Title

The African National Congress Economic Policies and the Impact on Economic Growth

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

The year is 1994, the ANC, a previously banned South African struggle movement wins the country's first democratic elections from a government that was infamous for its policies of racial segregation and the resulting oppression for people of color in SA. In winning, the ANC moves from a liberation movement to a constitutionally elected government and with that it begins to establish its economic policy, the blueprint to the country's economic growth.

Over two decades have passed since the first democratic election and with it a series of economic policies have been introduced. What has been the impact of these policies on the economic growth of the country, through the cyclic periods of economic indicators, has the promise of the Freedom Charter become a reality for the average South African or has inequality and poverty remained a norm for the majority of the population?

This research interviews stakeholders from various groupings of society who have either helped in formulating economic policy, studied it or have been affected by it through their business dealings. Thematic analysis was used to analyze the data which was in turn supplemented by descriptive statistics from various sources.

The data reveals a speculative outlook for the South African economy with strong contrasts in socio-economic measures; an improving living standard despite a high Gini coefficient of 66%, unemployment at 26,5% is the highest of the BRICS nations. A decreasing trend in GDP growth, its lowest at 0,7% in 2016, despite comparatively low interest rates. Government's apparent incompetence to implement policy, an elitist minority and an environment in desperate need of policy certainty and strong political leadership all points to a negative impact on the economic growth of a democratic South Africa.

The solution may lie, not in formulating a strong economic policy, but in aligning policy to political, business and social interests in order to foster the will and commitment needed to drive and implement the radical policy needed to finally begin to grow an economically inclusive South African society.

DECLARATION

I, Serge Kandu-Lelo declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Serge Kandu-Lelo

(Type your name in full here, and sign in the space above)

Signed at …Johannesburg…………………………………………………

On the …22…………………….. day of …March………………… 2017….

DEDICATION

À mes parent qui ont toujours enflamé mes rêves.

"...dans la vie parfois,il faut revenir en arriere pour aller de l'avant".

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I would like to extend my sincere gratitude to Dr Horne who provided guidance throughout my research. To Mr Lumkile Mondi for his wise words I say thank you. Lastly I am greatly appreciative of all those who gave up their time during the interviews that helped me compile this research.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to assess how South Africa's ANC government's economic policies have evolved since 1994 (the post-apartheid period) and what impact this has had on the economic growth of the country.

1.2 Context of the study

In 1994, The African National Congress (ANC) became the first democratically elected government of South Africa, they had taken power from the National Party (NP) which had ruled the country since 1948 (Doxtader, 2001). The NP governed the country based on the system of Apartheid- rules of segregation and white supremacy based on Afrikaaner nationalism (Bond, 2014; Doxtader, 2001).

South Africa became increasingly isolated because of its racial laws as various sanctions from the United Nations were imposed (Doxtader, 2001; Robinson, 1996). Neighboring African countries such as Mozambique and Angola supported the ANC and Pan African Congress (PAC), the two black opposition parties who strongly resisted the South African Apartheid government (Robinson, 1996).

As both internal and external pressures increased for the abolition of apartheid, the NP government slowly began to relax its apartheid laws. In 1990 it legalized the ANC and other liberation movements. Nelson Mandela, one of the most prominent ANC leaders, was consequently released from 27 years of imprisonment in that same year (Robinson, 1996). The early 1990s saw the formation of transitional alliances such as the Convention for a Democratic South Africa (CODESA) and eventually the Government of National Unity (GNU). These changes meant that South Africa had begun to move away from a racially divided society towards a democratically integrated country (Robinson, 1996).

White minority rule ended in South Africa in 1993 with the new constitution coming into effect. In April 1994 the ANC won the country's first multi-racial elections with an overwhelming majority. In so doing the party began its official transition from a liberation movement to an aspiring constitutional government (Nattrass, 1994; Robinson, 1996). Through this transition, the ANC needed to establish macro-economic policies to help re-integrate South Africa into the International community and revive its ailing domestic economy.

The ANC has ruled South Africa since the 1994 elections (over 2 decades) and it has done so within the boundaries of a tripartite alliance. The tripartite alliance consists of the ANC, the South Africa Communist Party (SACP) and the Congress of South African Trade Unions (COSATU)- the country's largest trade union federation (Habib & Padayachee, 2000). This alliance has led to tensions in drafting an economic policy that satisfies the needs of all the stakeholders involved. Other stakeholders that have contributed to the tension included foreign investors and domestic businesses which at this point were predominantly owned by white people who grew increasingly cautious of the economic environment in the country (Nattrass, 1994). As time progressed it became evident that the ANC began to hold a more relaxed view from that of its pro-redistribution economic policies of the struggle era (pre-1994) and drifted towards a neoliberal policy that favored foreign investors (Habib & Padayachee, 2000; Weeks, 1999). In addition, the ANC had come into power at a time when the country was facing tremendous financial strain, according to Catchpowle & Cooper (1999) as a result of sanctions, a recent recession, high inflation, maladministration and low foreign direct investment (FDI), the ANC had inherited a weakened economy from the previous government with a budget deficit nearing 7% of GDP.

In response to the economic and social conditions faced by South Africa, the ANC government established economic policies that outlined its strategy in addressing these problems. The series of economic policies that followed over the next two decades began with the more socialist Reconstruction and Development Program (RDP) in 1994 to the most recent pro-industrialization policy known as the National Development Plan (NDP).

During the transition period of the Government of National Unity, the ANC focused its priorities on redressing the socio-economic wrongs of Apartheid while seeking to also achieve economic growth, reduce unemployment and satisfy its local labour movement through national wealth redistribution (Habib &Padayachee, 2000; Nattrass, 1994; Terreblanche, 2002). Since 1994 to 2017, 23 years after apartheid, 5 major shifts in economic policies can be identified (RDP-1994, GEAR-1996, ASGISA-2005, NGP-2010, NDP-2013) (Segatti& Pons-Vignon, 2013); it is worth investigating the lasting impact of these policies and whether they have had the desired outcome on the economic growth of the country.

1.3 Problem statement

1.3.1 *Main problem*

Evaluate what impact South Africa's series of macroeconomic policies have had on its economic growth post the apartheid era.

1.3.2 *Sub-problems*

The first sub-problem is to identify the impact of economic policies on economic growth by examining the trends in South Africa's economic indicators over the post-apartheid era. These will include a look at the national GDP, inflation rate and interest rate.

What is important is that because of advances such as those in innovation and technology, economic growth and good economic indicators may not necessarily result in an improved standard of living for the general population. As Tonder, van Aardt and Ligthelm (2011) point out there might be an increased move towards capital over labor which will result in jobless growth, this is discussed later in subsection 2.3.4. New Growth Path (NGP), 2010-2020.

The second sub-problem therefore analyzes how these economic policies impacted on the country's unemployment rate and inequality levels and whether there has been improvements in the Living Standard Measure (LSM) for South Africans.

1.4 Significance of the study

Economic policies stipulate a blueprint for the future economic direction of a country. These policies cover aspects such as the level of public spending and national ownership, national budgets and, consequently, taxation and interest rates. The ANC government's characterization of economic policy includes fiscal and monetary policies, industrial and financial policies but excludes land reform (Nattrass, 1994).

Studies have been conducted on each of the macroeconomic policies of South Africa, starting with the RDP in 1994 which was quickly followed by GEAR (Growth, Employment and Redistribution) in 1996 through to the introduction of the current economic policy, the NDP, in 2013. Within this period, this study evaluates what has been the collective impact of these policies on economic growth, have these policies supplemented one another in order to build on the advances of its predecessors and have they yielded the desired outcomes?

In defining an economic policy, a government binds its country to a long-term strategy that essentially determines where funds are sourced and how they are spent. Although the government is free to modify or completely change its policies, the failure of its economic strategy could lead to a decline in economic growth (Catchpowle & Cooper, 1999; Nattrass, 1994; Weeks, 1999). The significance of this study is to determine the extent to which South Africa's economic policies have succeeded in creating economic growth, which would in turn address domestic problems such as high unemployment, large wage disparities and waning business confidence both locally and internationally.

John Weeks (1999) questions the External Factors hypothesis which states that economic growth in developing countries is heavily limited by external factors and does not necessarily depend on domestic economic policies. By comparing the quarterly growth rate of ten newly industrialized countries (NIC), a larger negative trend in South Africa’s quarterly growth rate is seen. The results from the John Weeks (1999) study places more weight on the importance of a country’s own internal policies in achieving economic growth. For this reason when considering the economic growth of South Africa over a certain period of time, it is worth evaluating the collective impact of its economic policies over that same period.

Some (Commission, 2012; Mbeki, 2003) have stated that South Africa does not have a policy problem but instead an implementation problem while others have been critical of the neoliberal policies and have labelled them inadequate in addressing the problems faced by the country (Nattrass, 2011; Terreblanche, 2002). This study may offer insights on the validity of each of these statements and therefore contribute to either more suitable implementation methods or suitable policies in South Africa. In so doing, it may provide answers to whether the macroeconomic policies of post-apartheid South Africa have led to economic growth that has benefitted the general population. Additionally, it may provide useful information for other developing countries seeking economic growth through suitable economic policies by identifying the possible critical ingredients of policies that lead to growth in a developing country environment.

1.5 Delimitations of the study

This study focuses on the macroeconomic policies of South Africa during the pos-Apartheid period (i.e. after 1994). The study by Weeks (1999) reveals that although external factors may limit the growth of a country, when benchmarked with other countries (both major industrialized countries- MIC and NIC countries), the growth of that particular country should either rise or fall at relatively similar rates to the others. Instead Weeks’ research showed that 2 years after the introduction of GEAR, South Africa’s growth rate fell to levels significantly lower than other NIC countries despite a negligible change in the economic indicators of the MIC countries before and after the introduction of GEAR. As a result, this study will limit the inclusion of external factors in the assessment of South Africa’s macroeconomic policies.

In order to provide an overview of the economic environment in South Africa, the study will provide summaries of each of the economic policies implemented after Apartheid. The focus therefore is not on individual policies but on the collective implications that they have had on South Africa's economic growth over a certain period.

Institutions providing foreign direct investment and global funders such as the World Bank and International Monetary Fund (IMF) are only considered insofar as their terms of providing funds may influence (directly or indirectly) the economic policies of South Africa.

Lastly in trying to understand the overall impact of economic policies, we assess the impact that they have had in addressing South Africa's most persistent problems that they sought out to address. These will include high unemployment, poverty, and inequality. It should however be noted that an economic policy alone cannot be said to be the answer for each of these wicked problems however the idea here is to identify whether the changes in economic policies have had any noticeable impact in addressing these issues.

1.6 Definition of terms

Apartheid

The Apartheid museum defines Apartheid as a period that came about due to laws imposed by the National Party on South Africa. These laws encouraged the racial segregation of whites and blacks in all aspects of their lives. A possible explanation for this could be that it was a nationalist policy aimed at preserving the Afrikaner culture, which was thought to be superior. Afrikaner is the name given to a native white culture in South Africa (Dubow, 1989).

1.7 Assumptions

- The study is conducted under the assumption that information and data regarding the economic policies and indicators of South Africa during the period under investigation is readily available.

- It is assumed that the respondents of the interview will give honest and credible information (refer to Chapter 3: Research Methodology).

- It is assumed that there is a strong correlation between economic policy and addressing the wicked problems of South Africa. By evaluating the rate at which these problems are resolved (e.g. a steep decline in the unemployment rate) we will assume that we can attribute a large part of these successes to the collective impact of the country's economic policies.

- With support from the research conducted by Weeks (1999), the assumption is made that the economic indicators of a country are strongly affected by its own domestic economic policies as opposed to external factors happening around the world. A look at the economic indicators over a certain period therefore provides a strong indication of the long-term performance of the economic policies being implemented.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The dawn of democratic South Africa brought with it a shift from the socialist ideals of the Freedom Charter purported by the liberation struggle movements of the Apartheid era. The shift was towards increasingly more orthodox neoliberal policies that seemed to benefit the few and not address the poor economic conditions of the people of South Africa.

This literature review begins with a historical background discussion that will help contextualize the environment in which South Africa was being ruled. This is in order to better understand the factors that influenced certain policies. Nattrass (1994) points out that it is worthwhile understanding the history of ANC economic thinking and organizational dynamics in order to better understand and not undermine necessary political compromises made by the ruling party. As such the historical background is followed by a discussion on the main economic shifts that has taken place in post-apartheid South Africa. This discussion not only looks at some of the successes of these economic policies but also the reasons that prompted a shift from each predecessor and whether subsequent policies were consistent with (or a complete change from) them.

Understanding the economic environment in South Africa necessitates an understanding of the linkages between economic policy and economic growth; what are the factors in an economic policy that ultimately lead to economic growth and which of these factors may have impacted South Africa in achieving its required economic outcomes.

As stated before, some literature (Commission, 2012; Mbeki, 2003) seems to place the shortcomings of South African economic policy on the failure of implementation while others suggest that the neoliberal policies were at odds with the South African reality and not suitable for the socio-economic conditions of the time (Terreblanche, 2002). Clarity is offered on this debate by evaluating the change in economic indicators and the impact that the post-apartheid policies have had in addressing economic problems and thereby culminating in economic growth for South Africa. Although a government assessment of the past economic policies (Commission, 2012) points to the social gains in the country, Weeks (1999) and Catchpowle (1999) highlight that South Africa had the worst economic performance when compared to other NIC African countries even when taking external factors into account.

2.2 Historical Background Discussion

"The nationalization of the mines, banks and monopoly industry is the policy of the ANC and a change or modification of our views in this regard is inconceivable" A statement made by N Mandela on January 15, 1990 (Davis, 2003).

The Freedom Charter, adopted by the ANC in 1956, was the policy document of the ANC during its struggle era (Davis, 2003; Nattrass, 1994). The above quote by Nelson Mandela embodied the stance of the charter in that it demanded redistribution and despised inequality, capitalism and Apartheid. The Freedom Charter was seen as advocating that South Africa was for all the people who lived in it, despite this, it remained relatively vague as an economic policy. Some literature (Habib & Padayachee, 2000; Nattrass, 1994) points out that this was done intentionally in order to enable the ANC to gather support from a broad spectrum of social groupings that included both grass-roots activists and domestic and foreign businesses during its struggle years.

In the lead up to the first democratic elections of 1994, as the rhetoric of redistribution and nationalization continued, its impact on capital markets became more evident. Business became more wary of the dangers of nationalization and increased state intervention; this was accentuated by the impending demise of the centralized governments of the Soviet Union and Eastern Europe. Consequently, statements such as the one highlighted above by Nelson Mandela, had a negative impact on the stock market and began to erode business's confidence in South Africa (Davis, 2003). The tensions around economic policy could be split into three schools of thought within the ANC and its tripartite alliance partners (Nattrass, 1994):

Moderate nationalists; concerned with positioning the ANC such that it continued to hold democratic power, saw economic growth as a goal that could be achieved through policies that move away from the socialist stance of the Freedom Charter to one that is more neoliberal and investor friendly.

Grass-root orientated activists; this group rallied mass support for parties such as the ANC and South African Communist Party (SACP) especially during the struggle era. They supported the ANC primarily because of their own interpretation of the Freedom Charter as a policy for redistribution, nationalization and equality. As the ANC began to implement economic policies, these activists resented the manner in which policy was dictated to them. They consequently advocated for a more democratic process in policy decisions.

Unionists; the most influential of which was COSATU, disapproved of the ANC's increasingly neoliberal, business friendly economic policies (Davis, 2003). They began to see their influence within the tripartite alliance wane and in response they advocated for more influence in policy decisions in order to push forward the agenda of the unemployed and the working class. This unhappiness by the unions partly led to the draft resolutions on economic policy in 1991-1992 (Davis, 2003; Nattrass, 1994).

Knowing these schools of thought we can now highlight some of the goals that the ANC aimed to achieve in devising its first macroeconomic policy in 1994. Nattrass (1994) highlights 8 points which he calls The ANC Challenge:

1. Achieve economic growth	4. Affirmative action
2. Meet trade union demands	5. Small business development
3. Job creation	6. Redistribution

7. Boost business confidence

8. Alleviate white fear

“We are convinced that neither a commandist central planning system nor an unfettered free market system can provide adequate solutions to the problems confronting us” The ANC in the 'Draft Resolution on Economic Policy', p. 3.

As elections drew near, internal and external pressure mounted on the ANC. With an economy under stress and in dire need of funds, it became clear that the party needed to adopt a stronger position on economic policy and quotes such as the one above hinted to the direction chosen by the ANC. The draft resolutions on economic policy that followed between 1991-1993 sought for a middle ground between a centrally controlled state and one with a free market system; these resolutions included the Draft Document on Economic Policy (DDEP) and the Draft Policy Guidelines (DPG). In general, they advocated for a more developmental state concerned with planning, coordinating and leading economic strategies. These policies culminated in a final policy resolution conference in May 1992 attended by delegates of all branches of the ANC. At this conference the power and influence of the Unionists and Activists within the ANC was once again showcased, the DPG was amended to include the rhetoric of nationalization and increased state intervention in the financial sector to channel resources in specific sectors (Habib & Padayachee, 2000; Nattrass, 1994).

Of significance is the final resolution, which seemed to have abandoned the call for growth through redistribution (this could be in part due to the 1993 MERG report named “Making Democracy Work”). MERG, the acronym for Macro-Economic Research group, was one of several ANC think tanks established in 1991. In 1993 it released a report named “Making democracy work”, the report pointed out that economic growth could be increased by 5% and 300 000 jobs could be created if state intervention was adopted and economic restructuring occurred through the labour market in terms of better training, improved education, skills development and increased wages (Davis, 2003).

During the transition period (27 April 1994 to 3 February 1997), when power was being transferred from the NP to the ANC, the ANC led what was called the Government of National Unity (GNU) (Habib & Padayachee, 2000). The ANC’s pre-election policies seemed more interested in power, equality and growth through redistribution this however began to change after the elections. There are a few interesting aspects to note during this transition period, firstly the ANC had very little experience in setting a macroeconomic policy for the country, this meant that the NP adopted a leading role in economic matters within the GNU. Of significance are two NP party members who were appointed to lead the financial structures of the country: Dereck Keys became the first finance minister of democratic South Africa and he was replaced later that year by a banker Christo Liebenberg who was not affiliated to any political party, Liebenberg was eventually replaced by Trevor Manuel in 1996. The Reserve Bank remained in the hands of Chris Stals, who served as governor during the Apartheid regime, until 1999 when he was replaced by Tito Mboweni.

Another interesting aspect is that the ANC took control of a country that was not in a financially strong position; in order to implement its large-scale policy changes the government needed the help of institutions such as the World Bank and International Monetary Fund (IMF). These institutions lent out money but also imposed their own mandatory requirements on economic policies. Once South Africa accepted their money the country was bound to an economic policy that was required to include (Catchpowle & Cooper, 1999):

- Reduced public/state spending
- Privatization of state owned enterprises (SOEs)
- A free market system that includes free trade routes and lower import tariffs
- A fiscal controlled economy

The IMF and World Bank policies seem to favor a more neoliberal economic environment in South Africa and this could have, to some extent, influenced policy makers within the ANC. When the World Bank and IMF policy conditions are compared to the pre-1994 economic aspirations of the ANC it reveals several contradictions; in fact the goals of redistribution and nationalization were in direct contradiction to the neoliberal policies of the World Bank and IMF (Davis, 2003;

Weeks, 1999). The dilemma was that in order to affect change and implement its economic policies the South African government had to face accepting funding attached to conditions that did not seem to align with their own policies. These are the circumstances with which the ANC went into the formulation and adoption of the first official government economic policy in January 1994, the Reconstruction and Development Programme (RDP).

2.3 A History of Economic Policies

2.3.1 *The Reconstruction and Development Program (RDP), 1994-1996*

The aims of the RDP can be categorized into 5 major policy programs. The ANC needed to work on each program simultaneously in order for the RDP to be a success (Davis, 2003; Nattrass, 1994):

- Meeting basic needs: Eliminating poverty, eliminate low wages and wage inequalities
- Democratising the state and society: State intervention in addressing economic imbalances and structural problems in industry, trade, commerce, mining etc., the implementation of Affirmative Action
- Developing the country's human resources: Skills development and economic empowerment of the previously oppressed.
- Building the Economy: Extensive public sector investment to stimulate private sector involvement in restructuring and development efforts.
- Implementing the RDP

The RDP's focus seemed to be a vehicle for societal redress from the racial inequalities of the Apartheid era (Davis, 2003; Weeks, 1999). The government would then be required to focus on state resources in delivering services to the poor in order to achieve "a better life for all", this revealed the influence of the unionists and activists in drafting the policy.

During implementation however, the ANC did not adopt this policy in its entirety, an example is the reduction in import tariffs in an attempt to encourage FDI, this trade liberalisation was carried out by Trevor Manuel, the then Minister of Trade and Industry (1994 – 1996) (who later became the finance minister). The state also distanced itself from implementing reforms for greater state involvement into the financial and banking sector. The ANC became reluctant on the idea of democratising the Reserve Bank and cemented the bank's independence in the country's constitution. As previously stated, at this point the Reserve Bank was led by NP member Chris Stals, who was then able to run the bank with reduced political (ANC) interference (Davis, 2003).

The argument here could be that at this point the ANC's strongest influence was relatively limited to the political arena while the NP kept control of the country's financial institutions. In addition the government relaxed foreign exchange controls. This exchange liberalisation continued when Trevor Manuel became Finance minister in 1996, it allowed for foreign asset swap procedures and was seen as an attempt to not only make South Africa more investor friendly but also more competitive. Manuel highlighted that during the Apartheid era South African firms had been protected by tariffs and government subsidies which enabled them to perpetuate the legacy of Apartheid and also made them less competitive in the global arena (Davis, 2003; Habib & Padayachee, 2000).

There is a point to note here though; the ANC had just adopted a policy that advocated social redress and redistribution. To achieve this, several policies were put into place such as Black Economic Empowerment and the Labour Relations Act (LRA), in order to compel businesses that had previously been protected and segregated (in terms of race and wages through Apartheid policies) to now integrate a large portion of the African population into their business and to protect their employment through the LRA. At the same time however, foreign exchange was being encouraged and tariffs were being lowered, this meant that foreign companies could easily bring their goods and services into the country. The assumption could be that this would create more jobs however the majority of the African population could only offer unskilled (or very low skilled) labour. This meant that the system only created more opportunities for the better skilled and experienced white population of the country while at the same time creating problems for the established South African companies by allowing more competition into the country. Increased competition meant that these companies had to respond by scaling down, offering more competitive prices or redirecting their funds to the scramble for increasingly scarce natural resources and scarce human skills. The two goals therefore of advocating for Affirmative Action while liberalizing trade seem to be counterproductive (relative to the section of the population it is meant to help).

Perhaps the most significant sign of the ANC drift from its pre-election policy was the adoption of a privatisation policy. In December 1995, then Deputy president Thabo Mbeki announced plans to sell off SOEs in order to reduce debt and realign the state's role in the economy (Habib & Padayachee, 2000).

The sale of SOEs was a complete turn-around in terms of ANC policy but it was completely in line with the demands made by the World Bank and IMF and even the NP. This further highlights the discrepancy between policy and policy implementation. The ANC had a tremendous amount of political influence and relative freedom in drafting economic policies. However this did not seem to trickle down to influence in the financial/economic sector of the country, this remained in the hands of the NP and the (mainly) white owned conglomerate businesses. Even in the social arena, the ANC's influence was heavily challenged by unionists and activists whose views on economic policies contrasted heavily with that of the government's. The ANC could therefore draft many policies, however, when it came to implementing them it had to reach a compromise by negotiating between all the relevant stakeholders.

2.3.2 *Growth, Employment and Redistribution: A macroeconomic strategy (GEAR), 1996 - 2001*

To align the economic strategy of the ANC to a formal policy a new economic framework (GEAR) was introduced in June of 1996. GEAR was a 5 year program more focused on reducing unemployment and attracting investors as opposed to the RDP who's focus was on socioeconomic redress through redistribution. The supporters of GEAR relied heavily on the neoliberal approach that the higher the growth rate the more likely the poorer sections of the population will benefit, this is known as the "trickle down effect". To achieve this growth rate supporters of neoliberalism believe in the power of free market forces that lead to economic growth in a country and the welfare of its own population (Davis, 2003).

Some of the main goals for GEAR were to achieve 6% growth in GDP and 400 000 jobs by the year 2000. This translated to 4,2% average growth in GDP and 2,9% average growth in employment between 1996 and 2000 (Habib & Padayachee, 2000; Weeks, 1999). To achieve these goals the following needed to be done (Davis, 2003; Weeks, 1999):

- Tighter fiscal policies: A reduction in the fiscal deficit to reduce government debt and free up resources for investment
- Increase public investment
- A reduction in inflation levels: Increase domestic savings levels
- Attracting FDI: Increased industrial competitiveness, moderation of wage increases, stable real exchange rate between Rand and other major currencies, rapid tariff liberalization.

