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Almost three decades into the democracy, unemployment is far from being defeated, wealth and income inequality are among the worst in the world and poverty has reached a level that threatens national stability

# RDP to NDP: SA's 28 years of socioeconomic policy commotion

After the collapse of apartheid, the incumbent democratic government had a mammoth task of transforming the economy of SA and beginning a process of undoing the devastating effects of exclusionary racial socioeconomic policies.

The socioeconomic policy of the democratic government as an instrument to address these challenges was always going to be a bone of contention, from the start.

Smelling power from a distance, the ANC, as believably the government in waiting, arrived at the discourse with its Discussion Document for Economic Policy (DDEP).

To build confidence in its state leadership capability, it had to abandon the guerrilla tone and assume a statesman's view of problem and solution.

As a result, the DDEP was not as radical as had been the speech of the ANC in the trenches.

Be that as it may, the DDEP acknowledged the pressing problems of racialised poverty, wealth and income inequality. It proposed growth through redistribution economic policies as opposed to the 'redistribution through growth' framework for socioeconomic policy as the most effective to address poverty and inequality problems.

The DDEP was a huge drift away from the radical chant of the Freedom Charter and would lead to internal differences in the alliance.

The SACP did not appreciate the leniency of the policy document towards the private sector.

Cosatu was uncomfortable with the dominance of the ANC in policy formulation and was worried that the limited contribution of labour to the policy document might start off a disregard of the working class on national discourse.

The DDEP, as a point of departure for policymaking for a government in waiting, was extremely element in its solutions to address the apartheid legacy of unemployment, inequality and poverty.

By failing to set the tone straight to the private sector and beneficiaries of apartheid, the policy document lost the ANC an opportunity to put its foot down on the arrogant private sector.

The Reconstruction and Development Plan (RDPP) would be born in the midst of internal disagreements in the alliance regarding policy direction. In the new democratic SA had to undergo a plethora of editions and changes before the final document was produced.

The RDP opposed the 'growth through redistribution' strategy of the DDEP. Instead it brought forward 'redistribution through growth'.

This was seen as a huge win for the private sector.

It laid the foundation for market-orientated economics and paused any socialist ambition of the democratic state.

On the macroeconomic front, RDP was bold on the need for fiscal and monetary discipline.

This was a fair standpoint considering the mess the apartheid government created in its last days.

However, it clipped the manoeuvre of the state in the economy and severely impaired the earlier suggestion by the DDEP of an interventionist state.

Nationalisation of mines or any national key points such as the SA Reserve Bank for that matter was hardly spoken off in categorical terms as has been the mantra of the revolution. Instead there was a suggestion of nationalising underused state assets.

The RDP would not last long, it was ditched only two years into the fray.

It failed to jump-start an on



WORK NEEDED: Unemployment, especially among the youth, continues to be a huge problem in SA. Picture: LUBABO LESOLLE

## DISPATCH IN DIALOGUE

Transformation  
Apartheid legacy  
Tinashe Mutema



all-out assault on the apartheid legacy of socioeconomic inequality and poverty.

However it was a huge success on the rollout of social services, particularly free health care to pregnant women and children, school nutrition, setting up of the new democratic SA had to undergo a plethora of editions and changes before the final document was produced.

A lack of loyalty and dedication of senior civil servants, the vast majority adopted from apartheid, was a notable impediment to the successful implementation of the RDP.

Growth Employment and Redistribution (GEAR) was implemented in 1996 to replace the RDP.

GEAR would thwart any reasonable expectation of nationalisation of anything and any ambition of a socialist state.

Its priority was stability of the economy for a proper functioning market. Redistribution would flow from then.

It placed strict controls on government expenditure expansion, thereby restricting the government's role in delivering socioeconomic transformation.

The SACP and Cosatu came out guns blazing against this branch of the Treasury.

They were not happy with the apparent abandonment of the Freedom Charter mantra and disregard for the guidance of the National Development Revolution.

