEAR stance. In the party's election manifesto the ANC proclaimed that the RDP served as its guide for a vision for the next ten years. The manifesto also stated that the ANC would continue the growth, reconstruction and development of the country. Party spokespersons claimed the ANC "has never renounced the RDP as a concept, but that the GEAR plan was imperative to save the South African economy from the crisis that the party inherited from the apartheid regime". The RDP would not be reimplemented as an official programme, as GEAR still formed an integral part of the government's economic policy (Die Burger, 13.1.2004:4; Leuvenink, 2004:S1).

However, after an extensive election campaign tour to various rural and urban constituencies throughout the country, and having won the 2004 general election with an overwhelming majority of almost 70% of the parliamentary seats, the ANC seemed to have grasped the tremendous extent of unemployment and poverty that prevailed in South Africa and the huge expectations voters held of the government to alleviate the situation. On 18 May 2004 President Mbeki launched the first Expanded Public Works Programme in a rural area of the Limpopo Province (Mbeki, 2004a:1-4).

In his Address to the First Joint Sitting of the Third Democratic Parliament the President stated that the government "will continue to build a social security net to meet the objective of poverty alleviation". According to Mbeki, work will continue to ensure that social grants reach 7,7 million beneficiaries. A new social security agency will become operational in 2005, improving the integrity and efficiency of the system. Within two years an additional 3,2 million children will be eligible for child support grants and R166 billion will be allocated over three years for social security. Mbeki also promised that the government will continue to implement other social security initiatives such as the school nutrition programme and the provision of free basic services (Mbeki, 2004b:5-6).

In an apparent effort to appease the growing criticism from the left that the government has renounced the interests of the working class and the poor by pursuing a neo-liberal economic policy, Mbeki seemed to have taken a step back towards RDP principles. During his 2004 budget speech in Parliament he declared that the government sought to focus "on the necessary additional interventions" in order to "build a system of governance capable of serving the

people". Quoting extensively from *The World We're In* by the British author, Will Hutton, Mbeki declared that a world-wide conservative or neo-liberal trend is weakening the state as institution, resulting in the rich becoming richer and the poor becoming poorer. The President (Mbeki, 2004c:5-7) continued:

There can be no doubt where we stand with regard to this great divide. It is to pursue the goals contained in what Hutton calls the 'broad family of ideas that might be called left' that we seek to build the system of governance we indicated today.

7. Conclusion

The ANC government took a bold step to commit itself to specific time frames in the delivery of adequate social security to the indigent masses. During its present tenure of office the ANC's resolutions will be put severely to the test, especially by its labour constituency. According to Terreblanche (2003:33-34), the South African population has developed into three identifiable groups consisting of about 15 million people each. The first group consists of about 4 million whites and 11 million blacks, receiving 88% of total income. The second 15 million consist mainly of blacks, receiving about 8% of total income. The third mainly black group receives only 4% of total income. To cater only partially for the social needs of a population of whom approximately 43% are unemployed and indigent puts a tremendous tax burden upon the middle class as 6 million South Africans receive some form of social grant from the state.

Despite some positive characteristics of the history of social security provision in modern South Africa, Van der Berg (1997:492,498,501) correctly argues that, until the labour surplus situation in the country has been overcome effectively, which could take decades, unemployment insurance, for one, can only cover a small part of the labour force for a short period against the scourge of unemployment.

The challenge facing South Africa is to offer a safety net for the poor in the labour pool, mainly because of the absence of remunerated employment, while insuring those in employment against major contingencies (loss of employment, old age, ill health, disability). Although the social security system has developed to almost unprecedented levels for a semi-industrial country, there are still major gaps. As long as the lurking menace of unemployment remains, the outsiders in South African society cannot be fully drawn into the economic and social mainstream, neither by social security nor by other means. Social assistance programmes can at best alleviate the plight of the poor, an important enough objective in itself and something that the South African government needs to address.

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