In 1998, halfway through the GEAR mandate, John Weeks (1999) performed an assessment of GEAR to determine its success thus far. He found that the policy had helped government achieve its targeted reduction in fiscal deficit and it had succeeded in bringing down inflation to within a single digit. The failure, however, was that growth levels fell far short of the targeted 4,2% average and added to this there was a sharp rise in interest rates. As a consequence the targeted employment levels could not be reached. Weeks (1999) further argues that the failure of GEAR could not be attributed to world market failures, as mentioned earlier, a comparison of South Africa's growth with other NIC countries shows a decline while an assessment of economic indicators of Major Industrialised Countries (MIC) shows no significant change before and during GEAR.

The conclusion then, which was echoed by MERG, is that the drop in economic growth was due to the extreme emphasis that GEAR placed on reducing the state deficit. MERG had proposed amongst other things, a prudent expansionist fiscal policy. GEAR advocated for economic growth led by the private sector which would eventually translate to increased employment. It is interesting to note that some, like Chagunda (2006), attribute GDP growth of up to 5% in 2005 to the GEAR framework even though this is 5 years after the GEAR timeframe.

2.3.3 *Accelerated and shared growth initiative of SA (ASGISA), 2005-2022*

> “The ‘third world economy’ exists side by side with the modern ‘first world economy’ …[but is] structurally disconnected from [it]…. [To] end the ‘third world economy’s’ underdevelopment and marginalisation…will require sustained government intervention [and] resource transfers … includ[ing] education and training, capital for business development and…social and economic infrastructure, marketing information and appropriate technology.”(Mbeki, 2003)

Thabo Mbeki, the South African president from June 1999 to September 2008, argued that the government did not have a challenge of policies but instead had a problem of implementing those policies. ASGISA was introduced by the office of the deputy president to address these challenges, the policies it brought do not depart greatly from the broad objectives of the RDP and GEAR - reducing poverty and unemployment (Wildenboer, 2008). The goal was to reduce poverty by 2010 and half unemployment by 2014 through a phased economic growth rate of 4,5% between 2005 to 2009 and 6% between 2010 and 2014 (Wildenboer, 2008). ASGISA identified the challenges associated with building the capacity and capabilities needed to accomplish policy objectives and obtain the desired output. The challenges to be addressed were considered binding constraints and identified as (Chagunda, 2006; Wildenboer, 2008):

- Shortage of skills: Lack of skills and committed employees especially in the public sector. The lack of qualified human resources needed to implement policies.

- Barriers to entry, limited competition and limited investment opportunities: This speaks to the relatively concentrated industry market structures that resemble oligopolistic structures and reduce competition and new entrants. Much needed improvements in financial resources.

- State organisation, capacity and leadership: Speaks to the corruption and mismanagement of funds and the lack of co-ordination between the different state departments.

Government committed to ASGISA by increasing its infrastructure spend to approximately 5% per annum for the next 5 years. It was believed that the increased state expenditure would lead to sustainable job opportunities (Gelb, 2007). A commitment was also made to promote Small-to-Medium-Enterprises and encouraging investments. A great bottleneck of this policy however was the shortage of skills. Initiatives such as JIPSA (Joint Initiative on Priority Skills Acquisition) was introduced by the government to address this, it was a 3 year national skills programme involving the private sector, academia and other stakeholders (Chagunda, 2006). At the least, ASGISA had the benefit of focusing both private and public sector to the binding constraints of the country (a good example was the national skills shortage) and committing to a path of addressing them.

2.3.4 *New Growth Path (NGP), 2010-2020*

After it became clear that the previous economic programmes had not efficiently achieved their objectives, the South African government introduced a fourth economic programme in 16 years (Van Aardt et al., 2011). The New Growth Path, introduced in November 2010 by Ebrahim Patel the Minister of Economic Development, was to be implemented at the local government level with a primary mandate of creating 5 million jobs by 2020, reducing unemployment from 24,4% to 15% and training 100 000 youths (includes 30 000 engineers and 50 000 artisans). Its secondary focus was on improving inequality, reducing poverty and improving the co-ordination, planning and implementation of economic policies in all levels of government (Meyer, 2013).

To achieve its target, the NGP identified sectors with great potential for job creation, these sectors included:

- Infrastructure development
- Agriculture
- Rural development focusing on agro-processing
- Mining
- Manufacturing
- Green economy
- Tourism
- Informal sector

Meyer (2013) points out that significant funds were allocated in realizing the goals of the NGP, this included the creation of The Jobs Fund, Expanded Public Works Programme (EPWP), Industrial Development Corporation (IDC), National Youth Development Fund, Infrastructure Fund. In addition, several government departments stepped in to create jobs such as the Department of water affairs (30 000 jobs) and the Department of Agriculture (supporting 100 000 farmers).

The NGP quickly ran into trouble and was heavily criticisedfrom the onset; it had problems with high production costs combined with low productivity with a high cost of labour that was ever increasing due to the labour unrest in the country. It also had a heavy reliance on government funding and remained vague on how its policies were to be implemented. Consequently it was considered more of a vision then a plan (Meyer, 2013; Nattrass, 2011).

A critique of the NGP target of 5 million jobs by 2020 reveals that it is unlikely to be attained. Meyer (2013) again points out that the economic boom period of 2002 to 2008 only yielded 300 000 jobs and was followed by a loss of not less than 450 000 jobs between 2009 to 2011 (note the 2008 economic meltdown). He calculated that to reach 5 million jobs in 2020, starting from 2013 the country would need an average of 500 000 new jobs per annum. This critique is continued by van Tonder, van Aardt and Ligthelm (2011) whose research findings argue the following points:

- Possibly due to increased labour unrest and increased competition, South African employers have begun to prefer capital over labour (which could lead to jobless growth). Research suggests that factors other than economic growth have a major impact on both job creation/destruction in South Africa bringing in question the theory of trickle down economics.

- The factors identified by the NGP to have high potential for job creation and be labour absorptive mostly have a preference of capital over labour, meaning the labour can be mechanized or automated.

- Conditions created by government do not create an environment that would support reaching the NGP targets. For instance the research found that compared to countries with similar unemployment levels, it was more difficult and expensive and time consuming to start a business in South Africa.

2.3.5 *National Development Plan (NDP), 2013 - 2030*

> "…On the present trajectory, South Africa will not achieve the objectives of eliminating poverty and reducing inequality. There is a burning need for faster progress, more action and better implementation. The future belongs to all of us and it is up to all South Africans to make it work". Trevor Manuel's Foreword to the NDP (2011)

President Jacob Zuma became the president of the Republic of South Africa in 2009, within 2 years came the unveiling of a new draft economic framework in November 2011. The final document was released in 2013 and named the National Development Plan (NDP). President Jacob Zuma had tasked the National Planning Commission (NPC) headed by Trevor Manuel and consisting mostly of commissioners outside government, to development a plan aimed at reducing inequality and eliminating poverty by 2030. The NDP aims to achieve these goals by growing an inclusive economy where all South Africans benefit from the economic growth of the country. It seeks to build capabilities and enhancing the capacity of the state and promoting leadership and partnerships throughout society which will include business, labour, communities and government (Commission, 2012).

The commissioners highlight the wins and losses of past economic policies in the NDP report as follows:

Wins:

> Past economic policies have broadened access to services for South Africans, this includes electricity, education and water.
>
> 3 million more South Africans are working today than in 1994, average incomes have risen steadily and poverty rates have consequently decreased. All this has contributed to stabilising the economy.

A steady emergence of a non-racial society has begun.

Loses:

The legacy of apartheid is still evident, certain areas are still divided along the spatial "racial conditions" of the apartheid government and not all South Africans have access to basic services as is their constitutional right.

The quality of education, especially for blacks, has remained poor. This has led to a small workforce and the un-employability of the youth.

18 years after democracy (1994 - 2012), South Africa is still an unequal society riddled with poverty and a high unemployment rate.

The NDP recognises that South Africa needs to find a way to translate political emancipation into economic freedom for its citizens. The results of the NDP would be to have a population with raised living standards through a combination of employment, higher income through productivity growth, social wages and good quality public services (Commission, 2012).

It is interesting to note that the NDP echoes the words of ex-president Thabo Mbeki by stating that the main problems in South African policies have been the failure to implement those policies and the absence of broad partnerships. Thirteen (13) primary challenges are identified in the document as follows:

1. Too few people work

2. The quality of school education for black people is poor

3. Infrastructure is poorly located, inadequate and under-maintained

4. Spatial divides hobble inclusive development

5. The economy is unsustainably resource intensive

6. The public health system cannot meet demand or sustain quality

7. Public services are uneven and often of poor quality

8. Corruption levels are high

9. South Africa remains a divided society

10. Rural economy

11. Social protection

12. Regional and world affairs

13. Community safety

The changes proposed by the NDP will be driven by 3 aspects: Active citizenry, strong leadership and an effective government. Ultimately the cycle of development can be started by improving conditions that lead to opportunities that in turn increase capabilities. As capabilities increase so too does employment; more employment means growth; growth means a reduction in poverty levels (although this can be questioned) and a rise in living standards. This is summarised in Figure 1 below obtained from the NDP Executive summary.

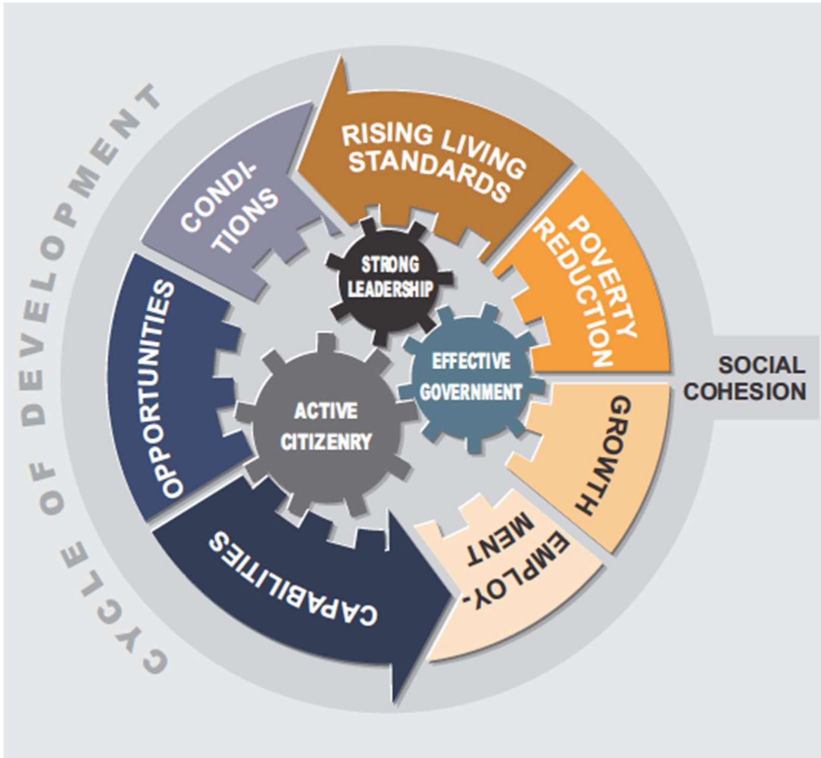

Figure 1: The link between capabilities, opportunities and employment on social and living conditions (edited from Commission, 2012).

Trevor Manuel reveals that the NDP has prioritised 3 specific areas:

- Raising employment through a rapid growth in the economy
- Improving the quality of skills, development, innovation and education in the country.
- Transforming the state into a transformative and developmental state by building capacity.

Success for the NDP will be if the government is able to do two things; firstly to reduce the percentage of households with a monthly income below R419 from 39% in 2009 to 0% by 2030. Secondly, reducing the Gini coefficient (a measure of inequality) from 0,69 to 0,6.

2.4 A link between Economic Policy and Economic Growth

The economic frameworks/programmes implemented by the South African government from 1994 to 2013 all had the broad objective of wanting to reduce poverty and unemployment by creating jobs in order to foster a better life for all (Segatti & Pons-Vignon, 2013). After the shortcomings of the RDP the economic policies that followed employed a more neoliberal viewpoint. Neoliberals define the role of the state, under neoliberalism, as one that supports market institutions, for this they have adopted the term New Public Management (NPM) (Segatti & Pons-Vignon, 2013). The government mostly assumed that these economic policies would lead to economic growth and subsequently create jobs and wages that would trickle down and benefit the poorer population.

In order to implement the system of NPM, government needed to reduce public spending and apply austerity measures as was done under GEAR; this period of government roll-back would allow business to develop less corrupt bureaucratic systems which are more efficient and thereby bring with it market discipline to public bureaucracy (increased competition and the implementation of good international standards would be a strong driver of this), this was one of the main appealing aspects of neoliberalism (Hoggett, 2010; Segatti & Pons-Vignon, 2013). Once these systems were established government would then be transformed with lean systems and less corrupt, bureaucratic institutions (Segatti & Pons-Vignon, 2013). Economic policy can be seen as the driver or blueprint for policies that may (or may not) open up markets, encourage FDI etc and eventually lead to economic growth. Issues such as policy certainty and departmental alignment may be encouraged and even executed through an appropriately thought out and executed policy. This in turn creates an environment that encourages growth and investments. It can therefore be said that having an appropriate economic policy may be one of the main pre-requisites for economic growth.

To highlight the rate of South Africa's economic growth, its performance over the post-apartheid period will be contrasted to its counterparts in BRICS and Nigeria and Egypt who follow South Africa as the second and third biggest economies in Africa respectively. The BRICS nations are a bloc of 5 countries with emerging economies that represent much of the world's economic growth, the IMF estimated that they will represent 61% of the world's growth by 2013. South Africa was the last to join the bloc in 2010 and has since proceeded to form trade agreements and several investment initiatives to further facilitate the economic growth of each member state (SAGov, 2017).

2.5 Conclusion of Literature Review

After 20 years (from 1996 to 2016), South Africa has yet to meet the expectations generated by the end of Apartheid (Commission, 2012). One might wonder why the ANC opted for neoliberalism in the first place. Put in context, Chipkin and Lipietz (2012) argue that the choices presented to the government at that time were limited; because of the mistrust of the capitalist sector through its support of the Apartheid system and because of the collapse of the centralised governments of the Soviet Union, neoliberalism seemed the more appealing option that offered both state “control” while appearing to remove the corrupt bureaucracies and inefficiencies that had plagued the apartheid government.

The question then, which forms the main research problem of this study, is whether the economic policies adopted by the government are suitable for South Africa and perhaps simply lack implementation as argued by Mbeki (2003) and the National Planning Commission (Commission, 2012) or is it that the policies themselves are a deterrent to economic growth?

van Tonder, van Aardt and Ligthelm (2011) have hinted to the fact that economic growth does not necessarily lead to increased job creation in South Africa. Marais (2011) also points out that although GEAR resulted in South Africa achieving a surplus in 2006, this failed to significantly reduce inequality and, to a lesser extent, unemplyment. The preference of capital over labour from South African businesses means that economic growth could mean jobless growth. If this is true then it would follow that policies aimed at economic growth, in order to create jobs and reduce poverty, would not have the desired output. Pons-Vignon & Segatti (2013) argue that the capital over labour viewpoint is a result which has hardened the system of accumulation in one sector of the economy (in this case it is the Minerals-Energy complex- MEC). As a result less investments have gone into the labour-absorbing sectors of manufacturing and agriculture, recall that these are sectors identified by the NDP as having potential for growth. Fine and Rustomjee (1996) refer to the Minerals-Energy complex as the “engine of capitalist development in South Africa”, this speaks to how deeply entrenched this system is in the country, any macroeconomic policy implemented to address the problem caused by this imbalanced investment system will need to be a policy that is radical in order to bring about change. When one takes a look at the composition of the NPC, the committee spearheading the NDP, we see that it is headed by the longest serving finance minister of the country, Trevor Manuel who in the past presided over GEAR which remains highly criticized (Habib & Padayachee, 2000; Segatti& Pons-Vignon, 2013 Weeks, 1999) in addition the deputy chairman of the NPC is Cyril Ramaphosa, an ex-unionist who served as the General Secretary of the National Union of Mineworkers and is now the country’s deputy president. With these officials leading the objectives of South Africa’s “new” macroeconomic policy, it remains to be seen if it will be more of the same or if it may bring the necessary radical change needed to yield the required outcomes.

2.5.1 *Hypothesis 1:*

South Africa’s macroeconomic policies have negatively impacted economic growth over the post-apartheid era.

2.5.2 *Hypothesis 2:*

Economic indicators over the period under investigation show a negative trend in terms of economic growth.

2.5.3 *Hypothesis 3:*

South Africa’s persistent problems of unemployment and inequality continue today and a large percentage of the population remain poor.

CHAPTER 3. RESEARCH METHODOLOGY

This section of the study outlines the methodology used. A brief discussion of the methodology is followed by the research design. Thereafter the population and sampling is discussed and the research instrument and procedure for data collection introduced. The subsequent sections will include data analysis and interpretation and data analysis, the limitations of the study and validity and reliability of results.

3.1 Research methodology

The literature review reveals that there are multiple factors that need to be considered when formulating a policy that is aimed at achieving economic growth. Bryman (2015) notes that qualitative research is concerned with words and allows for a more interpretivist research strategy. There are several research methods associated with qualitative research which includes participant observation, interviewing, focus groups, discourse/conversation analysis and the qualitative analysis of collected text (Bryman, 2015).

A qualitative method is more suited to this study because it accepts that there are multiple interpretations of reality and this can change with time (Merriam & Tisdell, 2015). By allowing open ended questions the respondent is also given freedom to express his/her views and construct their own meaning in how they interpret the topic at hand (Creswell, 2013). Once the data is collected it is then up to the researcher to draw meaning from it, this speaks to Bryman's inductive view where theory is generated from research; an inductive view is a particular feature of qualitative research.

The open ended nature of responses to qualitative methods warrants the assumption that respondents are honest and provide responses based on a true and honest reflection of the information they have at the time.

3.2 Research Design

The preferred methodological approach to be used is a face-to-face, individual, semi-structured interview. The interviews may be recorded with consent from the interviewee and follow-up interviews are allowed should they be required. Should a face-to-face interview not be possible then telephonic and video recorded (e.g. Skype) methods can be considered.

Qu & Dumay (2011b) highlight that face-to-face interviews encourage honest responses based on facts and knowledge from the interviewees. The interviewer is also in a position to better interpret verbal and non-verbal communication which may help in obtaining more information. Open ended and semi-structured interviews allow for flexibility in the interview process and the interviewee is left to fully express him/her-self which leads to superior quality of data as compared to say phone interviews (Merriam & Tisdell, 2015). Semi-structured interviews also allow the interviewer flexibility to ask immediate follow up questions that may clarify answers to a critical question (Bryman, 2015; Qu & Dumay, 2011a).

The advantage of the semi-structured interview approach is the ability to obtain additional details from the interviewee and being able to modify and adjust the interview to suit the interviewee while making sure to still obtain the critical facts and information (Qu & Dumay, 2011a). The protocols involved with scheduling interviews with the interviewees best suited to answer questions around economic policies of South Africa could accentuate some of the disadvantages of face-to-face interviews which include the likelihood of a limited geographical spread and the availability of resources (e.g. time) needed to setup and conduct interviews (Bryman, 2015). Another disadvantage is that the interpretation of data may be vulnerable to the biased interpretation of the interviewer.

3.3 Population and sample

3.3.1 *Population*

The geographical location of the study is Johannesburg, the economic hub of the country. The population for this study will consist of groups/sectors directly impacted by economic policies. This includes the ANC, people in the business sector and academics who have a particular interest in economic policy and growth.

3.3.2 *Sample and sampling method*

Purposive sampling will be used which is achieved by selecting participants that will provide insights to the research conducted. Respondents will be chosen based on their experience and expertise on the research problem. 12 interviewees were chosen to participate in the research, this is in line with research findings from Guest, Bunce& Johnson (2006) that state that data saturation had been reached once 12 interview transcripts were revised. The research highlights that the findings might be related to the homogeneity narrow scope of the research. In this study the sample is considered homogeneous and from a narrow scope (all respondents will be knowledgeable on macroeconomic policies).

Table 1: Profile of respondents

Respondents	Number to be sampled
Respondents with knowledge around macroeconomic policies and aligned to the Tripartite Alliance such as the ANC, SACP and COSATU	4
Respondents with knowledge around macroeconomic policies in the Business Sector	4
Respondents with knowledge around macroeconomic policies and not aligned to any groups forming part of	4

the tripartite alliance. This group could consist of academics.	

3.4 The research instrument

The instrument used for this research will be an interview schedule. The schedule will be semi-structured to allow flexibility during the interview and to obtain as much information as possible from the interviewee while also allowing self-expression on the topic.

3.5 Procedure for data collection

Pre-arranged interviews will be conducted. Although notes may be taken during the interview, recording the interview is preferred (with the consent of the each respondent). Initial contact with interviewees will be made either face-to-face, telephonically or via email.

3.6 Data analysis and interpretation

This study makes use of data obtained from recorded semi-structured in-depth interviews with open ended questions. A system suitable for this type of data collection is one that reduces the data, displays it and draws conclusions from it (Miles & Huberman, 1985). Braun and Clarke (2006) advocate for Thematic Analysis as a useful tool for qualitative research. The advantages and disadvantages of thematic analysis are highlighted as follows:

Table 2: Advantages and disadvantages of Thematic Analysis

Advantages	Disadvantages
Flexibility	Flexibility- In that it could make difficult to identify aspects of the data to focus

	on
Quick and easy to learn and use	Themes may be considered in isolation from broader context
Results are relatively easily accessible	Reliability may be a concern due to variations on interpretation of the researchers
Highlights similarities/differences across data sets	
Satisfactory manner to summarize large data sets	

In considering data around economic indicators, descriptive statistics are used from sources such as Stats-SA. These provide a good way to represent summarized data sets over a certain period and also compare them with other countries.

3.7 Limitations of the study

- The data obtained may be subjective as it is the viewpoint of the interviewee.
- The interpretation of data may be subjective as it relies heavily on the interpretation of the researcher.
- Open ended questions in a semi-structured interview may result in exhaustive answers that may not necessarily provide insights on (or be relevant to) the research topic.

- Respondents may have different personal interpretations of the questions asked or different follow-up questions may be asked from the respondents due to the semi-structured nature of the interview.
- The timeframe, duration and quality of the data collected is constrained by the availability of the potential interviewees and their level of expertise on the topic.

3.8 Validity and reliability

3.8.1 *External validity*

External validity is described by Bryman (2015) as the extent to which the findings of a study can be generalized. The external validity of the study may be limited due to the unique history of South Africa, this history has played a big role in shaping the country's economic policies. However the broad spread of data collection may increase external validity (Mays & Pope, 1995).

3.8.2 *Internal validity*

This study meets internal validity by going through a proposal panel validation. To increase internal validity the researcher is encouraged to take control of the process rather than rely on external reviewers (Morse, Barrett, Mayan, Olson, & Spiers, 2002), therefore it is important to limit possible ambiguities that may be contained in the research instruments questions and to give the definition being used during the interview for terms that may be ambiguous. The recording of interviews may also reduce mis-interpretation of data by the researcher, additionally a face-to-face interview allows clarification of the data obtained.

3.8.3 *Reliability*

Bryman (2015) describes reliability as the extent to which the same results can be obtained by another researcher. To address possible problems with inconsistent outcomes of the same data, the recordings and notes from each interview will be stored.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

The study recorded interviews from a sample of 12 respondents from a diverse group of academics, ANC members and business people. The recorded sessions were then analyzed using a Thematic Analysis approach to identify common themes within the text. The main themes were subsequently divided into sub-themes and presented in a hierarchy table. Descriptive statistical information was obtained from various sources, summarized and presented in table form for each subsection.

4.2 Results pertaining to Hypothesis 1

Hypothesis 1 states that South Africa’s macroeconomic policies have negatively impacted the country’s economic growth from 1994 to 2016. The transcribed data obtained from the interview recordings were used to generate codes in line with thematic analysis practice, these were then used to establish themes and sub-themes relevant to the data sets. The two figures below are a representation of the themes and sub-themes obtained with regards to Hypothesis 1.