The private sector and the international community loudly lauded GEAR and it proceeded swiftly.

GEAR was a huge success for

the market, and interest rates were admirably lower.

However, on the socioeconomic front, GEAR fared terribly.

Inequality and poverty regathered momentum under GEAR due to the austerity measures on government spending.

Learning from the growing question around the redistribution achievements of economic growth under the RDP and GEAR, the ANC government sought to modify its policy and specifically direct economic growth towards the historically marginalised.

Surprisingly, it still carried the visibly implicit fundamental principle of redistribution through growth. It marked a shift towards centralisation of policy-making as it was largely a brainchild of the presidency.

It targeted to halve poverty and unemployment by 2014, had the ambition to bridge the first economy and the second economy with the goal of eradicating the second

unemployment by 10%, largely through an expansion of public infrastructure rollout and the public works programme.

It identified the need to boost the manufacturing sector by exploring export markets.

The NGP sought to temporarily and/or voluntarily constrain the wealth accumulation of the rich class.

Through the NGP, the department of economic development was created with the responsibility of policy formulation, taking away the responsibility from the department of finance.

As a result a conflict between the two departments emerged.

The NGP would, again, neither significantly address the apartheid legacy of racial income and wealth inequality nor reduce poverty.

After 18 years of macro socioeconomic policy commo-

tion and policy direction strife within the alliance, the ANC-led government launched the National Development Plan in 2012.

The 18 years leading up to the NDP had made it clear that the operation of the markets could not alone deliver socioeconomic development, but the decisive intervention of the government could, and the idea of a developmental state was adopted.

What had always been lacking in socioeconomic transformation was a stronger government role and what had always been problematic was the legitimacy of the private sector on the economy.

Be that as it may, the choice of a democratic developmental state was curious considering the fundamental requirement of an effective state powered by a strong political will to the fulfilment of socioeconomic transformation under a developmental state.

Over the years the democratic government had shown, through policy, unreliable political will to transform patterns of wealth accumulation and ownership.

The state raises a legitimate concern about the lack of transformation resultant from markets and argues it must intervene.

On the other hand, the market has huge distrust for increased intervention of government in the operation of the market, fearing the move might begin a transition towards an authoritarian state.

There is no generic combination of distribution of authority between state and market, but a suitable combination should be uniquely established for each nation.

The lack of a consensus has harmed the NDP severely and carried the deficiencies of the RDP, GEAR and AsgiSA into the NDP.

Twenty-eight years into the democratic state, unemployment is far from being defeated, wealth and income inequality

are among the worst in the world and poverty has reached a level that threatens national stability.

There is still time to revive the NDP towards its 2030 vision and there is sufficient hope for a functioning developmental state.

The preparation of the requirements for a productive developmental state should be hastened and the fundamentals put in place as a matter of urgency.

The civic society forms a crucial part of a developmental state. It needs to be regenerated to move from protest politics towards engagement politics.

Strategic alliances between political players and the private sector should be fostered.

Such alliances are important for the promotion of trust and building of confidence between the two stakeholders of the state. Policy certainty is of paramount importance to the success of a developmental state.

The government should relentlessly pursue socioeconomic transformation through consistent policy that is clearly coherent and co-ordinated well across government departments.

The capacity of the state needs to be strengthened. It should be led by competent bureaucrats. The state should have unquestionable political legitimacy. Its authority should not be disputed by the people but well received.

It has been 10 years of the NDP. Unemployment, inequality and poverty continue to plague the historically disadvantaged citizens.

Even though there has been success in expanding the social wage, the economic dividend of the NDP is far from reaching the marginalised.

Until the fundamentals of a democratic developmental state are put in place, the NDP will continue to struggle with redistribution of the country's wealth.

Fears that democracy is not compatible with redistribution should not be entertained.

A democratic state can achieve socioeconomic transformation when the state is effective and political will sufficient.

Tinashe Mutema is an economist. Twitter: @TinasheMutema

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