# Post-Apartheid Political Economy and State Policy

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#### Content

- 1. Economic Policies
- 2. Social challenges
- 3. Impact on the labor market
  - 3.1. Unemployment
  - 3.2. Informal vs. formal economy
- 4. Poverty and Inequality
- 5. Future/Alternatives
- 6. Bibliography

#### 1. Economic Policies

- 1994 Reconstruction and Development Programme (RDP)
- 1996 Growth, Redistribution and Empowerment (GEAR)
- Black Economic Empowerment (BEE) & Broad Based Black Economic Empowerment (BBBEE)
- 2006: Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

## 2. Social challenges

Housing

• Service delivery: water and electricity

(free) education

HIV/AIDS

Social Security/Welfare System

• Etc.

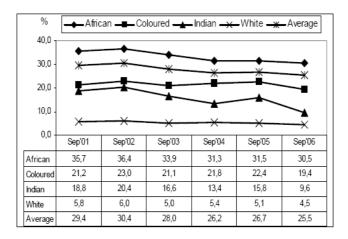
#### Impacts on the labour market

- Jobless growth (decline of formal employment although the GDP increased)
- No job creation rather job loses
- Rising demand for skilled labour because of change in production, but "South Africa has a large supply of low-skilled and unskilled workers" (Burger 2004: 55)
- HIV/AIDS: is a threat for the economy and labour market

## Unemployment

- a structural necessity of the capitalist system to survive
- 191.8 million people unemployed in the world: mostly young people (also in South Africa)
- 23.1% official unemployment rate 2008
- Unemployment Insurance Act 2001
- · Difference in urban and rural areas

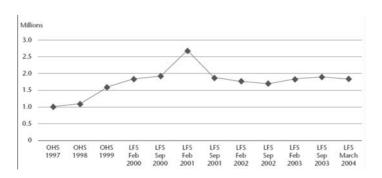
Unemployment rate by population group, September 2001 to September 2006, Source: Statistic SA 2006: xviii



# Informal vs. formal economy

- "By definition, the informal economy is understood to be outside the world of regular, stable, and protected employment and of legally regulated enterprises." (ILO 2002: 12)
- · Creation of informal economy and a decline of formal economy
- Job increase in the informal economy
- Between 7 and 12 % of the GDP
- More than 80% informal employed have no written contract
- the duration of employment is temporary and unsecured
- No labor rights
- Challenge for trade unions: only low access to the informally employed and mobilisation of the informal workers is also difficult because they have no similar working conditions → splitting the workers
- Trade sector more than 50% of the informal economy
- Transport 7.1%

The number of informally employed 1997-2004, Source: Devey/Skinner/Valodia 2006: 305



## Poverty and Inequality

- Poverty alleviation and elimination of inequality has been the goal by the government, but
- the poor have become poorer and the inequality gap bigger, no matter which definition of poverty is used (UN Reports, National Surveys)
- 19 million poor and about 10 million ultra poor
- Human Development Index (HDI): latest report 07/08 125 out of 179 and its HDI is 0.67
- Human Poverty Index (HPI): increased from 16.4 in 1995 over 22.3 in 2001 to 30.9 in 2004, and 22.1 in 2006
- 2001 the Gini coefficient: 0.77, the highest inequality could be measured within the black population 0.72
- "The biggest obligation we now have to fulfil that all for us an obligation to our people is to break the cycle of poverty and give them back dignity in full." (Mlambo-Ngcuka 2007)
- Poverty reduction strategy: reduce poverty by macro-economic stability (IMF); no acceptance of the collected data

#### Future/Alternatives

- capitalism is the reason for the oppression of the majority of the population, Trevor Ngwane in 2007 "Certainly, we need economic policy which is anti-capitalist because capitalism is the reason that we have these problems." (Ngwane, Interview 29.03.2007)
- economic policy change→ finance crisis?
- Distribution of wealth
- Election April 2009/2014
- Break of the Alliance → new workers party?
- WM 2010 and afterwards?

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