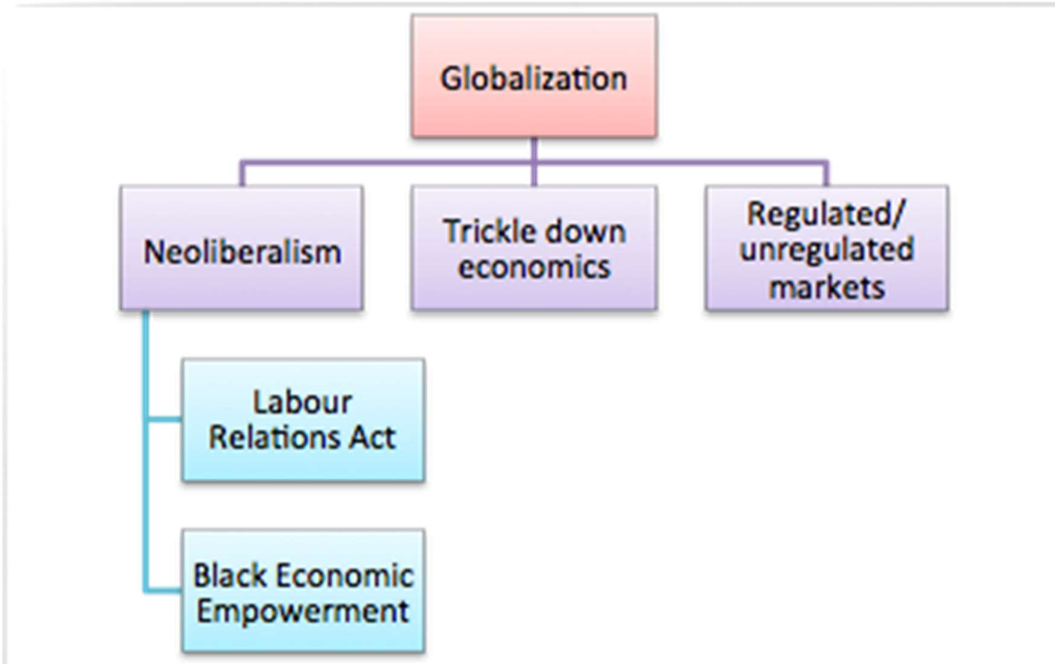

Figure 2: Thematic analysis results pertaining to Hypothesis 1: Globalization

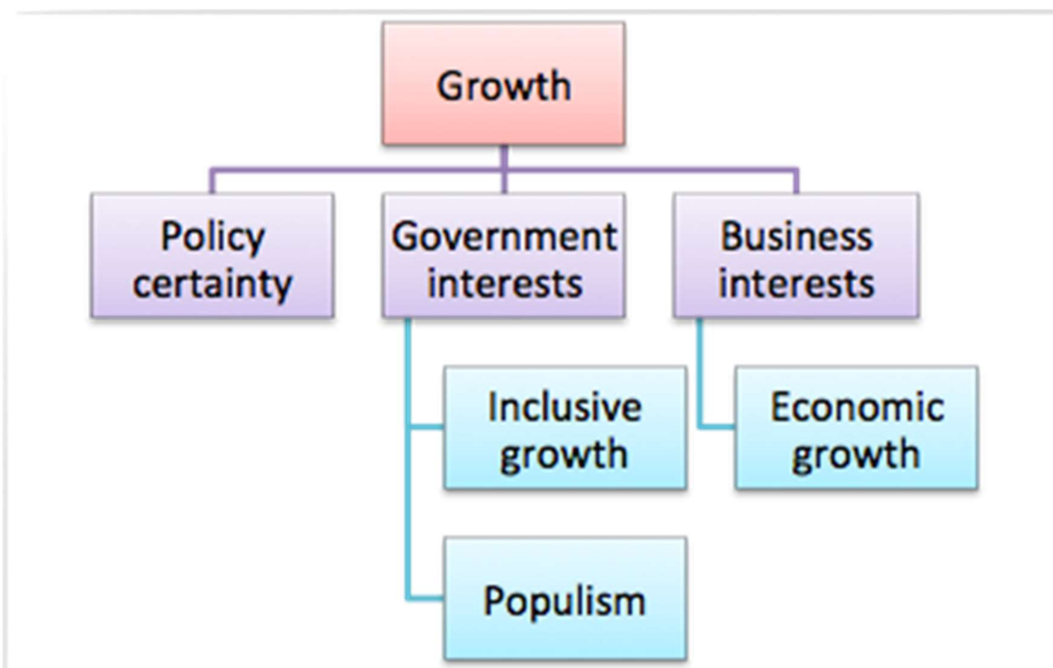

Figure 3: Thematic analysis results pertaining to Hypothesis 1: Growth

The descriptive statistics for this subsection were obtained from the three leading credit rating agencies who together control approximately 95% of the ratings business (Moodys Investor Service, Standard & Poor and Fitch Ratings). These rating agencies offer an indication of an entity's (in this case a sovereign government) ability to service its debt. A bad (CCC or "junk") rating would affect the interest on a bond and serve as a strong deterrent for further investment mainly due to the perceived high risk, whereas a good (AAA) rating would most likely have the opposite effect.

Figure 4 is a representation of the history of credit ratings under each president since the post-apartheid era (1994 - 2016), it offers a representation of the trend in the country's credit rating (as seen from external and independent sources) over the last 23 years.

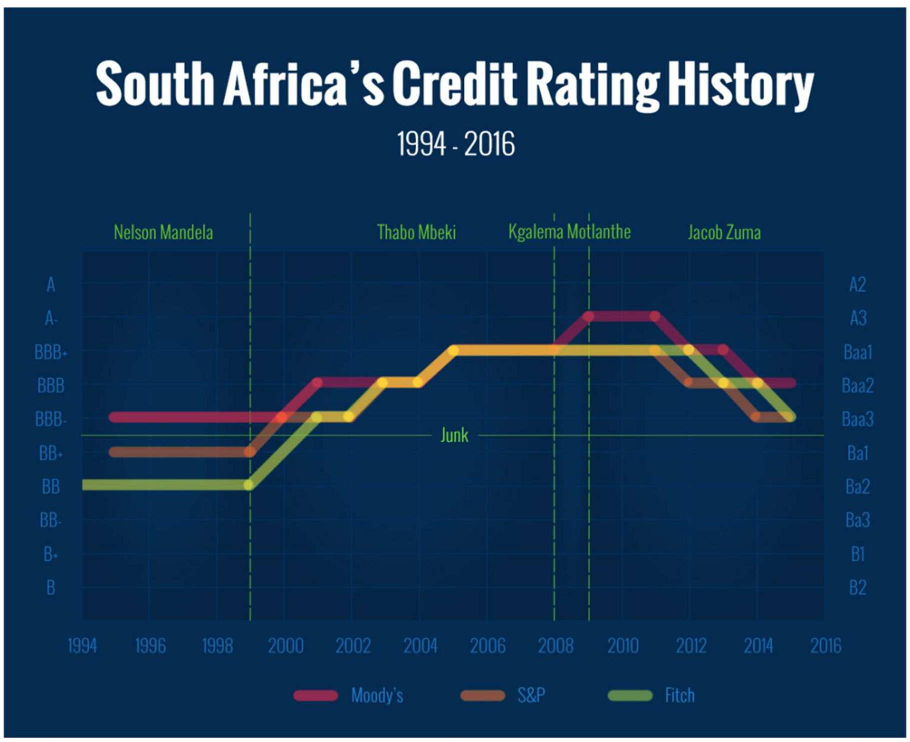

Figure 4: South Africa's credit rating History, 1994-2016 (Writer, 2016)

Table 3 represents the latest credit ratings for BRICS nations and 2 of the top emerging economies on the African continent. Table 6 gives a summary of annual

GDP growth and highlights the highest and lowest percentages and the years in which they occurred.

Table 3: Latest credit rating of BRICS countries, Nigeria and Egypt (TradeEconomics, 2016)

Countries	Moody's		S&P Countries		Fitch	
Brazil	Ba2	Negative	Ba2	Negative	BB	Negative
Russia	Ba1	Stable	BB+	Stable	BBB-	Stable
India	Baa3	Positive	BBB-	Stable	BBB-	Stable
China	Aa3	Negative	AA-	Negative	A+	Stable
South Africa	Baa2	Negative	BBB-	Negative	BBB-	Negative
Egypt	B3	Stable	B-	Stable	B	Stable
Nigeria	B1	Stable	B	Stable	B+	Negative

Table 4: GDP Annual growth rate for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	GDP Annual growth rate (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	-2,90	-3,90	10,10 (1995)	-5,80 (2015)	1991-2016	2,68
Russia	-0.40	-0,60	12,10 (1999)	-11,20 (2009)	1996-2016	3,08
India	7,30	7,10	11,40 (2010)	-5,20 (1979)	1951-2016	6,08
China	6,80	6,70	15,40 (1993)	3,80 (1990)	1960-2016	9,76

South Africa	0,70	0,70	7,10 (2006)	-2,60 (2009)	1993-2016	2,91
Egypt	2,30	3,80	7,30 (2008)	-4,30 (2011)	1992-2016	3,76
Nigeria	-2,24	-2,06	19,17 (2004)	-7,81 (1983)	1982-2016	4.03

4.2.1 *Conclusion pertaining to Hypothesis 1*

Hypothesis 1: South Africa's macroeconomic policies have negatively impacted economic growth over the post-apartheid era.

Economic growth cannot solely be linked to economic policy, having said that, policy certainty plays a big role in economic growth. Political and business interests need to be understood and aligned to start to result in noticeable economic growth. The Thematic Analysis performed points to a disconnection between policy formulation and policy execution which in turn leads to policy uncertainty. This is exacerbated by the apparent lack of trust between government and business and in some instances the questionable relationship between the two. This then points to growth that is not inclusive and not labour intensive. To quantify this growth (or lack thereof), the descriptive statistical data shows that South Africa, when compared to its peers, has had a smaller average GDP growth of 2,91% over the post-apartheid period. Its credit ratings over the period also indicate a speculative outlook on its economic future and highlights how the country has struggled to recover since the economic downturn. Economic growth has therefore stalled and has been largely negative over the 1994 to 2016 period.

4.3 Results pertaining to Hypothesis 2

Hypothesis 2 refers to the trend in economic indicators. These economic indicators are summarized in Tables 5 and 6 with details on Interest rates and Inflation rates for BRICS nations, Egypt and Nigeria. The tables also show the highest and lowest percentages (with the respective years) in which they occurred.

Table 5: Interest rates for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Interest (REPO) rates (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	13	13,75	45 (1999)	7,25 (2012)	1999-2017	15,62
Russia	10	10	17 (2014)	5 (2010)	2003-2017	7,23
India	6,25	6,25	14,50 (2000)	4,25 (2009)	2000-2017	7,70
China	4,35	4,35	10,98 (1996)	4,35 (2015)	1996-2016	6,25
South Africa	7	7	23,99 (1998)	5 (2012)	1998-2017	12,80
Egypt	14,75	14,75	21,40 (1991)	8,25 (2009)	1991-2017	11,44
Nigeria	14	14	14 (2016)	6 (2000)	2007-2016	10,28

Table 6: YOY Inflation rates for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Inflation rates (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period

Brazil	5,35	6,29	6821,31 (1990)	1,65 (1998)	1980-2017	367,07
Russia	5	5,4	2333,30 (1992)	3,60 (2012)	1991-2016	133,50
India	3,17	3,41	12,17 (2013)	3,17 (2017)	2012-2017	7,31
China	2,5	2,1	28,40 (1989)	-2,20 (1999)	1986-2017	5,40
South Africa	6,6	6,8	20,70 (1986)	0,20 (2004)	1968-2017	9,20
Egypt	28,1	23,3	35,10 (1986)	-4,20 (1962)	1958-2017	9,07
Nigeria	18,72	18,55	47,56 (1996)	-2,49 (2000)	1996-2017	12,32

4.3.1 *Conclusion pertaining to Hypothesis 2*

Hypothesis 2: Economic indicators over the period under investigation show a negative trend in terms of economic growth.

As indicated earlier, the annual GDP growth has had an overall negative trend between 1994 to 2016. When looking at the interest rate data, from 1998 to 2016, we see that it has also experienced a negative trend. Lower interest rates encourage spending and investment as money is cheaper to borrow, the increased economic activity can in turn cause the economy to grow. A negative trend is also seen with the inflation rate during this same period. Variations in inflation varies the price of goods. Having both inflation and interest rates decreasing can be troublesome as inflation is used to control the supply and demand of goods when consumers have more (decreased interest rates therefore increased demand for goods and higher prices through inflation) or less (increased interest rates therefore lower demand for goods and lower prices through inflation) money to spend, thereby stimulating the economy or restricting it. Looking at the rate at which interest and inflation rates have increased/decreased over the 1994 to 2016 period we see that inflation rates have been consistently higher than interest rates especially over the last 10 years (TradingEconomics, 2016). This points to an economy that is restricted as prices increase faster than money is made available (through interest rates). Economic indicators therefore show a negative trend in terms of economic growth.

4.4 Results pertaining to Hypothesis 3

The last hypothesis considers how economic growth is reflected in society and what it means for the average South African. Again using Thematic Analysis, the themes and sub-themes identified can be seen in Figures 5 and 6 below. Statistical data was also obtained and summarized in Tables 7 and 8.

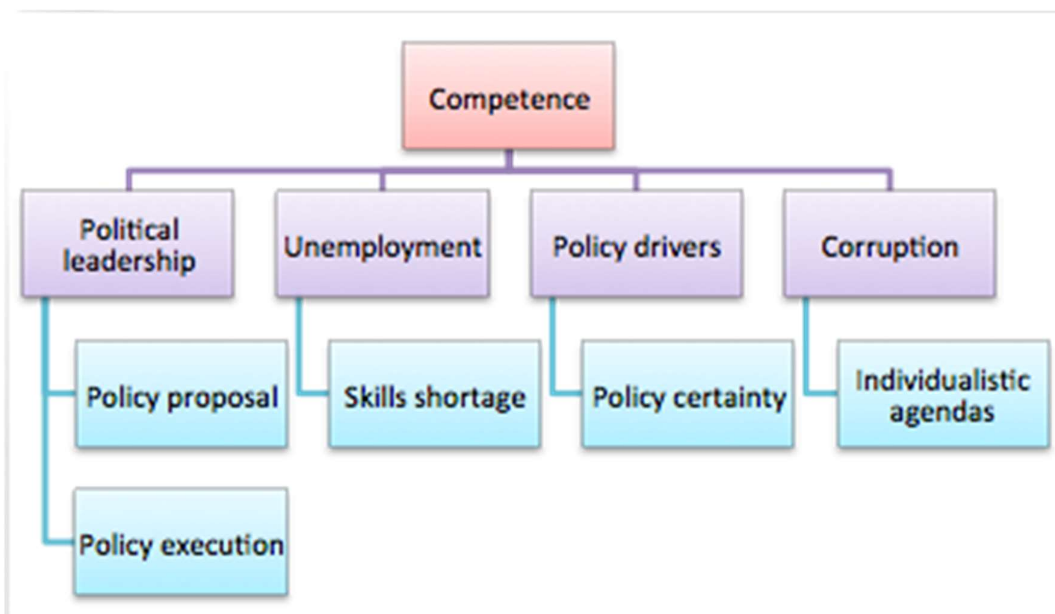

Figure 5: Thematic analysis results pertaining to Hypothesis 2: Competence

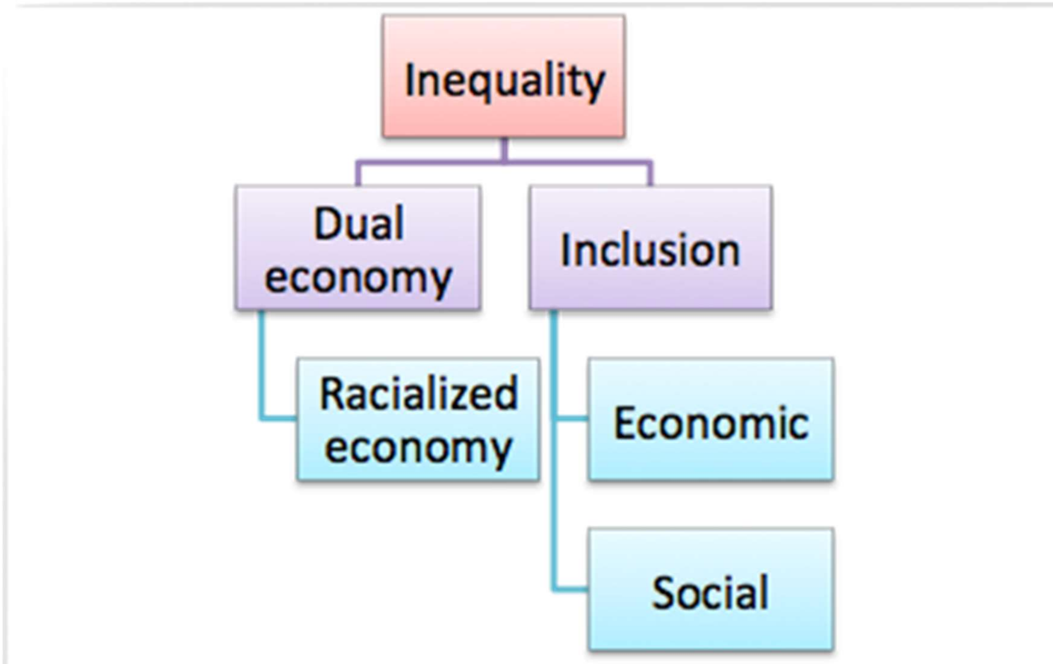

Figure 6: Thematic analysis results pertaining to Hypothesis 2: Inequality

Economic growth does not always translate to an improved living standard for a country's population. Figure 7 looks at the trend in LSM levels between 1994 to 2011, note that the data obtained only looks at LSM 1 to 8.

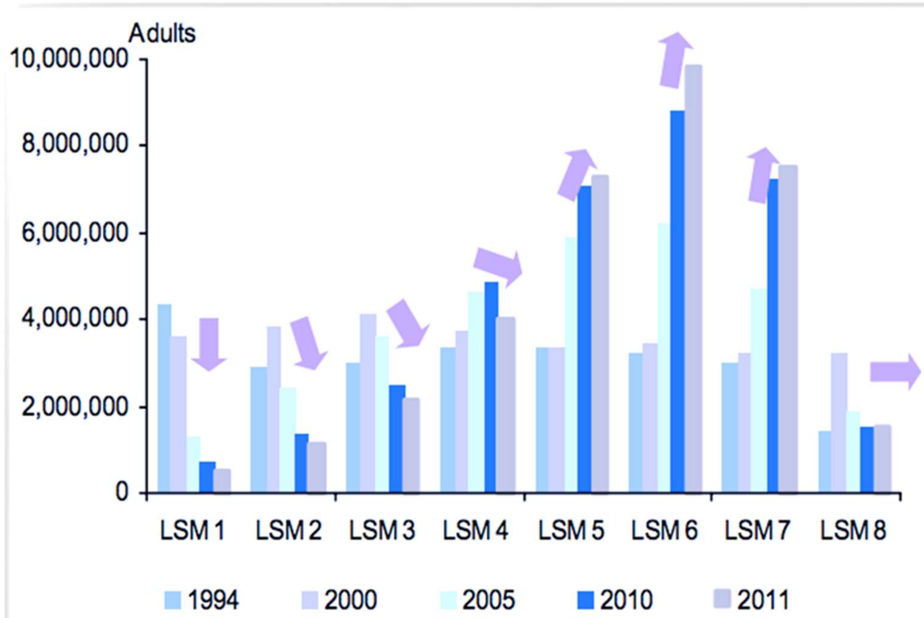

Figure 7: Trend in number of adults in LSM groups from 1994 to 2011(Bishop, 2012)

Table 7: Unemployment figures for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Unemployment rate (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	12 (11,8mil)	11,9	12 (2016)	6,20 (2013)	2012-2016	8,21
Russia	5,3 (4,103mil)	5,4	14,10 (1999)	4,80 (2014)	1993-2016	7,77
India	4,90 (44,79mil)	5,20	9,40 (2009)	4,90 (2013)	1983-2013	7,32
China	4,02 (983000)	4,04	4,30 (2003)	3,90 (2002)	2002-2016	4,12
South Africa	26,50 (5,714mil)	27,1	31,20 (2003)	21,50 (2008)	2000-2016	25,37

Egypt	12,60 (28,4mil)	12,50	13,40 (2013)	8,10 (1999)	1993-2016	10,85
Nigeria	13,90 (11,2mil)	13,30	19,70 (2009)	5,10 (2010)	2006-2016	9,52

Table 8: Inequality figures for BRICS nations, Nigeria and Egypt (WorldBank, 2017)

Countries	Inequality rate (Gini coefficient)	Year
Brazil	51,5	2014
Russia	40,1	2013
India	35,1	2011
China	46,2	2015
South Africa	66,0	2016
Egypt	30,8	2008
Nigeria	43,0	2010

4.4.1 *Conclusion pertaining to Hypothesis 3*

Hypothesis 3: South Africa's persistent problems of unemployment and inequality continue today and a large percentage of the population remain poor.

According to the latest results from the World Bank (2016), South Africa has one of the highest Gini coefficient in the world. Table 7 shows that it also has the largest unemployment rate when compared to BRICS nations, Nigeria and Egypt. Inequality has remained stubbornly high and has aided in undermining the inclusive growth initiative of the democratic government. There has been a migration away from the lower LSM numbers with most adults moving up along the scale towards LSM 5-10, this has however been attributed not to economic growth but to a massive government social program. So although less South Africans find themselves in LSM 1-5 it does not seem to be because people have higher paying jobs or are better skilled, it is instead aided by initiatives such as an ever increasing government social grant (Bishop, 2012).

4.5 Summary of the results

The results have been presented using Thematic Analysis to highlight themes within the data sets obtained during interviews. Descriptive statistics results are also presented. The following section will now offer further discussion of the results.

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

This section offers a more in-depth discussion of the results obtained. The results are discussed with regards to each hypothesis and the conclusions pertaining to these hypotheses as noted in the previous section. This section begins with a discussion of the hypotheses in the reverse order in which they are stated, with discussions on hypothesis 3 and 2 which are then used to help in compiling a final discussion on the South African economy and ultimately answering hypothesis 1.

5.2 Demographic profile of respondents

The respondents were drawn from different sectors of society, the interview sample consisted of interviews from business people, politicians and academics all with an understanding of the South African economic environment. The original formulation of the sample included all members of the Tripartite Alliance however this had to be adjusted on the basis of a convenience sample due to the unavailability of appropriate respondents from the SACP and COSATU.

All ANC interviewees are still active party members and have gained an understanding of the economic policies of the country through their past or current position within the party. The Academics interviewed are highly respected lecturers and/or students in the field of economics, 2 have written their own research papers and books on the subject of South Africa's economic policies and two others are in the process of completing a PhD and Masters degree in economics.

The business people interviewed have all gained an appreciation of the economic policies of South Africa and its economic growth through their involvement in the South African business environment. Some of these business people run their own businesses in the country while others hold prominent positions in private institutions. Table 9 is a summary of the demographics of respondents and the method in which they were interviewed.

Table 9: Characteristics and demographics of interview respondents

Category/Sector	Experience or field of study	Interview Method
ANC	Gauteng Provincial Operations Officer	Telephone
	Former minister in the ANC	Face to face
	Former deputy minister of economic development	Face to face
Business	Program leader for Equitable Growth, Finance and Institutions at the World Bank Group	Face to face
	Business owner and ex-politician (ANC)	Telephone
	Executive director of Manufacturing community	Face to face
	Chief Economist	Face to face
Academic	Author and academic/lecturer	Face to face
	Professor at Univ. of Wits	Face to face
	Senior lecturer at Wits Univ. School of Economics	Face to face
	Adjunct Professor at the Wits Business School	Telephone

	Masters student at Wits Univ. (Developmental Economics)	Face to face

5.3 Discussion pertaining to Hypothesis 3

Hypothesis 3 attempts to determine whether a growing economy reflects positively on the average South African. In growing the economy, the South African government has constantly advocated for “trickledown economics”, which is the idea that wealth at the top will eventually trickle down to benefit the poor at the bottom of the economy.

As mentioned previously, if we use the LSM data as a crude indication of the movements in living standards in South African society, we see a notable movement away from the lower LSM(1-4) levels between 1994 to 2011 and an increase in the higher LSM (5-10) levels (Figure 7). Tonder, van Aardt and Ligthelm (2011) highlight the dangers of capital growth with little growth in the labour force. With the global onset of the Fourth Industrial Revolution (FIR) companies are now in a position where they can maximize profits without necessarily growing their labour force, in fact because of technology, mechanization and concepts such as outsourcing, the labour employed by companies can either be significantly reduced or can be outsourced to another country with a cheaper and more efficient labour force. Although the FIR may result in lost jobs in some sectors, it brings with it "new" industries and opportunities which may create new jobs to balance those that are lost. It is worth noting however that these new opportunities seem to revolve around the science, technology, engineering and mathematics (STEM) fields which require tertiary levels of education and medium to high skills (TheWorldBank, 2014).

Thematic Analysis highlights two main themes relating to the South African social conditions. The first theme is Inequality, Thabo Mbeki reflected on South Africa’s dual economy in a 2003 speech to the Black Management Forum (Pressly, 2003). The "dual economy", as he describes it, consists of a modern and wealthy economy where the players are rich and highly skilled, we will call this the Modern Economy. The other economy is a much poorer and unskilled economy where the players are unemployed and live in abject poverty, this we will call the Unskilled Economy. The Modern Economy consists of people who are better positioned for the changes being brought on by the global environment, they are the owners of capital, they are highly skilled and educated, they are trained and they are employable. The perception is that this first group consists mainly of white South Africans. One respondent warns us on the dangers of assumptions and perceptions, in talking about the perception that the ANC sold out to white people when it came into power he warns; "…it's quite true that a number of different forces impacted on the ANC's thinking. People like this kind of conspiratorial view that people got the ANC comrades into dark smoke filled rooms and bought them out and there's no evidence for that…there's no sense in my view that this was a sellout, if the ANC sold out to anyone it was not to big business, the IMF or World Bank, it capitulated in my view to the power that the apartheid state still had". The perception of a racial bias could however be warranted when looking at some of the numbers from Statistics South Africa. The white workforce has experienced a growth of 19% in its skilled workforce from 1994 to 2014, as seen in Figure 8 below, contrasted to a 3% growth in skilled labour in the black workforce over the same period. In the national workforce, the number of workers has increased for all races except for whites who have seen a decrease of just 8%.

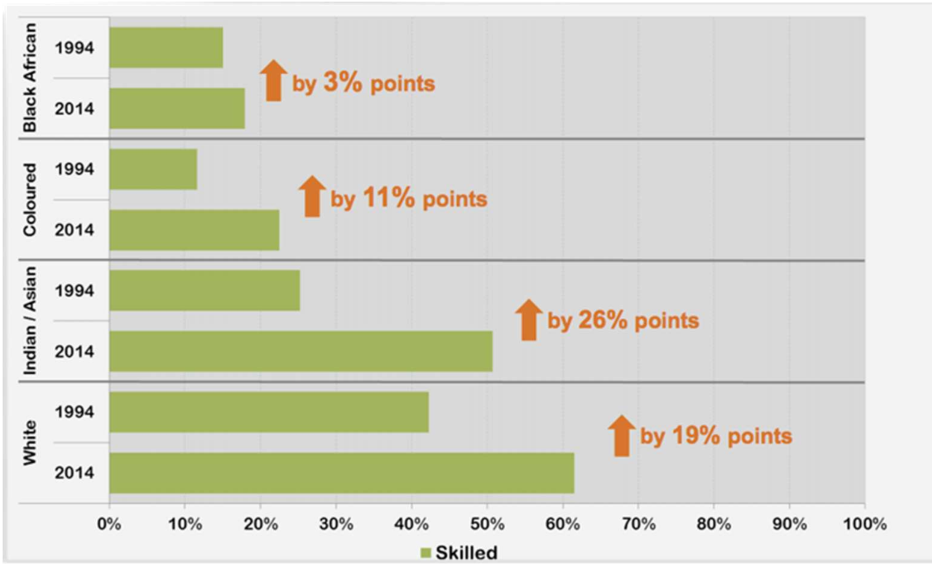

Figure 8: Percentage of workers within each race group who are skilled (1994-2014) (StatsSA, 2014)

The Unskilled Economy is characterized mostly by poverty and a lack of skills. The figure below shows that the unemployment rate of blacks has decreased by 3% between 1994 to 2014 but the number of black people unemployed has dramatically increased as a bigger number of them enter the workforce. This is contrasted with a 1% drop in white employment rate resulting in a small increase in those who are unemployed (StatsSA, 2014, 2016b). Despite the increase in black employment, Statistics South Africa highlights that black South Africans between the age of 25 to 34 are today less skilled than their parents and their counterparts in other race groups (Merten, 2016).

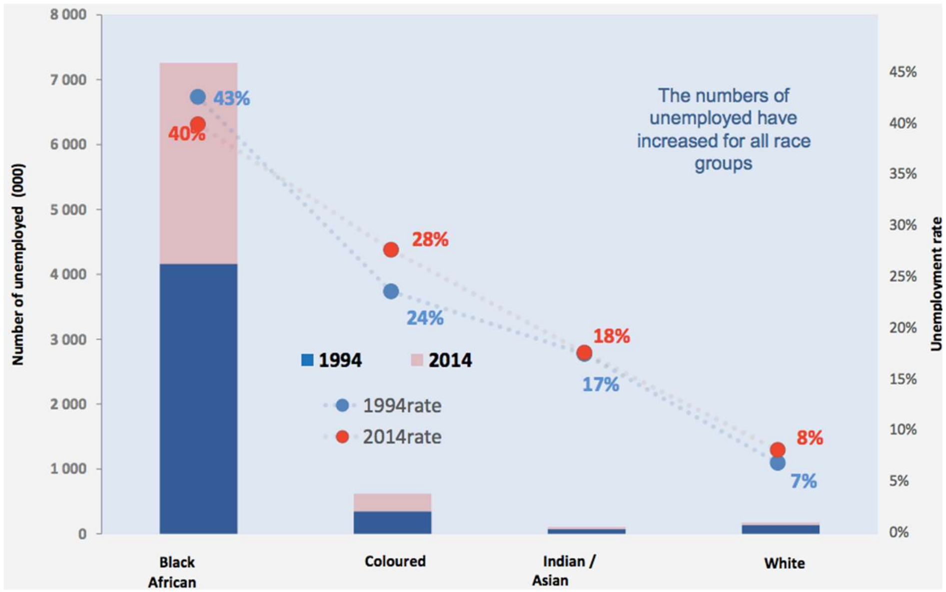

Figure 9: Number of unemployed and unemployment rates by race (1994 - 2014)

These facts point to the issues of systemic inequality identified in the Thematic Analysis exercise. The dual economy issue remains a reality for South Africa, the legacy of apartheid is still alive today with the economy strongly divided- a small minority lives in excess while the majority remain poor. Social and economic inclusion therefore has not been adequately addressed.

The tendency to say that the country remains divided along strong racial lines however has been questioned, Lucien van der Walt (2015) warns of the dangers of dismissing black economic power in the country. He points to the fact that South Africa is led by a class of two distinctive but co-dependent elites in the Modern Economy: A largely white private sector elite and a largely black state elite. These two groups share common interests and depend on each other. For example, a large number of state elites are shareholders in private companies while the private sector elites are conspicuously positioned to benefit from lucrative state projects (van der Walt, 2015). This close-nit relationship between the two groups warrants questioning the state's willingness to disrupt the status quo and address some of the country's pressing issues such as inequality and poverty.

The second theme is thus introduced as Competence. Corruption and an individualistic agenda was highlighted on several occasions during the interviews even by ANC members, business people and academics alike (see Table 10). One of the respondents, when speaking about the manufacturing sector mentions that “…private sector hasn't always engaged...there's not terribly much trust and that's also what we are trying to do, is to say let's collaborate, let's as a private sector work together with the public sector”. She also points out that “…always the implementation is where as a country we are often criticized”. This reinforces an apparent mistrust of the government and its inability to lead and execute its own policies. Enforcing these themes are figures such as the Gini coefficient of South Africa, it is one of the highest in the world at 0,66 (above the NDP target of 0,60) and highlights the idea of an elite group that has considerably benefited from the new democratic South Africa while the majority remains poor. The policies drafted by the government were generally accepted by respondents as being appropriate however the problem starts in the government's inability to implement and drive these policies.

Table 10: Respondents respond on corruption

Respondent number	Response
1	"…the problem is that no matter how much you criticize GEAR, you knew what you were criticizing, there was something there, what is here today? There's almost nothing that you can think of as being ours, we know where the state is wanting this place to go, you you've got the governing party so ridden with factions, people are making decisions for reasons that have got to do with succession and the future rather than what is good for the economy and now"

2	"…people who use our constitution and they take one clause in the constitution and use that clause to subvert the very constitution themselves"
3	"…we need to make sure that we're deploying the right people, that's why there's issues with democracy as well, sometimes democracy will give you useless leaders and you look back and you think these people were elected by majority but those people they don't really care about majority"
4	"…its worse now because at least (back) then guys were honest they cared about implementation…it's the government, it's the ruling party, that's the obstacle…so for Zuma to do a Nene-gate last year - 9/12, basically he had no interest in the [inaudible] plan, it was all by his own interests"
5	"…I find that the South African society, with all respect, is very very capitalistic…I mean I'm coming from Europe…I know people who pressure the politicians to make sure that they don't make too much money out of the system. To give you an anecdote, I'm French, you will never see a billionaire like Cyril being able to run for, or even thinking of being able to run for presidential elections, it's impossible, and the guy comes in with a socialist, communist party and he is a billionaire, it's impossible in my society in a political space…so I think there is a lot of tension in your society"

Since 1994, the South African government has, on several occasions, reiterated its focus on social redress. Looking at the country's LSM indicators. We see improvements in the living standards of average South Africans. One of the drivers of this is an increase in service delivery, access to education and an ever increasing social grant program that has succeeded in alleviating poverty for more than 16 million people (approximately 30,1% of the population in 2015) (Malange, 2016). The number of households receiving grants rose from 29,9% in 2003 to 45,5% in 2015 (StatsSA, 2016a). One respondent states "…the budget of South Africa is very redistributive, it's one of the most redistributive in the world so it's not bad, but you cannot just give people grants and assume that, you need to invest in education as the best redistribution mechanism because you give opportunities to other people to live their own lives to prosper etc, it's a dynamic redistribution it's not static as opposed to just giving grants to someone…". Figures 10, 11 and 12 below reveal the trend in the growth of social grants in South Africa.

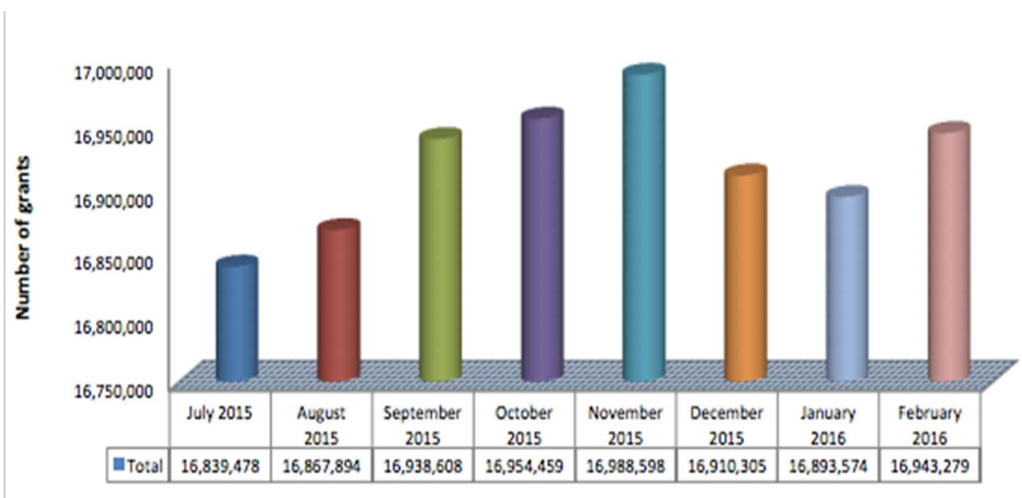

Figure 10: The trend in number of social grants in South Africa between July 2015 to Feb 2016 (Malange, 2016)

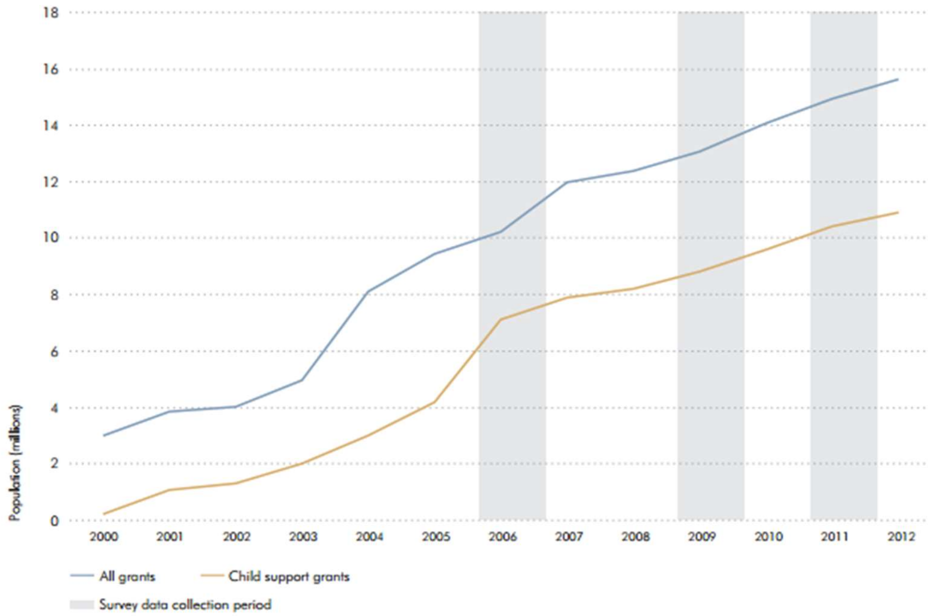

Figure 11: Increasing trend in number of social grants awarded (Lehohla, 2014)

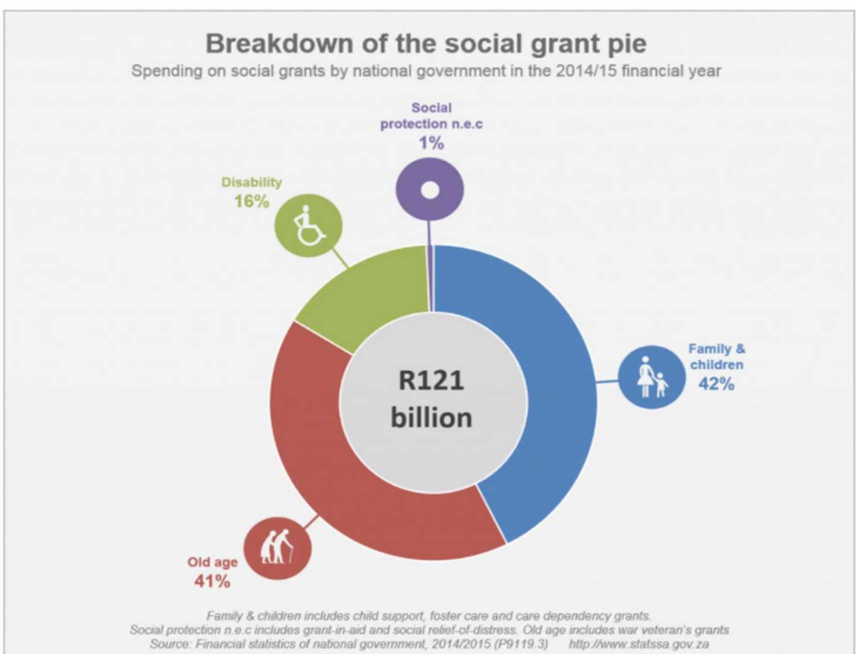

Figure 12: Breakdown of social grant budget allocation for the 2014/15 financial year (StatsSA, 2016a)

Although South Africa shows a decreasing trend in unemployment since 2001, the unemployment rate remains stubbornly high as seen in Figure 13. South Africa has the highest unemployment rate compared to its peers, this stands at 26,5% (using the narrow definition of unemployment), almost double that of the next highest unemployment figure of Nigeria (13,90%).

Figure 13: A history of South Africa's unemployment rate and the resultant trend, 2001-2016 (TradingEconomics, 2016)

The findings show that although the living standards of a large number of South Africans may have increased since 1994, a large percentage of the population have now become heavily dependent on social grants while an even larger percentage remain unemployed and unskilled; for example, according to the expanded definition of unemployment (includes discouraged workers), youth (those younger than 25) unemployment has skyrocketed to 67,3% (54,5% when discouraged workers are excluded) in the first quarter of 2016 (Stanlib, 2016).

Inequality continues to grow and divide communities into the haves and have-nots. At the top, the Modern Economy has become relatively racially diversified with elite blacks and whites from both the State and the Private sector. This economic (financial) growth has remained in the hands of a considerably small group of people while the Unskilled Economy, which forms a large part of the population, continues to live in poverty. Various policies and efforts have been introduced to address these problems such as the IDC and the National Youth Development Agency (established during the NGP) but government's ability to effectively execute these policies and programs have been questioned. Despite the skills shortage, government's failure to create an environment of strong policy certainty has also brought into question its will to address the plight of its people. In referring to the Apartheid government, one respondent made a statement that may now be true for today's democratic government; "…we realized quite pretty clearly that they could paralyse us, they could slow things down…they would drag their heels and obviously things they didn't like they didn't do"

5.4 Discussion pertaining to Hypothesis 2

In 2016 the GDP growth rate stood at 0,3% (down from 1,3% in 2014, a far cry from the 5,4% growth targeted by the NDP) attributed largely due to activity in the tertiary sector. The slow growth has been, to a large extent, as a result of a continued fall in the primary sector such as mining and manufacturing (TradingEconomics, 2016). Philippa Rodseth of the manufacturing circle highlights the manufacturing sector's great potential in terms of GDP contribution and the decline and job losses that has occurred since the 2008 economic recession (Oliviera, 2017). This is echoed by one of the respondents in stating "we lost thousands of jobs (in manufacturing) as a result of the recession". There are however efforts by government to recover these losses through vehicles such as the Industrial Policy Action Plan which is an action plan to stimulate industries that will favor employment, infrastructure development and economic growth (Dti, 2016).

The South African Reserve Bank (SARB) uses an inflation targeting approach to set inflation rates (SARB, 2017a). SARB targets an average inflation rate of between 3% to 6%, the current inflation rate is 6,6%, down from 6,8% the previous year, the higher rates mean that SARB is now following a contractionary policy to bring down the inflation rate to within the target band. Higher inflation rates results in higher price of goods and services, the main drivers of inflation have been rising food prices and the weak exchange rate of the Rand. Interest rates have had an overall negative trend since 1994, a lower interest rate means that it is cheaper to borrow money and make investment decisions. However as the figure below shows, in the recent past, South Africa has experienced increasing interest rates (from 5% in 2014 to 7% in 2016) as the central bank battles to rein in the increasing inflation rate.

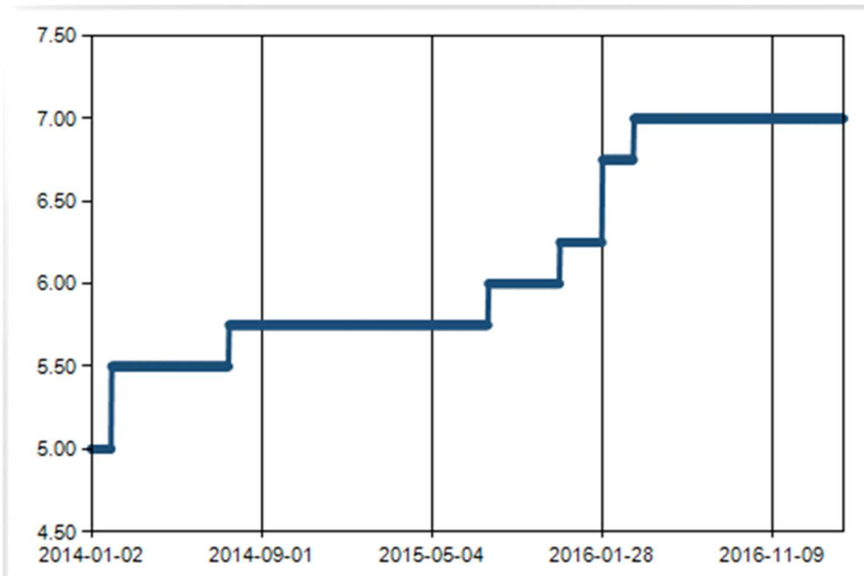

Figure 14: A history of South Africa's Repurchase rate from 2014 to 2016 (SARB, 2017b)

Despite increasing interest rates the demand for credit from the private sector has continued to increase. Government has also followed an expansionary fiscal policy, expenditure in the 2014/15 fiscal year increased by 8% and this was set to continue for the 2016/17 fiscal year (Kumo, Chulu, & Minsat, 2016). An expansionary fiscal policy by the South African government is seen as a way to stimulate economic activity, for example, it has spent ZAR 1,02 trillion on infrastructure between 2009 to 2014 with an investment target of ZAR 4 trillion in the next decade. The public wage bill remains the largest component of current spending and it is expected to continue growing above inflation rates, the government also has a growing budget deficit of 3,6% of GDP (2014/15) (Kumo et al., 2016). The contrast between fiscal and monetary policy points to a lack of policy co-ordination, SARB's contractionary monetary policy is at odds with government's expansionary fiscal policy, it is increasingly more expensive for government to spend money on its various projects when SARB increases interest rates. A more coordinated monetary and fiscal policy will have the effect of growing the economy more effectively (Kumo et al., 2016).

With an inflation rate above its own target range, increasing interest rates and government's increasing budget deficit, the economic indicators of the country point to a negative outlook on the country's economic health.

5.5 Discussion pertaining to Hypothesis 1

Economic growth cannot solely be attributed to economic policy. There are various other policies, such as the Industrial Policy Action Plan, which may work together with economic policy to result in stronger economic growth, one of the respondents highlights the direct relationship between the output of an Industrial policy (e.g. the regional jobs it creates) and its more visible impact on the economy. What is important to note is that, despite this, economic policy plays a significant role in establishing an economic blueprint for a country to follow, this is seen in the 1992 GNU government's emphasis in wanting to establish such a policy when it came into power.

The correlation between economic policy and economic growth may or may not be strong but what seems certain is that a country will be worse off without one. In establishing such a policy, the content of the policy seem to have as much weight as the certainty and assurance that the policy is required to convey in the public eye. "Growth" is one of the themes identified in relation to economic growth and the sub themes linked to it are policy certainty and government interests and business interests. If policy is to be used to stimulate growth it is important that it conveys certainty in all potential investors and other stakeholders. Policy certainty does not necessarily mean that a policy needs to be set and never changed, it can be modified to align to long term goals. As one respondent points out "…policy certainty is very important, I would say that sort of changing or tweaking or realigning an overall economic policy wouldn't necessarily be such an issue because you have to modify your policies because we are operating in a continuously changing global world…". The success and longevity of economic policy (if not any policy) is strongly linked to how much it addresses government and business interests, this is especially true in the South African context because of the strong influence that the ruling party yields.

As seen in Figure 4, South Africa’s credit rating began to decrease in 2009 and has yet to recover. The biggest culprit of this decline, however, is not an uncertain economic policy but rather, as the credit agencies have highlighted, political unrest/uncertainty. It comes as no coincidence that 2009 (during the height of the economic recession) was the year that Thabo Mbeki resigned as the country's president after being recalled by the ANC National Executive Committee, a short term by K Motlanthe was followed by J Zuma whose term in office has seen the ANC (government and party) experience numerous internal and external unrest (SAHO, 2014).

Trade policies have played an increased role in the economic growth prospects of South Africa as the world moves more towards globalization and a free trade environment with the removal of tariffs and trade barriers. South Africa forms part of various regional economic communities such as the Southern African Development Community (SADC) and the Tripartite Free Trade Area. South Africa dominates the Southern Africa region economically with 41% of trade in SADC and 51% of SADC's GDP attributed to South Africa (Kumo et al., 2016). There are also various international trade agreements such as the Africa Growth and Opportunity Act (AGOA) meant to stimulate international trade for African countries. Africa accounts for 19,2% and Europe 25,8% of South African exports (Kumo et al., 2016) but despite all these treaties, the theory of trickledown economics seems to have failed the poor. The benefits of increased trade (such as increased manufacturing and production for example) may not have reached the majority of South Africa’s population who remain unskilled and poor.

As seen with ASGISA and even the NDP, the ANC government has used its economic policies to put an emphasis on stimulating economic growth through small-to-medium-micro enterprises (SMMEs) and by encouraging foreign direct investment (Dti, 2013). Recall that the literature review on GEAR in Chapter 2 revealed that removing trade barriers and encouraging free trade did not have the expected outcome for South Africa. Mohamed & Finnoff (2004) point out that neoliberalism may have simply made it easier for capital flight to occur between 1994 to 2000 in South Africa. One of the respondents reveals "…I think you had to open up the markets, the point that we are making is how you open up the markets, what level do you open up the markets, what were the mitigating content, that's what I mean. We had to, if we wanted access to the global economy, we had to look at reduction in tariffs…you know…reduction in tariffs was faster than the World Bank recommended, why the hell did you do that?"

The World Bank ranks South Africa as the 74th (of 190 countries) easiest country to do business in (TheWorldBank, 2017). This is a decline from the 69th position it held in 2014, it is therefore getting harder to do business in South Africa. The World Bank also identifies various barriers to entry that have crippled the possibility for increased competition in the South African business sector. Some of these barriers include restrictive labour regulations, policy instability and inefficient government bureaucracy, these are all aspects that the NDP and previous economic policies have tried to address.

GDP and other economic indicators (as discussed in the Hypothesis 2 discussion) and the increasing social inequality and poverty (Hypothesis 3 discussion) point to a struggling South African economy. Economic policy may have a limited role in this decline but uncertainty and weak execution, bureaucracy and poor policy co-ordination have all contributed to a diminished economic growth.

5.6 Conclusion

The respondents agreed strongly to the need and importance of an economic policy, it is a much needed foundation upon which other policies can be co-ordinated to grow the economy effectively. South Africa has experienced sporadic economic growth especially in the lead up to the 2008 economic recession but even at its best, the country could only bring unemployment to an all time low of 21,50% which is still relatively high. Inequality has grown and remained high during the post-apartheid era and the large majority of South Africans remain unskilled, unemployed and increasingly dependent on the state to provide for them through social grants. Economic indicators such as inflation and interest rates point to a lack of policy co-ordination which has led to inefficient attempts at stimulating the economy, this in light of a diminishing annual GDP growth rate and growing state deficit. The GDP growth rate has reached what some of the respondents call its lowest rate (0,3% in 2017) and the country's investment ratings remain uncomfortably close to junk status with a speculative outlook. Policy execution and co-ordination and government's competency and commitment have been highlighted through Thematic Analysis as some of the key ingredients needed to steer the country towards a more desired, nationally inclusive outcome.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

The study considered post-apartheid South Africa's economic policies and the impact that they have collectively had on the country. The respondents involved in the study were selected from 3 different categories: ANC, business, and academia. They were selected according to a limited convenience sampling methodology, the interviews were recorded and analyzed through Thematic Analysis to highlight repetitive themes and sub themes on the topic.

This chapter will conclude the study by summarizing its findings and providing recommendations to stakeholders as identified earlier in the study and ends by providing suggestions for further research.

6.2 Conclusions of the study

The dawn of democracy in South Africa brought with it a contested shift towards neoliberal policies that were strongly contrasted to the socialistic policies of the ANC's Freedom Charter. As mentioned before, the Freedom Charter demanded redistribution, despised inequality, capitalism and apartheid. In retrospect it seems that democracy has managed to remove Apartheid but we are still battling with a highly unequal society in a capitalist environment where public office bearers have become some of the most influential capitalists in the country as revealed by respondent 5 in Table 10. The RDP was the ANC's first attempt at establishing policy certainty as opposed to the vague guidelines of its Freedom Charter but it quickly became clear that the problem was not only one of policy statement but also one of policy implementation. As the collected data shows, these are still problems that are being experienced today, a lack of policy certainty and weakness in policy certainty.

In 1999 Catchpowle & Cooper (1999) and Weeks (1999) highlight South Africa's dismal performance when compared to other NIC African countries even when considering external factors. Looking at some more recent economic indicators and contrasting South Africa to Nigeria and Egypt, we see that South Africa performs favorably in some areas. Its GDP growth of 0,7% is relatively smaller than Egypt's 2,3%; its 7% interest rate is much lower than Nigeria's 14%; same with a 6,6% inflation rate versus Nigeria's 18,72%. South Africa's worst numbers come in terms of unemployment (26,5%) and Inequality rate (66%). These consistently high numbers may point to the fact that South Africa's neoliberal policies have indeed been at odds with the country's reality as suggested by Terreblanche (2002). The idea of trickledown economics introduced by GEAR as discussed by Davis (2003), may have facilitated the perpetual problem of inequality and inclusivity as time has revealed that the material riches of South African democracy remains in the hands of a small elite group of people.

GEAR and ASGISA identified problems that are still a reality for South Africa today; a shortage of skills, barriers to entry into industries and a weak state organization, capacity and leadership. Each economic policy offers solutions to the problems it identifies, the NGP for example, identified 8 growth sectors (includes manufacturing, agriculture and the informal sector) which could absorb the high volumes of unemployed South Africans, these arguably still offer solutions to unemployment today. Meyer (2013) highlights that the South African government showed its commitment to the NGP by allocating funds into vehicles (EPWP, IDC, NYDF) that would develop the skills needed to service these 8 sectors highlighting the important link between policy and commitment that leads to policy certainty. The NGP rational is however questioned by van Aardt (2011) who argues that most of the identified sectors could easily be mechanised and would therefore not benefit the country in the long run. Also, as one respondent highlights, despite the fact that the NDP identifies the manufacturing sector as an important sector for GDP growth, since the 2008 economic crises, it has had a negative trend in terms of GDP contribution.

This research reveals that democratic South Africa's economic state is perhaps at its weakest, there are several internal and external factors that may have contributed to this but policy uncertainty and a weakness in policy implementation has contributed negatively to the economy (Hypothesis 1). GDP growth has been decreasing and reached its lowest in 2016 and the custodians of Monetary (taxes) and Fiscal (interest and inflation rates) policy may have lacked the co-ordination needed to efficiently benefit from fluctuations in these indicators (Hypothesis 2). As a result a large number of the South African population remains poor and/or unemployed and unskilled, unprepared to meet the new opportunities that a globalized world may bring in the Fourth Industrial Revolution. An elite minority continues to flourish in this environment and further undermine the ideals of inclusive growth as advocated for in the Freedom Charter (Hypothesis 3)

6.3 Recommendations

The research highlights what economic growth may or may not mean for the everyday South Africa. Advances in technology, a volatile workforce and large numbers of unskilled people some of the aspects have left a great portion of the South African population stuck in a legacy of poverty- the Unskilled Economy. The research reveals that several interventions may be needed to address growing inequality in the country, this may include showing stronger commitment to implementing policies. Better communication and coordination between the government and the Reserve Bank (in drafting Fiscal and Monetary policy) may also expedite economic growth (if that is the goal).

South Africa's history may be unique and although this history plays a strong role in the country's political and economic decisions, there are some lessons that could be used to help other developing nations in drafting efficient economic policies. The themes highlighted in the research through thematic analysis bring to the fore some of failures to avoid, this includes corruption and the need for a strong political leadership. The need for policy certainty and a policy that is aligned to government and business needs and the issue that strong economic indicators may not always translate to a better life for every citizen, these pitfalls may be used to guide any new policy by developing nations and even South Africa herself.

6.4 Suggestions for further research

South Africa's history continues to play a big role in how it shapes its policies. In order to have a clearer understanding of the underlining nuances and intricacies that influences economic policy one may need to cast a wider net to amass the required primary data needed. For this reason, the interview sample of this research could be expanded on to include all members of the Tripartite Alliance (ANC, COSATU and SACP) and other influential stakeholders such as the Reserve Bank.

When considering the impact of economic policy on economic growth, specific policies (that emerge as part of the blueprint set by the economic policy) may themselves provide stronger and quantifiable links between growth and policy. This may be true in the case of the Industrial Policy Action Plan and its direct link to the number of people employed as a result of its implementation in a specific area.

A country's attractiveness to foreign investors may also be a good indicator of that country's economic position. Further research may look at the country's exchange rate as an additional economic indicator to consider, the research could also include the trend in Foreign Direct Investment.

APPENDIX A: Research Instrument (Questionnaire)

MBA Research Report

Interview Questions

Format: Open ended questions/semi-structured interviews

1.Can you give us a summary of the lay-of-the-land, a basic overview of the economic conditions in SA directly after apartheid (1994) and how this brought about the need for a policy such as the RDP.

2.5 different economic policies between 1994 -2017 (RDP, GEAR, ASGISA, NGP, NDP), what are some of the main aims of these policies (no need to go into details for each of them, just a general idea of some of their main goals).

   a. Can you share a critique of their approach and whether this was suitable for the SA economic climate at the time

3.Looking at the RDP, it was meant to address inequality and unemployment, was it possible for SA to address these two problems simultaneously considering its limited growth in GDP at the time.

4.Looking at GEAR, the aim was to have a 6% GDP growth and 400 000 jobs by 2000. Could these targets have been achieved with the neoliberal policies that were adopted- Therefore the reduction of tariffs, opening up markets etc.

   a. Is it not contradictory to introduce an employment vehicle (BEE) while at the same time opening up local markets to international competition which will mean increased frugality and possibly retrenchments.

5.Looking at the NGP, it seems that through initiatives such as the IDC, Expanded Public Works Programs, National Youth Development Program etc the government took a hands on approach to addressing some of the country's problems. Was this a viable approach for government to go at it without the complete support of business and what were some of the problems that were encountered.

6.Is the NDP a radical enough policy to address some of the shortcomings of its predecessors and how does it differ from the others.

7.Having had 5 different economic policies over 23 years, are you of the opinion that these changes complimented each other and ultimately resulted in economic growth that has benefited the general population (trickle-down economics). Have these policies been able to resolve problems such as inequality and unemployment for the general population.

8. Can the performance of SA's economic growth to date be directly attributed to its own domestic economic policies with very little consideration to external factors such as economic recessions

APPENDIX B: Consistency Matrix

Table 11: Consistency Matrix

To evaluate what impact South Africa's post-apartheid shift in macroeconomic policy has had on its economic growth.					
Sub-problem	Literature Review	Hypotheses or Propositions or Research questions	Source of data	Type of data	Analysis
To evaluate what impact South Africa's post-apartheid shift in macroeconomic policy has had on its economic growth.	(Pons-Vignon&Segatti, 2013) (Segatti& Pons-Vignon, 2013) 3. (Weeks, 1999) 4. (Catchpowle& Cooper, 1999) 5. (Commission, 2012)	South Africa does not have a problem of policies. The economic policies devised so far, including the NDP, can lead to economic growth if they are implemented properly.	In your opinion, what has been some of the failures of the macroeconomic policies implemented since post-apartheid	Qualitative data	Data Reduction Data Display Conclusion Drawing/Verification

		South Africa has not implemented radical changes to its economic policy, over the past 22 years similar economic policies have been implemented yielding similar results (failures). To achieve the "step change" called for in the NDP a radical change in policy will be needed to stimulate growth.	Do you believe that the National Development Plan is radical enough to achieve the goals it has set for itself	Qualitative data	Data Reduction Data Display Conclusion Drawing/Verification

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Title

The African National Congress Economic Policies and the Impact on Economic Growth

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

The year is 1994, the ANC, a previously banned South African struggle movement wins the country's first democratic elections from a government that was infamous for its policies of racial segregation and the resulting oppression for people of color in SA. In winning, the ANC moves from a liberation movement to a constitutionally elected government and with that it begins to establish its economic policy, the blueprint to the country's economic growth.

Over two decades have passed since the first democratic election and with it a series of economic policies have been introduced. What has been the impact of these policies on the economic growth of the country, through the cyclic periods of economic indicators, has the promise of the Freedom Charter become a reality for the average South African or has inequality and poverty remained a norm for the majority of the population?

This research interviews stakeholders from various groupings of society who have either helped in formulating economic policy, studied it or have been affected by it through their business dealings. Thematic analysis was used to analyze the data which was in turn supplemented by descriptive statistics from various sources.

The data reveals a speculative outlook for the South African economy with strong contrasts in socio-economic measures; an improving living standard despite a high Gini coefficient of 66%, unemployment at 26,5% is the highest of the BRICS nations. A decreasing trend in GDP growth, its lowest at 0,7% in 2016, despite comparatively low interest rates. Government's apparent incompetence to implement policy, an elitist minority and an environment in desperate need of policy certainty and strong political leadership all points to a negative impact on the economic growth of a democratic South Africa.

The solution may lie, not in formulating a strong economic policy, but in aligning policy to political, business and social interests in order to foster the will and commitment needed to drive and implement the radical policy needed to finally begin to grow an economically inclusive South African society.

DECLARATION

I, Serge Kandu-Lelo declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Serge Kandu-Lelo

(Type your name in full here, and sign in the space above)

Signed at …Johannesburg…………………………………………………

On the …22…………………….. day of …March………………… 2017….

DEDICATION

À mes parent qui ont toujours enflamé mes rêves.

"...dans la vie parfois,il faut revenir en arriere pour aller de l'avant".

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I would like to extend my sincere gratitude to Dr Horne who provided guidance throughout my research. To Mr Lumkile Mondi for his wise words I say thank you. Lastly I am greatly appreciative of all those who gave up their time during the interviews that helped me compile this research.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to assess how South Africa's ANC government's economic policies have evolved since 1994 (the post-apartheid period) and what impact this has had on the economic growth of the country.

1.2 Context of the study

In 1994, The African National Congress (ANC) became the first democratically elected government of South Africa, they had taken power from the National Party (NP) which had ruled the country since 1948 (Doxtader, 2001). The NP governed the country based on the system of Apartheid- rules of segregation and white supremacy based on Afrikaaner nationalism (Bond, 2014; Doxtader, 2001).

South Africa became increasingly isolated because of its racial laws as various sanctions from the United Nations were imposed (Doxtader, 2001; Robinson, 1996). Neighboring African countries such as Mozambique and Angola supported the ANC and Pan African Congress (PAC), the two black opposition parties who strongly resisted the South African Apartheid government (Robinson, 1996).

As both internal and external pressures increased for the abolition of apartheid, the NP government slowly began to relax its apartheid laws. In 1990 it legalized the ANC and other liberation movements. Nelson Mandela, one of the most prominent ANC leaders, was consequently released from 27 years of imprisonment in that same year (Robinson, 1996). The early 1990s saw the formation of transitional alliances such as the Convention for a Democratic South Africa (CODESA) and eventually the Government of National Unity (GNU). These changes meant that South Africa had begun to move away from a racially divided society towards a democratically integrated country (Robinson, 1996).

White minority rule ended in South Africa in 1993 with the new constitution coming into effect. In April 1994 the ANC won the country's first multi-racial elections with an overwhelming majority. In so doing the party began its official transition from a liberation movement to an aspiring constitutional government (Nattrass, 1994; Robinson, 1996). Through this transition, the ANC needed to establish macro-economic policies to help re-integrate South Africa into the International community and revive its ailing domestic economy.

The ANC has ruled South Africa since the 1994 elections (over 2 decades) and it has done so within the boundaries of a tripartite alliance. The tripartite alliance consists of the ANC, the South Africa Communist Party (SACP) and the Congress of South African Trade Unions (COSATU)- the country's largest trade union federation (Habib & Padayachee, 2000). This alliance has led to tensions in drafting an economic policy that satisfies the needs of all the stakeholders involved. Other stakeholders that have contributed to the tension included foreign investors and domestic businesses which at this point were predominantly owned by white people who grew increasingly cautious of the economic environment in the country (Nattrass, 1994). As time progressed it became evident that the ANC began to hold a more relaxed view from that of its pro-redistribution economic policies of the struggle era (pre-1994) and drifted towards a neoliberal policy that favored foreign investors (Habib & Padayachee, 2000; Weeks, 1999). In addition, the ANC had come into power at a time when the country was facing tremendous financial strain, according to Catchpowle & Cooper (1999) as a result of sanctions, a recent recession, high inflation, maladministration and low foreign direct investment (FDI), the ANC had inherited a weakened economy from the previous government with a budget deficit nearing 7% of GDP.

In response to the economic and social conditions faced by South Africa, the ANC government established economic policies that outlined its strategy in addressing these problems. The series of economic policies that followed over the next two decades began with the more socialist Reconstruction and Development Program (RDP) in 1994 to the most recent pro-industrialization policy known as the National Development Plan (NDP).

During the transition period of the Government of National Unity, the ANC focused its priorities on redressing the socio-economic wrongs of Apartheid while seeking to also achieve economic growth, reduce unemployment and satisfy its local labour movement through national wealth redistribution (Habib &Padayachee, 2000; Nattrass, 1994; Terreblanche, 2002). Since 1994 to 2017, 23 years after apartheid, 5 major shifts in economic policies can be identified (RDP-1994, GEAR-1996, ASGISA-2005, NGP-2010, NDP-2013) (Segatti& Pons-Vignon, 2013); it is worth investigating the lasting impact of these policies and whether they have had the desired outcome on the economic growth of the country.

1.3 Problem statement

1.3.1 *Main problem*

Evaluate what impact South Africa's series of macroeconomic policies have had on its economic growth post the apartheid era.

1.3.2 *Sub-problems*

The first sub-problem is to identify the impact of economic policies on economic growth by examining the trends in South Africa's economic indicators over the post-apartheid era. These will include a look at the national GDP, inflation rate and interest rate.

What is important is that because of advances such as those in innovation and technology, economic growth and good economic indicators may not necessarily result in an improved standard of living for the general population. As Tonder, van Aardt and Ligthelm (2011) point out there might be an increased move towards capital over labor which will result in jobless growth, this is discussed later in subsection 2.3.4. New Growth Path (NGP), 2010-2020.

The second sub-problem therefore analyzes how these economic policies impacted on the country's unemployment rate and inequality levels and whether there has been improvements in the Living Standard Measure (LSM) for South Africans.

1.4 Significance of the study

Economic policies stipulate a blueprint for the future economic direction of a country. These policies cover aspects such as the level of public spending and national ownership, national budgets and, consequently, taxation and interest rates. The ANC government's characterization of economic policy includes fiscal and monetary policies, industrial and financial policies but excludes land reform (Nattrass, 1994).

Studies have been conducted on each of the macroeconomic policies of South Africa, starting with the RDP in 1994 which was quickly followed by GEAR (Growth, Employment and Redistribution) in 1996 through to the introduction of the current economic policy, the NDP, in 2013. Within this period, this study evaluates what has been the collective impact of these policies on economic growth, have these policies supplemented one another in order to build on the advances of its predecessors and have they yielded the desired outcomes?

In defining an economic policy, a government binds its country to a long-term strategy that essentially determines where funds are sourced and how they are spent. Although the government is free to modify or completely change its policies, the failure of its economic strategy could lead to a decline in economic growth (Catchpowle & Cooper, 1999; Nattrass, 1994; Weeks, 1999). The significance of this study is to determine the extent to which South Africa's economic policies have succeeded in creating economic growth, which would in turn address domestic problems such as high unemployment, large wage disparities and waning business confidence both locally and internationally.

John Weeks (1999) questions the External Factors hypothesis which states that economic growth in developing countries is heavily limited by external factors and does not necessarily depend on domestic economic policies. By comparing the quarterly growth rate of ten newly industrialized countries (NIC), a larger negative trend in South Africa's quarterly growth rate is seen. The results from the John Weeks (1999) study places more weight on the importance of a country's own internal policies in achieving economic growth. For this reason when considering the economic growth of South Africa over a certain period of time, it is worth evaluating the collective impact of its economic policies over that same period.

Some (Commission, 2012; Mbeki, 2003) have stated that South Africa does not have a policy problem but instead an implementation problem while others have been critical of the neoliberal policies and have labelled them inadequate in addressing the problems faced by the country (Nattrass, 2011; Terreblanche, 2002). This study may offer insights on the validity of each of these statements and therefore contribute to either more suitable implementation methods or suitable policies in South Africa. In so doing, it may provide answers to whether the macroeconomic policies of post-apartheid South Africa have led to economic growth that has benefitted the general population. Additionally, it may provide useful information for other developing countries seeking economic growth through suitable economic policies by identifying the possible critical ingredients of policies that lead to growth in a developing country environment.

1.5 Delimitations of the study

This study focuses on the macroeconomic policies of South Africa during the pos-Apartheid period (i.e. after 1994). The study by Weeks (1999) reveals that although external factors may limit the growth of a country, when benchmarked with other countries (both major industrialized countries- MIC and NIC countries), the growth of that particular country should either rise or fall at relatively similar rates to the others. Instead Weeks' research showed that 2 years after the introduction of GEAR, South Africa's growth rate fell to levels significantly lower than other NIC countries despite a negligible change in the economic indicators of the MIC countries before and after the introduction of GEAR. As a result, this study will limit the inclusion of external factors in the assessment of South Africa's macroeconomic policies.

In order to provide an overview of the economic environment in South Africa, the study will provide summaries of each of the economic policies implemented after Apartheid. The focus therefore is not on individual policies but on the collective implications that they have had on South Africa's economic growth over a certain period.

Institutions providing foreign direct investment and global funders such as the World Bank and International Monetary Fund (IMF) are only considered insofar as their terms of providing funds may influence (directly or indirectly) the economic policies of South Africa.

Lastly in trying to understand the overall impact of economic policies, we assess the impact that they have had in addressing South Africa's most persistent problems that they sought out to address. These will include high unemployment, poverty, and inequality. It should however be noted that an economic policy alone cannot be said to be the answer for each of these wicked problems however the idea here is to identify whether the changes in economic policies have had any noticeable impact in addressing these issues.

1.6 Definition of terms

Apartheid

The Apartheid museum defines Apartheid as a period that came about due to laws imposed by the National Party on South Africa. These laws encouraged the racial segregation of whites and blacks in all aspects of their lives. A possible explanation for this could be that it was a nationalist policy aimed at preserving the Afrikaner culture, which was thought to be superior. Afrikaner is the name given to a native white culture in South Africa (Dubow, 1989).

1.7 Assumptions

- The study is conducted under the assumption that information and data regarding the economic policies and indicators of South Africa during the period under investigation is readily available.

- It is assumed that the respondents of the interview will give honest and credible information (refer to Chapter 3: Research Methodology).

- It is assumed that there is a strong correlation between economic policy and addressing the wicked problems of South Africa. By evaluating the rate at which these problems are resolved (e.g. a steep decline in the unemployment rate) we will assume that we can attribute a large part of these successes to the collective impact of the country's economic policies.

- With support from the research conducted by Weeks (1999), the assumption is made that the economic indicators of a country are strongly affected by its own domestic economic policies as opposed to external factors happening around the world. A look at the economic indicators over a certain period therefore provides a strong indication of the long-term performance of the economic policies being implemented.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

The dawn of democratic South Africa brought with it a shift from the socialist ideals of the Freedom Charter purported by the liberation struggle movements of the Apartheid era. The shift was towards increasingly more orthodox neoliberal policies that seemed to benefit the few and not address the poor economic conditions of the people of South Africa.

This literature review begins with a historical background discussion that will help contextualize the environment in which South Africa was being ruled. This is in order to better understand the factors that influenced certain policies. Nattrass (1994) points out that it is worthwhile understanding the history of ANC economic thinking and organizational dynamics in order to better understand and not undermine necessary political compromises made by the ruling party. As such the historical background is followed by a discussion on the main economic shifts that has taken place in post-apartheid South Africa. This discussion not only looks at some of the successes of these economic policies but also the reasons that prompted a shift from each predecessor and whether subsequent policies were consistent with (or a complete change from) them.

Understanding the economic environment in South Africa necessitates an understanding of the linkages between economic policy and economic growth; what are the factors in an economic policy that ultimately lead to economic growth and which of these factors may have impacted South Africa in achieving its required economic outcomes.

As stated before, some literature (Commission, 2012; Mbeki, 2003) seems to place the shortcomings of South African economic policy on the failure of implementation while others suggest that the neoliberal policies were at odds with the South African reality and not suitable for the socio-economic conditions of the time (Terreblanche, 2002). Clarity is offered on this debate by evaluating the change in economic indicators and the impact that the post-apartheid policies have had in addressing economic problems and thereby culminating in economic growth for South Africa. Although a government assessment of the past economic policies (Commission, 2012) points to the social gains in the country, Weeks (1999) and Catchpowle (1999) highlight that South Africa had the worst economic performance when compared to other NIC African countries even when taking external factors into account.

2.2 Historical Background Discussion

> “The nationalization of the mines, banks and monopoly industry is the policy of the ANC and a change or modification of our views in this regard is inconceivable” A statement made by N Mandela on January 15, 1990 (Davis, 2003).

The Freedom Charter, adopted by the ANC in 1956, was the policy document of the ANC during its struggle era (Davis, 2003; Nattrass, 1994). The above quote by Nelson Mandela embodied the stance of the charter in that it demanded redistribution and despised inequality, capitalism and Apartheid. The Freedom Charter was seen as advocating that South Africa was for all the people who lived in it, despite this, it remained relatively vague as an economic policy. Some literature (Habib & Padayachee, 2000; Nattrass, 1994) points out that this was done intentionally in order to enable the ANC to gather support from a broad spectrum of social groupings that included both grass-roots activists and domestic and foreign businesses during its struggle years.

In the lead up to the first democratic elections of 1994, as the rhetoric of redistribution and nationalization continued, its impact on capital markets became more evident. Business became more wary of the dangers of nationalization and increased state intervention; this was accentuated by the impending demise of the centralized governments of the Soviet Union and Eastern Europe. Consequently, statements such as the one highlighted above by Nelson Mandela, had a negative impact on the stock market and began to erode business’s confidence in South Africa (Davis, 2003). The tensions around economic policy could be split into three schools of thought within the ANC and its tripartite alliance partners (Nattrass, 1994):

Moderate nationalists; concerned with positioning the ANC such that it continued to hold democratic power, saw economic growth as a goal that could be achieved through policies that move away from the socialist stance of the Freedom Charter to one that is more neoliberal and investor friendly.

Grass-root orientated activists; this group rallied mass support for parties such as the ANC and South African Communist Party (SACP) especially during the struggle era. They supported the ANC primarily because of their own interpretation of the Freedom Charter as a policy for redistribution, nationalization and equality. As the ANC began to implement economic policies, these activists resented the manner in which policy was dictated to them. They consequently advocated for a more democratic process in policy decisions.

Unionists; the most influential of which was COSATU, disapproved of the ANC's increasingly neoliberal, business friendly economic policies (Davis, 2003). They began to see their influence within the tripartite alliance wane and in response they advocated for more influence in policy decisions in order to push forward the agenda of the unemployed and the working class. This unhappiness by the unions partly led to the draft resolutions on economic policy in 1991-1992 (Davis, 2003; Nattrass, 1994).

Knowing these schools of thought we can now highlight some of the goals that the ANC aimed to achieve in devising its first macroeconomic policy in 1994. Nattrass (1994) highlights 8 points which he calls The ANC Challenge:

1. Achieve economic growth
2. Meet trade union demands
3. Job creation
4. Affirmative action
5. Small business development
6. Redistribution

7. Boost business confidence

8. Alleviate white fear

"We are convinced that neither a commandist central planning system nor an unfettered free market system can provide adequate solutions to the problems confronting us" The ANC in the 'Draft Resolution on Economic Policy', p. 3.

As elections drew near, internal and external pressure mounted on the ANC. With an economy under stress and in dire need of funds, it became clear that the party needed to adopt a stronger position on economic policy and quotes such as the one above hinted to the direction chosen by the ANC. The draft resolutions on economic policy that followed between 1991-1993 sought for a middle ground between a centrally controlled state and one with a free market system; these resolutions included the Draft Document on Economic Policy (DDEP) and the Draft Policy Guidelines (DPG). In general, they advocated for a more developmental state concerned with planning, coordinating and leading economic strategies. These policies culminated in a final policy resolution conference in May 1992 attended by delegates of all branches of the ANC. At this conference the power and influence of the Unionists and Activists within the ANC was once again showcased, the DPG was amended to include the rhetoric of nationalization and increased state intervention in the financial sector to channel resources in specific sectors (Habib & Padayachee, 2000; Nattrass, 1994).

Of significance is the final resolution, which seemed to have abandoned the call for growth through redistribution (this could be in part due to the 1993 MERG report named "Making Democracy Work"). MERG, the acronym for Macro-Economic Research group, was one of several ANC think tanks established in 1991. In 1993 it released a report named "Making democracy work", the report pointed out that economic growth could be increased by 5% and 300 000 jobs could be created if state intervention was adopted and economic restructuring occurred through the labour market in terms of better training, improved education, skills development and increased wages (Davis, 2003).

During the transition period (27 April 1994 to 3 February 1997), when power was being transferred from the NP to the ANC, the ANC led what was called the Government of National Unity (GNU) (Habib & Padayachee, 2000). The ANC's pre-election policies seemed more interested in power, equality and growth through redistribution this however began to change after the elections. There are a few interesting aspects to note during this transition period, firstly the ANC had very little experience in setting a macroeconomic policy for the country, this meant that the NP adopted a leading role in economic matters within the GNU. Of significance are two NP party members who were appointed to lead the financial structures of the country: Dereck Keys became the first finance minister of democratic South Africa and he was replaced later that year by a banker Christo Liebenberg who was not affiliated to any political party, Liebenberg was eventually replaced by Trevor Manuel in 1996. The Reserve Bank remained in the hands of Chris Stals, who served as governor during the Apartheid regime, until 1999 when he was replaced by Tito Mboweni.

Another interesting aspect is that the ANC took control of a country that was not in a financially strong position; in order to implement its large-scale policy changes the government needed the help of institutions such as the World Bank and International Monetary Fund (IMF). These institutions lent out money but also imposed their own mandatory requirements on economic policies. Once South Africa accepted their money the country was bound to an economic policy that was required to include (Catchpowle & Cooper, 1999):

- Reduced public/state spending
- Privatization of state owned enterprises (SOEs)
- A free market system that includes free trade routes and lower import tariffs
- A fiscal controlled economy

The IMF and World Bank policies seem to favor a more neoliberal economic environment in South Africa and this could have, to some extent, influenced policy makers within the ANC. When the World Bank and IMF policy conditions are compared to the pre-1994 economic aspirations of the ANC it reveals several contradictions; in fact the goals of redistribution and nationalization were in direct contradiction to the neoliberal policies of the World Bank and IMF (Davis, 2003;

Weeks, 1999). The dilemma was that in order to affect change and implement its economic policies the South African government had to face accepting funding attached to conditions that did not seem to align with their own policies. These are the circumstances with which the ANC went into the formulation and adoption of the first official government economic policy in January 1994, the Reconstruction and Development Programme (RDP).

2.3 A History of Economic Policies

2.3.1 *The Reconstruction and Development Program (RDP), 1994-1996*

The aims of the RDP can be categorized into 5 major policy programs. The ANC needed to work on each program simultaneously in order for the RDP to be a success (Davis, 2003; Nattrass, 1994):

- Meeting basic needs: Eliminating poverty, eliminate low wages and wage inequalities
- Democratising the state and society: State intervention in addressing economic imbalances and structural problems in industry, trade, commerce, mining etc., the implementation of Affirmative Action
- Developing the country's human resources: Skills development and economic empowerment of the previously oppressed.
- Building the Economy: Extensive public sector investment to stimulate private sector involvement in restructuring and development efforts.
- Implementing the RDP

The RDP's focus seemed to be a vehicle for societal redress from the racial inequalities of the Apartheid era (Davis, 2003; Weeks, 1999). The government would then be required to focus on state resources in delivering services to the poor in order to achieve "a better life for all", this revealed the influence of the unionists and activists in drafting the policy.

During implementation however, the ANC did not adopt this policy in its entirety, an example is the reduction in import tariffs in an attempt to encourage FDI, this trade liberalisation was carried out by Trevor Manuel, the then Minister of Trade and Industry (1994 – 1996) (who later became the finance minister). The state also distanced itself from implementing reforms for greater state involvement into the financial and banking sector. The ANC became reluctant on the idea of democratising the Reserve Bank and cemented the bank's independence in the country's constitution. As previously stated, at this point the Reserve Bank was led by NP member Chris Stals, who was then able to run the bank with reduced political (ANC) interference (Davis, 2003).

The argument here could be that at this point the ANC's strongest influence was relatively limited to the political arena while the NP kept control of the country's financial institutions. In addition the government relaxed foreign exchange controls. This exchange liberalisation continued when Trevor Manuel became Finance minister in 1996, it allowed for foreign asset swap procedures and was seen as an attempt to not only make South Africa more investor friendly but also more competitive. Manuel highlighted that during the Apartheid era South African firms had been protected by tariffs and government subsidies which enabled them to perpetuate the legacy of Apartheid and also made them less competitive in the global arena (Davis, 2003; Habib & Padayachee, 2000).

There is a point to note here though; the ANC had just adopted a policy that advocated social redress and redistribution. To achieve this, several policies were put into place such as Black Economic Empowerment and the Labour Relations Act (LRA), in order to compel businesses that had previously been protected and segregated (in terms of race and wages through Apartheid policies) to now integrate a large portion of the African population into their business and to protect their employment through the LRA. At the same time however, foreign exchange was being encouraged and tariffs were being lowered, this meant that foreign companies could easily bring their goods and services into the country. The assumption could be that this would create more jobs however the majority of the African population could only offer unskilled (or very low skilled) labour. This meant that the system only created more opportunities for the better skilled and experienced white population of the country while at the same time creating problems for the established South African companies by allowing more competition into the country. Increased competition meant that these companies had to respond by scaling down, offering more competitive prices or redirecting their funds to the scramble for increasingly scarce natural resources and scarce human skills. The two goals therefore of advocating for Affirmative Action while liberalizing trade seem to be counterproductive (relative to the section of the population it is meant to help).

Perhaps the most significant sign of the ANC drift from its pre-election policy was the adoption of a privatisation policy. In December 1995, then Deputy president Thabo Mbeki announced plans to sell off SOEs in order to reduce debt and realign the state's role in the economy (Habib & Padayachee, 2000).

The sale of SOEs was a complete turn-around in terms of ANC policy but it was completely in line with the demands made by the World Bank and IMF and even the NP. This further highlights the discrepancy between policy and policy implementation. The ANC had a tremendous amount of political influence and relative freedom in drafting economic policies. However this did not seem to trickle down to influence in the financial/economic sector of the country, this remained in the hands of the NP and the (mainly) white owned conglomerate businesses. Even in the social arena, the ANC's influence was heavily challenged by unionists and activists whose views on economic policies contrasted heavily with that of the government's. The ANC could therefore draft many policies, however, when it came to implementing them it had to reach a compromise by negotiating between all the relevant stakeholders.

2.3.2 *Growth, Employment and Redistribution: A macroeconomic strategy (GEAR), 1996 - 2001*

To align the economic strategy of the ANC to a formal policy a new economic framework (GEAR) was introduced in June of 1996. GEAR was a 5 year program more focused on reducing unemployment and attracting investors as opposed to the RDP who’s focus was on socioeconomic redress through redistribution. The supporters of GEAR relied heavily on the neoliberal approach that the higher the growth rate the more likely the poorer sections of the population will benefit, this is known as the “trickle down effect”. To achieve this growth rate supporters of neoliberalism believe in the power of free market forces that lead to economic growth in a country and the welfare of its own population (Davis, 2003).

Some of the main goals for GEAR were to achieve 6% growth in GDP and 400 000 jobs by the year 2000. This translated to 4,2% average growth in GDP and 2,9% average growth in employment between 1996 and 2000 (Habib & Padayachee, 2000; Weeks, 1999). To achieve these goals the following needed to be done (Davis, 2003; Weeks, 1999):

- Tighter fiscal policies: A reduction in the fiscal deficit to reduce government debt and free up resources for investment
- Increase public investment
- A reduction in inflation levels: Increase domestic savings levels
- Attracting FDI: Increased industrial competitiveness, moderation of wage increases, stable real exchange rate between Rand and other major currencies, rapid tariff liberalization.

In 1998, halfway through the GEAR mandate, John Weeks (1999) performed an assessment of GEAR to determine its success thus far. He found that the policy had helped government achieve its targeted reduction in fiscal deficit and it had succeeded in bringing down inflation to within a single digit. The failure, however, was that growth levels fell far short of the targeted 4,2% average and added to this there was a sharp rise in interest rates. As a consequence the targeted employment levels could not be reached. Weeks (1999) further argues that the failure of GEAR could not be attributed to world market failures, as mentioned earlier, a comparison of South Africa’s growth with other NIC countries shows a decline while an assessment of economic indicators of Major Industrialised Countries (MIC) shows no significant change before and during GEAR.

The conclusion then, which was echoed by MERG, is that the drop in economic growth was due to the extreme emphasis that GEAR placed on reducing the state deficit. MERG had proposed amongst other things, a prudent expansionist fiscal policy. GEAR advocated for economic growth led by the private sector which would eventually translate to increased employment. It is interesting to note that some, like Chagunda (2006), attribute GDP growth of up to 5% in 2005 to the GEAR framework even though this is 5 years after the GEAR timeframe.

2.3.3 *Accelerated and shared growth initiative of SA (ASGISA), 2005-2022*

> "The 'third world economy' exists side by side with the modern 'first world economy' …[but is] structurally disconnected from [it]…. [To] end the 'third world economy's' underdevelopment and marginalisation…will require sustained government intervention [and] resource transfers … includ[ing] education and training, capital for business development and…social and economic infrastructure, marketing information and appropriate technology."(Mbeki, 2003)

Thabo Mbeki, the South African president from June 1999 to September 2008, argued that the government did not have a challenge of policies but instead had a problem of implementing those policies. ASGISA was introduced by the office of the deputy president to address these challenges, the policies it brought do not depart greatly from the broad objectives of the RDP and GEAR - reducing poverty and unemployment (Wildenboer, 2008). The goal was to reduce poverty by 2010 and half unemployment by 2014 through a phased economic growth rate of 4,5% between 2005 to 2009 and 6% between 2010 and 2014 (Wildenboer, 2008). ASGISA identified the challenges associated with building the capacity and capabilities needed to accomplish policy objectives and obtain the desired output. The challenges to be addressed were considered binding constraints and identified as (Chagunda, 2006; Wildenboer, 2008):

- Shortage of skills: Lack of skills and committed employees especially in the public sector. The lack of qualified human resources needed to implement policies.

- Barriers to entry, limited competition and limited investment opportunities: This speaks to the relatively concentrated industry market structures that resemble oligopolistic structures and reduce competition and new entrants. Much needed improvements in financial resources.

- State organisation, capacity and leadership: Speaks to the corruption and mismanagement of funds and the lack of co-ordination between the different state departments.

Government committed to ASGISA by increasing its infrastructure spend to approximately 5% per annum for the next 5 years. It was believed that the increased state expenditure would lead to sustainable job opportunities (Gelb, 2007). A commitment was also made to promote Small-to-Medium-Enterprises and encouraging investments. A great bottleneck of this policy however was the shortage of skills. Initiatives such as JIPSA (Joint Initiative on Priority Skills Acquisition) was introduced by the government to address this, it was a 3 year national skills programme involving the private sector, academia and other stakeholders (Chagunda, 2006). At the least, ASGISA had the benefit of focusing both private and public sector to the binding constraints of the country (a good example was the national skills shortage) and committing to a path of addressing them.

2.3.4 *New Growth Path (NGP), 2010-2020*

After it became clear that the previous economic programmes had not efficiently achieved their objectives, the South African government introduced a fourth economic programme in 16 years (Van Aardt et al., 2011). The New Growth Path, introduced in November 2010 by Ebrahim Patel the Minister of Economic Development, was to be implemented at the local government level with a primary mandate of creating 5 million jobs by 2020, reducing unemployment from 24,4% to 15% and training 100 000 youths (includes 30 000 engineers and 50 000 artisans). Its secondary focus was on improving inequality, reducing poverty and improving the co-ordination, planning and implementation of economic policies in all levels of government (Meyer, 2013).

To achieve its target, the NGP identified sectors with great potential for job creation, these sectors included:

- Infrastructure development
- Agriculture
- Rural development focusing on agro-processing
- Mining
- Manufacturing
- Green economy
- Tourism
- Informal sector

Meyer (2013) points out that significant funds were allocated in realizing the goals of the NGP, this included the creation of The Jobs Fund, Expanded Public Works Programme (EPWP), Industrial Development Corporation (IDC), National Youth Development Fund, Infrastructure Fund. In addition, several government departments stepped in to create jobs such as the Department of water affairs (30 000 jobs) and the Department of Agriculture (supporting 100 000 farmers).

The NGP quickly ran into trouble and was heavily criticisedfrom the onset; it had problems with high production costs combined with low productivity with a high cost of labour that was ever increasing due to the labour unrest in the country. It also had a heavy reliance on government funding and remained vague on how its policies were to be implemented. Consequently it was considered more of a vision then a plan (Meyer, 2013; Nattrass, 2011).

A critique of the NGP target of 5 million jobs by 2020 reveals that it is unlikely to be attained. Meyer (2013) again points out that the economic boom period of 2002 to 2008 only yielded 300 000 jobs and was followed by a loss of not less than 450 000 jobs between 2009 to 2011 (note the 2008 economic meltdown). He calculated that to reach 5 million jobs in 2020, starting from 2013 the country would need an average of 500 000 new jobs per annum. This critique is continued by van Tonder, van Aardt and Ligthelm (2011) whose research findings argue the following points:

- Possibly due to increased labour unrest and increased competition, South African employers have begun to prefer capital over labour (which could lead to jobless growth). Research suggests that factors other than economic growth have a major impact on both job creation/destruction in South Africa bringing in question the theory of trickle down economics.

- The factors identified by the NGP to have high potential for job creation and be labour absorptive mostly have a preference of capital over labour, meaning the labour can be mechanized or automated.

- Conditions created by government do not create an environment that would support reaching the NGP targets. For instance the research found that compared to countries with similar unemployment levels, it was more difficult and expensive and time consuming to start a business in South Africa.

2.3.5 *National Development Plan (NDP), 2013 - 2030*

> "…On the present trajectory, South Africa will not achieve the objectives of eliminating poverty and reducing inequality. There is a burning need for faster progress, more action and better implementation. The future belongs to all of us and it is up to all South Africans to make it work". Trevor Manuel's Foreword to the NDP (2011)

President Jacob Zuma became the president of the Republic of South Africa in 2009, within 2 years came the unveiling of a new draft economic framework in November 2011. The final document was released in 2013 and named the National Development Plan (NDP). President Jacob Zuma had tasked the National Planning Commission (NPC) headed by Trevor Manuel and consisting mostly of commissioners outside government, to development a plan aimed at reducing inequality and eliminating poverty by 2030. The NDP aims to achieve these goals by growing an inclusive economy where all South Africans benefit from the economic growth of the country. It seeks to build capabilities and enhancing the capacity of the state and promoting leadership and partnerships throughout society which will include business, labour, communities and government (Commission, 2012).

The commissioners highlight the wins and losses of past economic policies in the NDP report as follows:

Wins:

> Past economic policies have broadened access to services for South Africans, this includes electricity, education and water.
>
> 3 million more South Africans are working today than in 1994, average incomes have risen steadily and poverty rates have consequently decreased. All this has contributed to stabilising the economy.

A steady emergence of a non-racial society has begun.

Loses:

The legacy of apartheid is still evident, certain areas are still divided along the spatial “racial conditions” of the apartheid government and not all South Africans have access to basic services as is their constitutional right.

The quality of education, especially for blacks, has remained poor. This has led to a small workforce and the un-employability of the youth.

18 years after democracy (1994 - 2012), South Africa is still an unequal society riddled with poverty and a high unemployment rate.

The NDP recognises that South Africa needs to find a way to translate political emancipation into economic freedom for its citizens. The results of the NDP would be to have a population with raised living standards through a combination of employment, higher income through productivity growth, social wages and good quality public services (Commission, 2012).

It is interesting to note that the NDP echoes the words of ex-president Thabo Mbeki by stating that the main problems in South African policies have been the failure to implement those policies and the absence of broad partnerships. Thirteen (13) primary challenges are identified in the document as follows:

1. Too few people work

2. The quality of school education for black people is poor

3. Infrastructure is poorly located, inadequate and under-maintained

4. Spatial divides hobble inclusive development

5. The economy is unsustainably resource intensive

6. The public health system cannot meet demand or sustain quality

7. Public services are uneven and often of poor quality

8. Corruption levels are high

9. South Africa remains a divided society

10. Rural economy

11. Social protection

12. Regional and world affairs

13. Community safety

The changes proposed by the NDP will be driven by 3 aspects: Active citizenry, strong leadership and an effective government. Ultimately the cycle of development can be started by improving conditions that lead to opportunities that in turn increase capabilities. As capabilities increase so too does employment; more employment means growth; growth means a reduction in poverty levels (although this can be questioned) and a rise in living standards. This is summarised in Figure 1 below obtained from the NDP Executive summary.

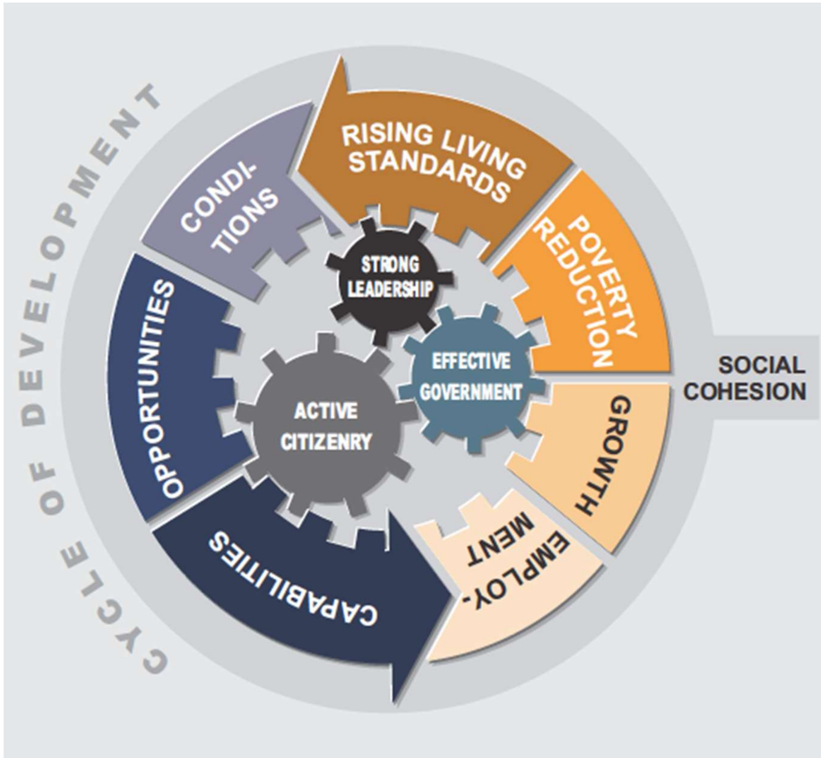

Figure 1: The link between capabilities, opportunities and employment on social and living conditions (edited from Commission, 2012).

Trevor Manuel reveals that the NDP has prioritised 3 specific areas:

- Raising employment through a rapid growth in the economy
- Improving the quality of skills, development, innovation and education in the country.
- Transforming the state into a transformative and developmental state by building capacity.

Success for the NDP will be if the government is able to do two things; firstly to reduce the percentage of households with a monthly income below R419 from 39% in 2009 to 0% by 2030. Secondly, reducing the Gini coefficient (a measure of inequality) from 0,69 to 0,6.

2.4 A link between Economic Policy and Economic Growth

The economic frameworks/programmes implemented by the South African government from 1994 to 2013 all had the broad objective of wanting to reduce poverty and unemployment by creating jobs in order to foster a better life for all (Segatti & Pons-Vignon, 2013). After the shortcomings of the RDP the economic policies that followed employed a more neoliberal viewpoint. Neoliberals define the role of the state, under neoliberalism, as one that supports market institutions, for this they have adopted the term New Public Management (NPM) (Segatti & Pons-Vignon, 2013). The government mostly assumed that these economic policies would lead to economic growth and subsequently create jobs and wages that would trickle down and benefit the poorer population.

In order to implement the system of NPM, government needed to reduce public spending and apply austerity measures as was done under GEAR; this period of government roll-back would allow business to develop less corrupt bureaucratic systems which are more efficient and thereby bring with it market discipline to public bureaucracy (increased competition and the implementation of good international standards would be a strong driver of this), this was one of the main appealing aspects of neoliberalism (Hoggett, 2010; Segatti & Pons-Vignon, 2013). Once these systems were established government would then be transformed with lean systems and less corrupt, bureaucratic institutions (Segatti & Pons-Vignon, 2013). Economic policy can be seen as the driver or blueprint for policies that may (or may not) open up markets, encourage FDI etc and eventually lead to economic growth. Issues such as policy certainty and departmental alignment may be encouraged and even executed through an appropriately thought out and executed policy. This in turn creates an environment that encourages growth and investments. It can therefore be said that having an appropriate economic policy may be one of the main pre-requisites for economic growth.

To highlight the rate of South Africa’s economic growth, its performance over the post-apartheid period will be contrasted to its counterparts in BRICS and Nigeria and Egypt who follow South Africa as the second and third biggest economies in Africa respectively. The BRICS nations are a bloc of 5 countries with emerging economies that represent much of the world's economic growth, the IMF estimated that they will represent 61% of the world's growth by 2013. South Africa was the last to join the bloc in 2010 and has since proceeded to form trade agreements and several investment initiatives to further facilitate the economic growth of each member state (SAGov, 2017).

2.5 Conclusion of Literature Review

After 20 years (from 1996 to 2016), South Africa has yet to meet the expectations generated by the end of Apartheid (Commission, 2012). One might wonder why the ANC opted for neoliberalism in the first place. Put in context, Chipkin and Lipietz (2012) argue that the choices presented to the government at that time were limited; because of the mistrust of the capitalist sector through its support of the Apartheid system and because of the collapse of the centralised governments of the Soviet Union, neoliberalism seemed the more appealing option that offered both state “control” while appearing to remove the corrupt bureaucracies and inefficiencies that had plagued the apartheid government.

The question then, which forms the main research problem of this study, is whether the economic policies adopted by the government are suitable for South Africa and perhaps simply lack implementation as argued by Mbeki (2003) and the National Planning Commission (Commission, 2012) or is it that the policies themselves are a deterrent to economic growth?

van Tonder, van Aardt and Ligthelm (2011) have hinted to the fact that economic growth does not necessarily lead to increased job creation in South Africa. Marais (2011) also points out that although GEAR resulted in South Africa achieving a surplus in 2006, this failed to significantly reduce inequality and, to a lesser extent, unemplyment. The preference of capital over labour from South African businesses means that economic growth could mean jobless growth. If this is true then it would follow that policies aimed at economic growth, in order to create jobs and reduce poverty, would not have the desired output. Pons-Vignon & Segatti (2013) argue that the capital over labour viewpoint is a result which has hardened the system of accumulation in one sector of the economy (in this case it is the Minerals-Energy complex- MEC). As a result less investments have gone into the labour-absorbing sectors of manufacturing and agriculture, recall that these are sectors identified by the NDP as having potential for growth. Fine and Rustomjee (1996) refer to the Minerals-Energy complex as the "engine of capitalist development in South Africa", this speaks to how deeply entrenched this system is in the country, any macroeconomic policy implemented to address the problem caused by this imbalanced investment system will need to be a policy that is radical in order to bring about change. When one takes a look at the composition of the NPC, the committee spearheading the NDP, we see that it is headed by the longest serving finance minister of the country, Trevor Manuel who in the past presided over GEAR which remains highly criticized (Habib & Padayachee, 2000; Segatti& Pons-Vignon, 2013 Weeks, 1999) in addition the deputy chairman of the NPC is Cyril Ramaphosa, an ex-unionist who served as the General Secretary of the National Union of Mineworkers and is now the country's deputy president. With these officials leading the objectives of South Africa's "new" macroeconomic policy, it remains to be seen if it will be more of the same or if it may bring the necessary radical change needed to yield the required outcomes.

2.5.1 *Hypothesis 1:*

South Africa's macroeconomic policies have negatively impacted economic growth over the post-apartheid era.

2.5.2 *Hypothesis 2:*

Economic indicators over the period under investigation show a negative trend in terms of economic growth.

2.5.3 *Hypothesis 3:*

South Africa's persistent problems of unemployment and inequality continue today and a large percentage of the population remain poor.

CHAPTER 3. RESEARCH METHODOLOGY

This section of the study outlines the methodology used. A brief discussion of the methodology is followed by the research design. Thereafter the population and sampling is discussed and the research instrument and procedure for data collection introduced. The subsequent sections will include data analysis and interpretation and data analysis, the limitations of the study and validity and reliability of results.

3.1 Research methodology

The literature review reveals that there are multiple factors that need to be considered when formulating a policy that is aimed at achieving economic growth. Bryman (2015) notes that qualitative research is concerned with words and allows for a more interpretivist research strategy. There are several research methods associated with qualitative research which includes participant observation, interviewing, focus groups, discourse/conversation analysis and the qualitative analysis of collected text (Bryman, 2015).

A qualitative method is more suited to this study because it accepts that there are multiple interpretations of reality and this can change with time (Merriam & Tisdell, 2015). By allowing open ended questions the respondent is also given freedom to express his/her views and construct their own meaning in how they interpret the topic at hand (Creswell, 2013). Once the data is collected it is then up to the researcher to draw meaning from it, this speaks to Bryman’s inductive view where theory is generated from research; an inductive view is a particular feature of qualitative research.

The open ended nature of responses to qualitative methods warrants the assumption that respondents are honest and provide responses based on a true and honest reflection of the information they have at the time.

3.2 Research Design

The preferred methodological approach to be used is a face-to-face, individual, semi-structured interview. The interviews may be recorded with consent from the interviewee and follow-up interviews are allowed should they be required. Should a face-to-face interview not be possible then telephonic and video recorded (e.g. Skype) methods can be considered.

Qu & Dumay (2011b) highlight that face-to-face interviews encourage honest responses based on facts and knowledge from the interviewees. The interviewer is also in a position to better interpret verbal and non-verbal communication which may help in obtaining more information. Open ended and semi-structured interviews allow for flexibility in the interview process and the interviewee is left to fully express him/her-self which leads to superior quality of data as compared to say phone interviews (Merriam & Tisdell, 2015). Semi-structured interviews also allow the interviewer flexibility to ask immediate follow up questions that may clarify answers to a critical question (Bryman, 2015; Qu & Dumay, 2011a).

The advantage of the semi-structured interview approach is the ability to obtain additional details from the interviewee and being able to modify and adjust the interview to suit the interviewee while making sure to still obtain the critical facts and information (Qu & Dumay, 2011a). The protocols involved with scheduling interviews with the interviewees best suited to answer questions around economic policies of South Africa could accentuate some of the disadvantages of face-to-face interviews which include the likelihood of a limited geographical spread and the availability of resources (e.g. time) needed to setup and conduct interviews (Bryman, 2015). Another disadvantage is that the interpretation of data may be vulnerable to the biased interpretation of the interviewer.

3.3 Population and sample

3.3.1 *Population*

The geographical location of the study is Johannesburg, the economic hub of the country. The population for this study will consist of groups/sectors directly impacted by economic policies. This includes the ANC, people in the business sector and academics who have a particular interest in economic policy and growth.

3.3.2 *Sample and sampling method*

Purposive sampling will be used which is achieved by selecting participants that will provide insights to the research conducted. Respondents will be chosen based on their experience and expertise on the research problem. 12 interviewees were chosen to participate in the research, this is in line with research findings from Guest, Bunce& Johnson (2006) that state that data saturation had been reached once 12 interview transcripts were revised. The research highlights that the findings might be related to the homogeneity narrow scope of the research. In this study the sample is considered homogeneous and from a narrow scope (all respondents will be knowledgeable on macroeconomic policies).

Table 1: Profile of respondents

Respondents	Number to be sampled
Respondents with knowledge around macroeconomic policies and aligned to the Tripartite Alliance such as the ANC, SACP and COSATU	4
Respondents with knowledge around macroeconomic policies in the Business Sector	4
Respondents with knowledge around macroeconomic policies and not aligned to any groups forming part of	4

the tripartite alliance. This group could consist of academics.	

3.4 The research instrument

The instrument used for this research will be an interview schedule. The schedule will be semi-structured to allow flexibility during the interview and to obtain as much information as possible from the interviewee while also allowing self-expression on the topic.

3.5 Procedure for data collection

Pre-arranged interviews will be conducted. Although notes may be taken during the interview, recording the interview is preferred (with the consent of the each respondent). Initial contact with interviewees will be made either face-to-face, telephonically or via email.

3.6 Data analysis and interpretation

This study makes use of data obtained from recorded semi-structured in-depth interviews with open ended questions. A system suitable for this type of data collection is one that reduces the data, displays it and draws conclusions from it (Miles & Huberman, 1985). Braun and Clarke (2006) advocate for Thematic Analysis as a useful tool for qualitative research. The advantages and disadvantages of thematic analysis are highlighted as follows:

Table 2: Advantages and disadvantages of Thematic Analysis

Advantages	Disadvantages
Flexibility	Flexibility- In that it could make difficult to identify aspects of the data to focus

	on
Quick and easy to learn and use	Themes may be considered in isolation from broader context
Results are relatively easily accessible	Reliability may be a concern due to variations on interpretation of the researchers
Highlights similarities/differences across data sets	
Satisfactory manner to summarize large data sets	

In considering data around economic indicators, descriptive statistics are used from sources such as Stats-SA. These provide a good way to represent summarized data sets over a certain period and also compare them with other countries.

3.7 Limitations of the study

- The data obtained may be subjective as it is the viewpoint of the interviewee.
- The interpretation of data may be subjective as it relies heavily on the interpretation of the researcher.
- Open ended questions in a semi-structured interview may result in exhaustive answers that may not necessarily provide insights on (or be relevant to) the research topic.

- Respondents may have different personal interpretations of the questions asked or different follow-up questions may be asked from the respondents due to the semi-structured nature of the interview.
- The timeframe, duration and quality of the data collected is constrained by the availability of the potential interviewees and their level of expertise on the topic.

3.8 Validity and reliability

3.8.1 *External validity*

External validity is described by Bryman (2015) as the extent to which the findings of a study can be generalized. The external validity of the study may be limited due to the unique history of South Africa, this history has played a big role in shaping the country's economic policies. However the broad spread of data collection may increase external validity (Mays & Pope, 1995).

3.8.2 *Internal validity*

This study meets internal validity by going through a proposal panel validation. To increase internal validity the researcher is encouraged to take control of the process rather than rely on external reviewers (Morse, Barrett, Mayan, Olson, & Spiers, 2002), therefore it is important to limit possible ambiguities that may be contained in the research instruments questions and to give the definition being used during the interview for terms that may be ambiguous. The recording of interviews may also reduce mis-interpretation of data by the researcher, additionally a face-to-face interview allows clarification of the data obtained.

3.8.3 *Reliability*

Bryman (2015) describes reliability as the extent to which the same results can be obtained by another researcher. To address possible problems with inconsistent outcomes of the same data, the recordings and notes from each interview will be stored.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

The study recorded interviews from a sample of 12 respondents from a diverse group of academics, ANC members and business people. The recorded sessions were then analyzed using a Thematic Analysis approach to identify common themes within the text. The main themes were subsequently divided into sub-themes and presented in a hierarchy table. Descriptive statistical information was obtained from various sources, summarized and presented in table form for each subsection.

4.2 Results pertaining to Hypothesis 1

Hypothesis 1 states that South Africa's macroeconomic policies have negatively impacted the country's economic growth from 1994 to 2016. The transcribed data obtained from the interview recordings were used to generate codes in line with thematic analysis practice, these were then used to establish themes and sub-themes relevant to the data sets. The two figures below are a representation of the themes and sub-themes obtained with regards to Hypothesis 1.

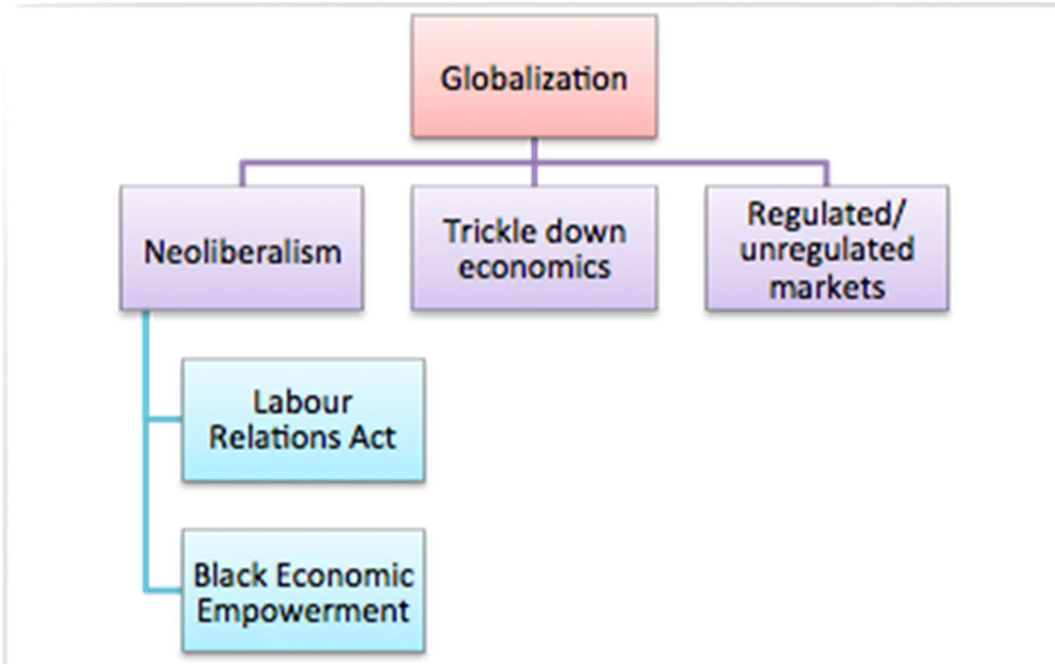

Figure 2: Thematic analysis results pertaining to Hypothesis 1: Globalization

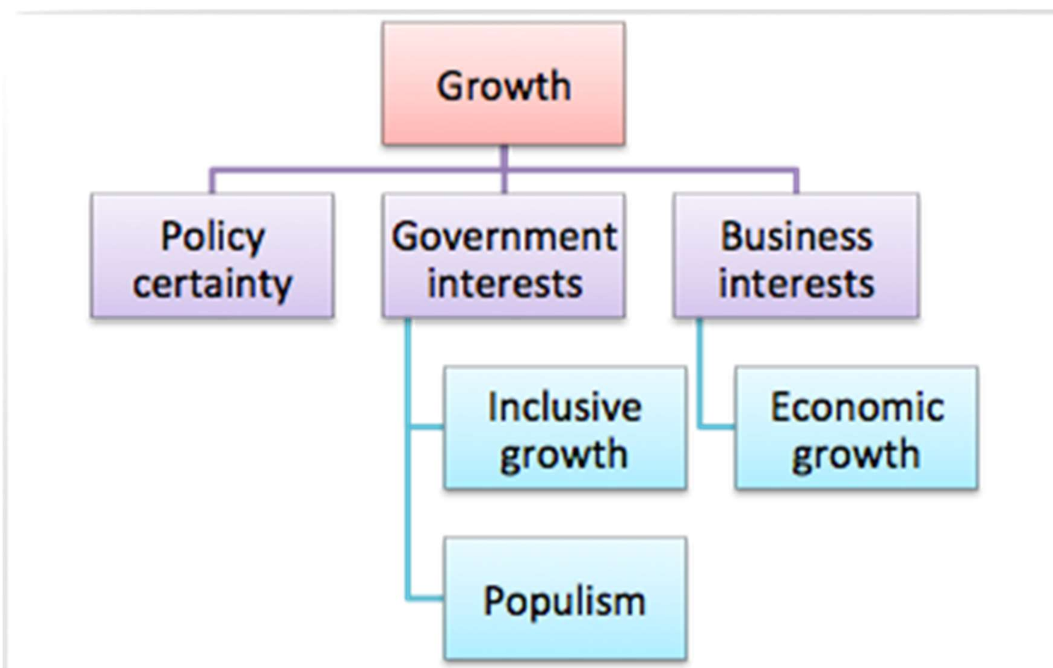

Figure 3: Thematic analysis results pertaining to Hypothesis 1: Growth

The descriptive statistics for this subsection were obtained from the three leading credit rating agencies who together control approximately 95% of the ratings business (Moodys Investor Service, Standard & Poor and Fitch Ratings). These rating agencies offer an indication of an entity's (in this case a sovereign government) ability to service its debt. A bad (CCC or "junk") rating would affect the interest on a bond and serve as a strong deterrent for further investment mainly due to the perceived high risk, whereas a good (AAA) rating would most likely have the opposite effect.

Figure 4 is a representation of the history of credit ratings under each president since the post-apartheid era (1994 - 2016), it offers a representation of the trend in the country's credit rating (as seen from external and independent sources) over the last 23 years.

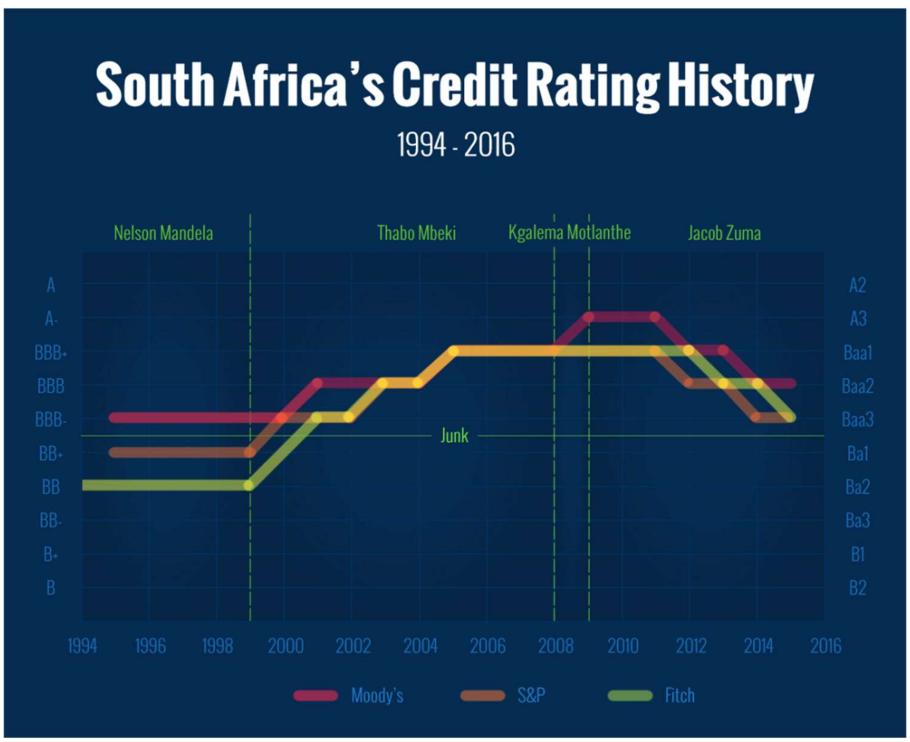

Figure 4: South Africa's credit rating History, 1994-2016 (Writer, 2016)

Table 3 represents the latest credit ratings for BRICS nations and 2 of the top emerging economies on the African continent. Table 6 gives a summary of annual

GDP growth and highlights the highest and lowest percentages and the years in which they occurred.

Table 3: Latest credit rating of BRICS countries, Nigeria and Egypt (TradeEconomics, 2016)

Countries	Moody's		S&P Countries		Fitch	
Brazil	Ba2	Negative	Ba2	Negative	BB	Negative
Russia	Ba1	Stable	BB+	Stable	BBB-	Stable
India	Baa3	Positive	BBB-	Stable	BBB-	Stable
China	Aa3	Negative	AA-	Negative	A+	Stable
South Africa	Baa2	Negative	BBB-	Negative	BBB-	Negative
Egypt	B3	Stable	B-	Stable	B	Stable
Nigeria	B1	Stable	B	Stable	B+	Negative

Table 4: GDP Annual growth rate for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	GDP Annual growth rate (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	-2,90	-3,90	10,10 (1995)	-5,80 (2015)	1991-2016	2,68
Russia	-0.40	-0,60	12,10 (1999)	-11,20 (2009)	1996-2016	3,08
India	7,30	7,10	11,40 (2010)	-5,20 (1979)	1951-2016	6,08
China	6,80	6,70	15,40 (1993)	3,80 (1990)	1960-2016	9,76

South Africa	0,70	0,70	7,10 (2006)	-2,60 (2009)	1993-2016	2,91
Egypt	2,30	3,80	7,30 (2008)	-4,30 (2011)	1992-2016	3,76
Nigeria	-2,24	-2,06	19,17 (2004)	-7,81 (1983)	1982-2016	4.03

4.2.1 *Conclusion pertaining to Hypothesis 1*

Hypothesis 1: South Africa's macroeconomic policies have negatively impacted economic growth over the post-apartheid era.

Economic growth cannot solely be linked to economic policy, having said that, policy certainty plays a big role in economic growth. Political and business interests need to be understood and aligned to start to result in noticeable economic growth. The Thematic Analysis performed points to a disconnection between policy formulation and policy execution which in turn leads to policy uncertainty. This is exacerbated by the apparent lack of trust between government and business and in some instances the questionable relationship between the two. This then points to growth that is not inclusive and not labour intensive. To quantify this growth (or lack thereof), the descriptive statistical data shows that South Africa, when compared to its peers, has had a smaller average GDP growth of 2,91% over the post-apartheid period. Its credit ratings over the period also indicate a speculative outlook on its economic future and highlights how the country has struggled to recover since the economic downturn. Economic growth has therefore stalled and has been largely negative over the 1994 to 2016 period.

4.3 Results pertaining to Hypothesis 2

Hypothesis 2 refers to the trend in economic indicators. These economic indicators are summarized in Tables 5 and 6 with details on Interest rates and Inflation rates for BRICS nations, Egypt and Nigeria. The tables also show the highest and lowest percentages (with the respective years) in which they occurred.

Table 5: Interest rates for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Interest (REPO) rates (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	13	13,75	45 (1999)	7,25 (2012)	1999-2017	15,62
Russia	10	10	17 (2014)	5 (2010)	2003-2017	7,23
India	6,25	6,25	14,50 (2000)	4,25 (2009)	2000-2017	7,70
China	4,35	4,35	10,98 (1996)	4,35 (2015)	1996-2016	6,25
South Africa	7	7	23,99 (1998)	5 (2012)	1998-2017	12,80
Egypt	14,75	14,75	21,40 (1991)	8,25 (2009)	1991-2017	11,44
Nigeria	14	14	14 (2016)	6 (2000)	2007-2016	10,28

Table 6: YOY Inflation rates for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Inflation rates (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period

Brazil	5,35	6,29	6821,31 (1990)	1,65 (1998)	1980-2017	367,07
Russia	5	5,4	2333,30 (1992)	3,60 (2012)	1991-2016	133,50
India	3,17	3,41	12,17 (2013)	3,17 (2017)	2012-2017	7,31
China	2,5	2,1	28,40 (1989)	-2,20 (1999)	1986-2017	5,40
South Africa	6,6	6,8	20,70 (1986)	0,20 (2004)	1968-2017	9,20
Egypt	28,1	23,3	35,10 (1986)	-4,20 (1962)	1958-2017	9,07
Nigeria	18,72	18,55	47,56 (1996)	-2,49 (2000)	1996-2017	12,32

4.3.1 *Conclusion pertaining to Hypothesis 2*

Hypothesis 2: Economic indicators over the period under investigation show a negative trend in terms of economic growth.

As indicated earlier, the annual GDP growth has had an overall negative trend between 1994 to 2016. When looking at the interest rate data, from 1998 to 2016, we see that it has also experienced a negative trend. Lower interest rates encourage spending and investment as money is cheaper to borrow, the increased economic activity can in turn cause the economy to grow. A negative trend is also seen with the inflation rate during this same period. Variations in inflation varies the price of goods. Having both inflation and interest rates decreasing can be troublesome as inflation is used to control the supply and demand of goods when consumers have more (decreased interest rates therefore increased demand for goods and higher prices through inflation) or less (increased interest rates therefore lower demand for goods and lower prices through inflation) money to spend, thereby stimulating the economy or restricting it. Looking at the rate at which interest and inflation rates have increased/decreased over the 1994 to 2016 period we see that inflation rates have been consistently higher than interest rates especially over the last 10 years (TradingEconomics, 2016). This points to an economy that is restricted as prices increase faster than money is made available (through interest rates). Economic indicators therefore show a negative trend in terms of economic growth.

4.4 Results pertaining to Hypothesis 3

The last hypothesis considers how economic growth is reflected in society and what it means for the average South African. Again using Thematic Analysis, the themes and sub-themes identified can be seen in Figures 5 and 6 below. Statistical data was also obtained and summarized in Tables 7 and 8.

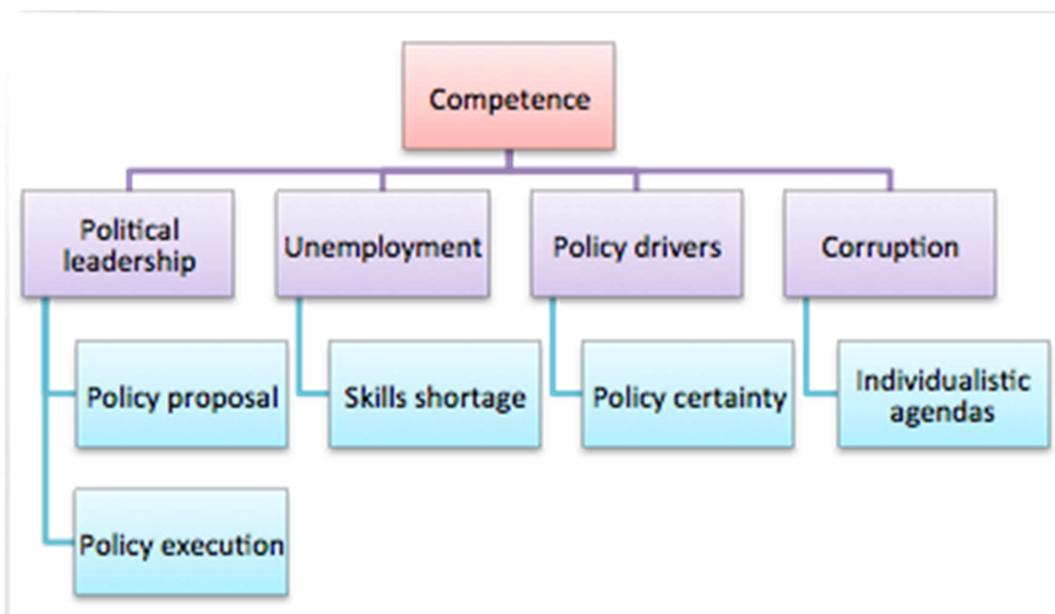

Figure 5: Thematic analysis results pertaining to Hypothesis 2: Competence

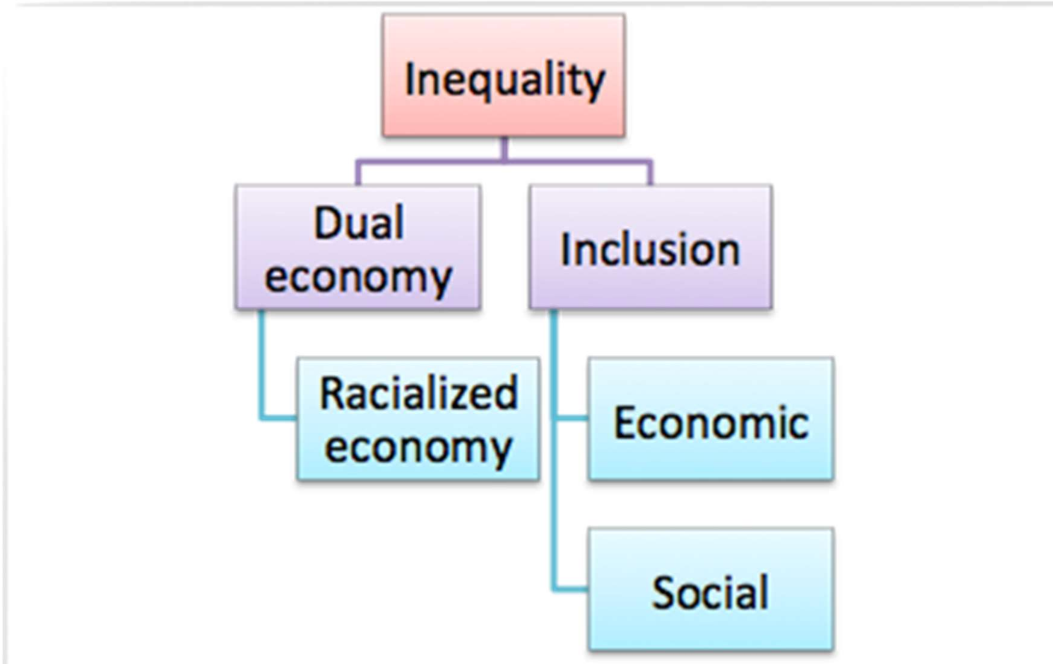

Figure 6: Thematic analysis results pertaining to Hypothesis 2: Inequality

Economic growth does not always translate to an improved living standard for a country's population. Figure 7 looks at the trend in LSM levels between 1994 to 2011, note that the data obtained only looks at LSM 1 to 8.

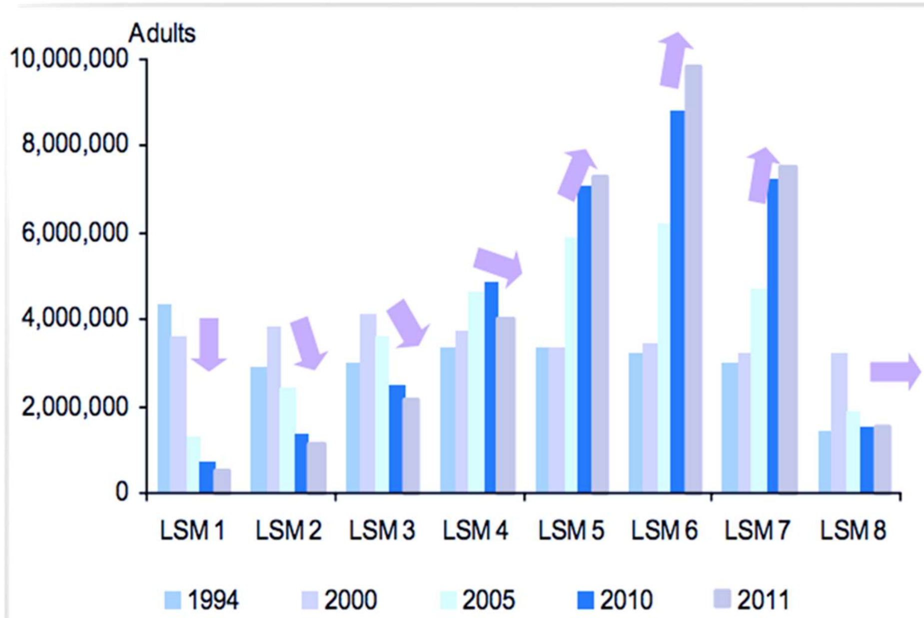

Figure 7: Trend in number of adults in LSM groups from 1994 to 2011(Bishop, 2012)

Table 7: Unemployment figures for BRICS nations, Nigeria and Egypt (TradingEconomics, 2016)

	Unemployment rate (%)					
Countries	Last	Previous	Highest	Lowest	Period	Avr over the period
Brazil	12 (11,8mil)	11,9	12 (2016)	6,20 (2013)	2012-2016	8,21
Russia	5,3 (4,103mil)	5,4	14,10 (1999)	4,80 (2014)	1993-2016	7,77
India	4,90 (44,79mil)	5,20	9,40 (2009)	4,90 (2013)	1983-2013	7,32
China	4,02 (983000)	4,04	4,30 (2003)	3,90 (2002)	2002-2016	4,12
South Africa	26,50 (5,714mil)	27,1	31,20 (2003)	21,50 (2008)	2000-2016	25,37

Egypt	12,60 (28,4mil)	12,50	13,40 (2013)	8,10 (1999)	1993-2016	10,85
Nigeria	13,90 (11,2mil)	13,30	19,70 (2009)	5,10 (2010)	2006-2016	9,52

Table 8: Inequality figures for BRICS nations, Nigeria and Egypt (WorldBank, 2017)

Countries	Inequality rate (Gini coefficient)	Year
Brazil	51,5	2014
Russia	40,1	2013
India	35,1	2011
China	46,2	2015
South Africa	66,0	2016
Egypt	30,8	2008
Nigeria	43,0	2010

4.4.1 *Conclusion pertaining to Hypothesis 3*

Hypothesis 3: South Africa's persistent problems of unemployment and inequality continue today and a large percentage of the population remain poor.

According to the latest results from the World Bank (2016), South Africa has one of the highest Gini coefficient in the world. Table 7 shows that it also has the largest unemployment rate when compared to BRICS nations, Nigeria and Egypt. Inequality has remained stubbornly high and has aided in undermining the inclusive growth initiative of the democratic government. There has been a migration away from the lower LSM numbers with most adults moving up along the scale towards LSM 5-10, this has however been attributed not to economic growth but to a massive government social program. So although less South Africans find themselves in LSM 1-5 it does not seem to be because people have higher paying jobs or are better skilled, it is instead aided by initiatives such as an ever increasing government social grant (Bishop, 2012).

4.5 Summary of the results

The results have been presented using Thematic Analysis to highlight themes within the data sets obtained during interviews. Descriptive statistics results are also presented. The following section will now offer further discussion of the results.

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

This section offers a more in-depth discussion of the results obtained. The results are discussed with regards to each hypothesis and the conclusions pertaining to these hypotheses as noted in the previous section. This section begins with a discussion of the hypotheses in the reverse order in which they are stated, with discussions on hypothesis 3 and 2 which are then used to help in compiling a final discussion on the South African economy and ultimately answering hypothesis 1.

5.2 Demographic profile of respondents

The respondents were drawn from different sectors of society, the interview sample consisted of interviews from business people, politicians and academics all with an understanding of the South African economic environment. The original formulation of the sample included all members of the Tripartite Alliance however this had to be adjusted on the basis of a convenience sample due to the unavailability of appropriate respondents from the SACP and COSATU.

All ANC interviewees are still active party members and have gained an understanding of the economic policies of the country through their past or current position within the party. The Academics interviewed are highly respected lecturers and/or students in the field of economics, 2 have written their own research papers and books on the subject of South Africa's economic policies and two others are in the process of completing a PhD and Masters degree in economics.

The business people interviewed have all gained an appreciation of the economic policies of South Africa and its economic growth through their involvement in the South African business environment. Some of these business people run their own businesses in the country while others hold prominent positions in private institutions. Table 9 is a summary of the demographics of respondents and the method in which they were interviewed.

Table 9: Characteristics and demographics of interview respondents

Category/Sector	Experience or field of study	Interview Method
ANC	Gauteng Provincial Operations Officer	Telephone
	Former minister in the ANC	Face to face
	Former deputy minister of economic development	Face to face
Business	Program leader for Equitable Growth, Finance and Institutions at the World Bank Group	Face to face
	Business owner and ex-politician (ANC)	Telephone
	Executive director of Manufacturing community	Face to face
	Chief Economist	Face to face
Academic	Author and academic/lecturer	Face to face
	Professor at Univ. of Wits	Face to face
	Senior lecturer at Wits Univ. School of Economics	Face to face
	Adjunct Professor at the Wits Business School	Telephone

	Masters student at Wits Univ. (Developmental Economics)	Face to face

5.3 Discussion pertaining to Hypothesis 3

Hypothesis 3 attempts to determine whether a growing economy reflects positively on the average South African. In growing the economy, the South African government has constantly advocated for “trickledown economics”, which is the idea that wealth at the top will eventually trickle down to benefit the poor at the bottom of the economy.

As mentioned previously, if we use the LSM data as a crude indication of the movements in living standards in South African society, we see a notable movement away from the lower LSM(1-4) levels between 1994 to 2011 and an increase in the higher LSM (5-10) levels (Figure 7). Tonder, van Aardt and Ligthelm (2011) highlight the dangers of capital growth with little growth in the labour force. With the global onset of the Fourth Industrial Revolution (FIR) companies are now in a position where they can maximize profits without necessarily growing their labour force, in fact because of technology, mechanization and concepts such as outsourcing, the labour employed by companies can either be significantly reduced or can be outsourced to another country with a cheaper and more efficient labour force. Although the FIR may result in lost jobs in some sectors, it brings with it "new" industries and opportunities which may create new jobs to balance those that are lost. It is worth noting however that these new opportunities seem to revolve around the science, technology, engineering and mathematics (STEM) fields which require tertiary levels of education and medium to high skills (TheWorldBank, 2014).

Thematic Analysis highlights two main themes relating to the South African social conditions. The first theme is Inequality, Thabo Mbeki reflected on South Africa’s dual economy in a 2003 speech to the Black Management Forum (Pressly, 2003). The “dual economy”, as he describes it, consists of a modern and wealthy economy where the players are rich and highly skilled, we will call this the Modern Economy. The other economy is a much poorer and unskilled economy where the players are unemployed and live in abject poverty, this we will call the Unskilled Economy. The Modern Economy consists of people who are better positioned for the changes being brought on by the global environment, they are the owners of capital, they are highly skilled and educated, they are trained and they are employable. The perception is that this first group consists mainly of white South Africans. One respondent warns us on the dangers of assumptions and perceptions, in talking about the perception that the ANC sold out to white people when it came into power he warns; “…it’s quite true that a number of different forces impacted on the ANC’s thinking. People like this kind of conspiratorial view that people got the ANC comrades into dark smoke filled rooms and bought them out and there’s no evidence for that…there’s no sense in my view that this was a sellout, if the ANC sold out to anyone it was not to big business, the IMF or World Bank, it capitulated in my view to the power that the apartheid state still had”. The perception of a racial bias could however be warranted when looking at some of the numbers from Statistics South Africa. The white workforce has experienced a growth of 19% in its skilled workforce from 1994 to 2014, as seen in Figure 8 below, contrasted to a 3% growth in skilled labour in the black workforce over the same period. In the national workforce, the number of workers has increased for all races except for whites who have seen a decrease of just 8%.

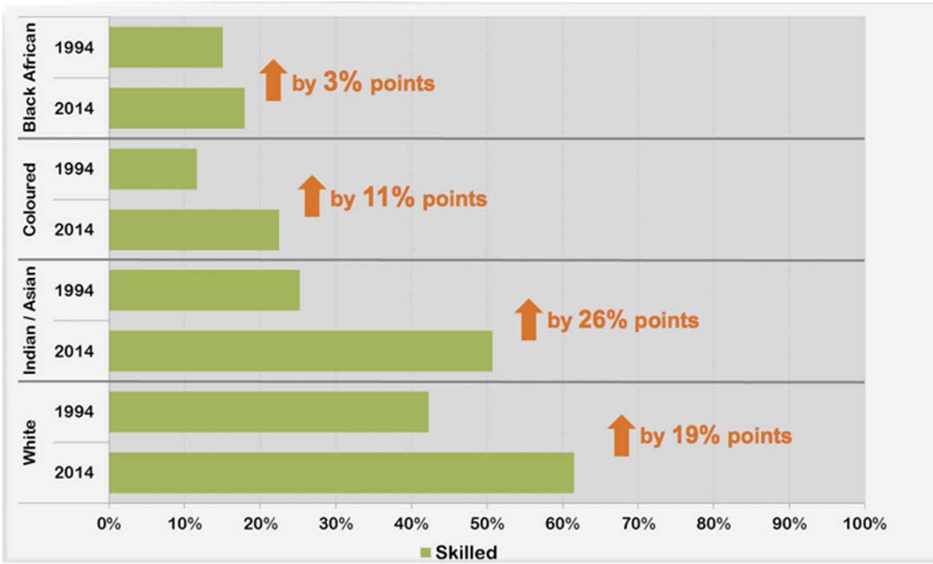

Figure 8: Percentage of workers within each race group who are skilled (1994-2014) (StatsSA, 2014)

The Unskilled Economy is characterized mostly by poverty and a lack of skills. The figure below shows that the unemployment rate of blacks has decreased by 3% between 1994 to 2014 but the number of black people unemployed has dramatically increased as a bigger number of them enter the workforce. This is contrasted with a 1% drop in white employment rate resulting in a small increase in those who are unemployed (StatsSA, 2014, 2016b). Despite the increase in black employment, Statistics South Africa highlights that black South Africans between the age of 25 to 34 are today less skilled than their parents and their counterparts in other race groups (Merten, 2016).

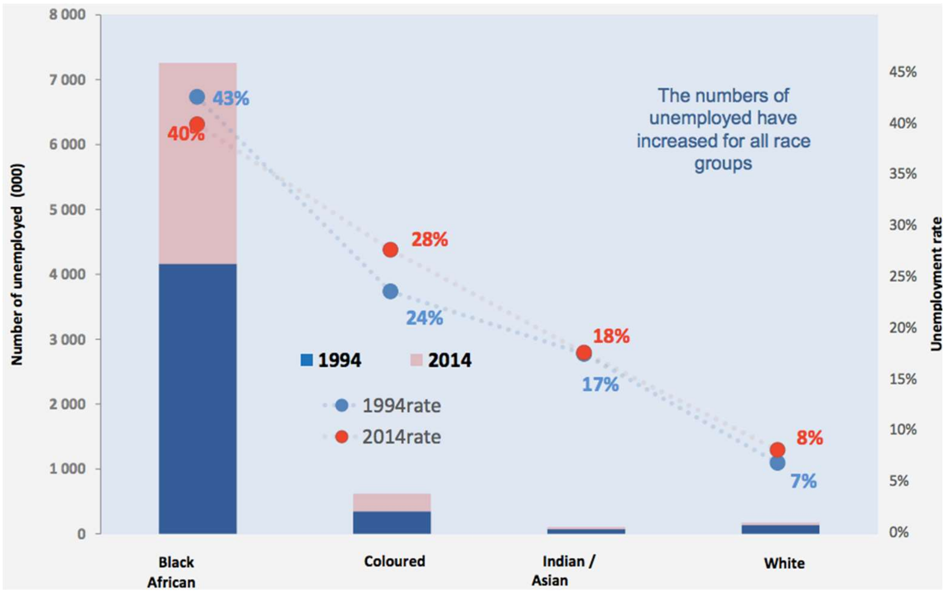

Figure 9: Number of unemployed and unemployment rates by race (1994 - 2014)

These facts point to the issues of systemic inequality identified in the Thematic Analysis exercise. The dual economy issue remains a reality for South Africa, the legacy of apartheid is still alive today with the economy strongly divided- a small minority lives in excess while the majority remain poor. Social and economic inclusion therefore has not been adequately addressed.

The tendency to say that the country remains divided along strong racial lines however has been questioned, Lucien van der Walt (2015) warns of the dangers of dismissing black economic power in the country. He points to the fact that South Africa is led by a class of two distinctive but co-dependent elites in the Modern Economy: A largely white private sector elite and a largely black state elite. These two groups share common interests and depend on each other. For example, a large number of state elites are shareholders in private companies while the private sector elites are conspicuously positioned to benefit from lucrative state projects (van der Walt, 2015). This close-nit relationship between the two groups warrants questioning the state's willingness to disrupt the status quo and address some of the country's pressing issues such as inequality and poverty.

The second theme is thus introduced as Competence. Corruption and an individualistic agenda was highlighted on several occasions during the interviews even by ANC members, business people and academics alike (see Table 10). One of the respondents, when speaking about the manufacturing sector mentions that "…private sector hasn't always engaged...there's not terribly much trust and that's also what we are trying to do, is to say let's collaborate, let's as a private sector work together with the public sector". She also points out that "…always the implementation is where as a country we are often criticized". This reinforces an apparent mistrust of the government and its inability to lead and execute its own policies. Enforcing these themes are figures such as the Gini coefficient of South Africa, it is one of the highest in the world at 0,66 (above the NDP target of 0,60) and highlights the idea of an elite group that has considerably benefited from the new democratic South Africa while the majority remains poor. The policies drafted by the government were generally accepted by respondents as being appropriate however the problem starts in the government's inability to implement and drive these policies.

Table 10: Respondents respond on corruption

Respondent number	**Response**
1	"…the problem is that no matter how much you criticize GEAR, you knew what you were criticizing, there was something there, what is here today? There's almost nothing that you can think of as being ours, we know where the state is wanting this place to go, you you've got the governing party so ridden with factions, people are making decisions for reasons that have got to do with succession and the future rather than what is good for the economy and now"

2	"…people who use our constitution and they take one clause in the constitution and use that clause to subvert the very constitution themselves"
3	"…we need to make sure that we're deploying the right people, that's why there's issues with democracy as well, sometimes democracy will give you useless leaders and you look back and you think these people were elected by majority but those people they don't really care about majority"
4	"…its worse now because at least (back) then guys were honest they cared about implementation…it's the government, it's the ruling party, that's the obstacle…so for Zuma to do a Nene-gate last year - 9/12, basically he had no interest in the [inaudible] plan, it was all by his own interests"
5	"…I find that the South African society, with all respect, is very very capitalistic…I mean I'm coming from Europe…I know people who pressure the politicians to make sure that they don't make too much money out of the system. To give you an anecdote, I'm French, you will never see a billionaire like Cyril being able to run for, or even thinking of being able to run for presidential elections, it's impossible, and the guy comes in with a socialist, communist party and he is a billionaire, it's impossible in my society in a political space…so I think there is a lot of tension in your society"

Since 1994, the South African government has, on several occasions, reiterated its focus on social redress. Looking at the country's LSM indicators. We see improvements in the living standards of average South Africans. One of the drivers of this is an increase in service delivery, access to education and an ever increasing social grant program that has succeeded in alleviating poverty for more than 16 million people (approximately 30,1% of the population in 2015) (Malange, 2016). The number of households receiving grants rose from 29,9% in 2003 to 45,5% in 2015 (StatsSA, 2016a). One respondent states "…the budget of South Africa is very redistributive, it's one of the most redistributive in the world so it's not bad, but you cannot just give people grants and assume that, you need to invest in education as the best redistribution mechanism because you give opportunities to other people to live their own lives to prosper etc, it’s a dynamic redistribution it's not static as opposed to just giving grants to someone…". Figures 10, 11 and 12 below reveal the trend in the growth of social grants in South Africa.

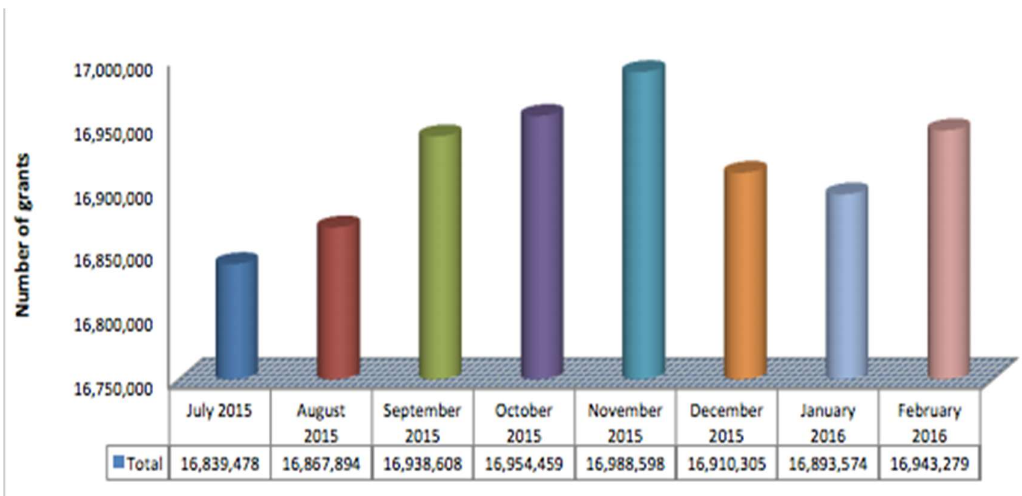

Figure 10: The trend in number of social grants in South Africa between July 2015 to Feb 2016 (Malange, 2016)

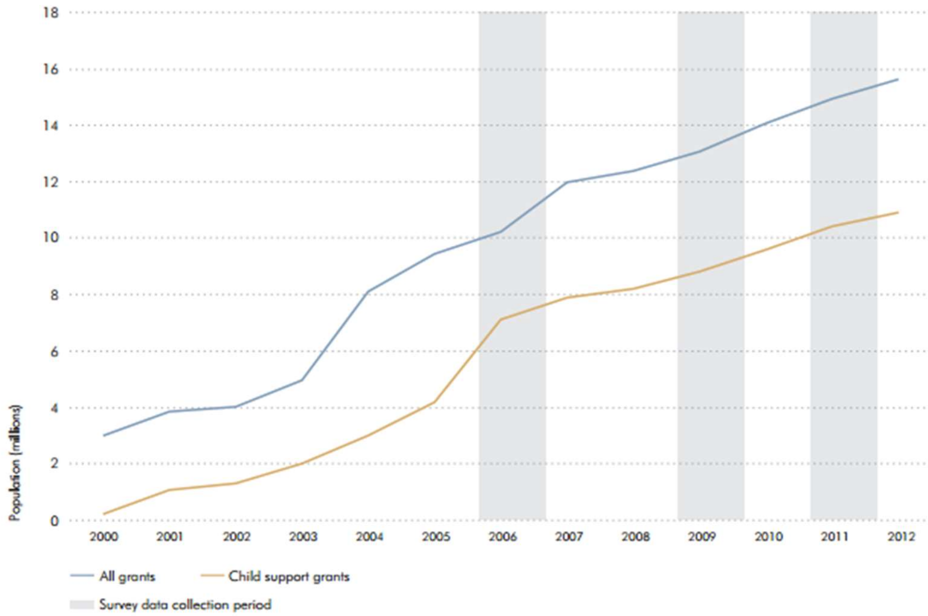

Figure 11: Increasing trend in number of social grants awarded (Lehohla, 2014)

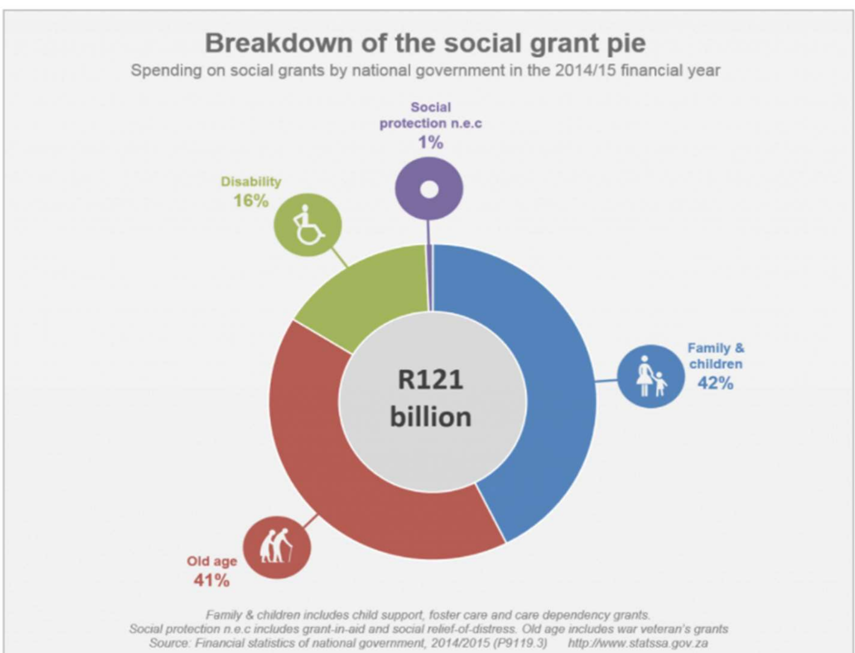

Figure 12: Breakdown of social grant budget allocation for the 2014/15 financial year (StatsSA, 2016a)

Although South Africa shows a decreasing trend in unemployment since 2001, the unemployment rate remains stubbornly high as seen in Figure 13. South Africa has the highest unemployment rate compared to its peers, this stands at 26,5% (using the narrow definition of unemployment), almost double that of the next highest unemployment figure of Nigeria (13,90%).

Figure 13: A history of South Africa's unemployment rate and the resultant trend, 2001-2016 (TradingEconomics, 2016)

The findings show that although the living standards of a large number of South Africans may have increased since 1994, a large percentage of the population have now become heavily dependent on social grants while an even larger percentage remain unemployed and unskilled; for example, according to the expanded definition of unemployment (includes discouraged workers), youth (those younger than 25) unemployment has skyrocketed to 67,3% (54,5% when discouraged workers are excluded) in the first quarter of 2016 (Stanlib, 2016).

Inequality continues to grow and divide communities into the haves and have-nots. At the top, the Modern Economy has become relatively racially diversified with elite blacks and whites from both the State and the Private sector. This economic (financial) growth has remained in the hands of a considerably small group of people while the Unskilled Economy, which forms a large part of the population, continues to live in poverty. Various policies and efforts have been introduced to address these problems such as the IDC and the National Youth Development Agency (established during the NGP) but government's ability to effectively execute these policies and programs have been questioned. Despite the skills shortage, government's failure to create an environment of strong policy certainty has also brought into question its will to address the plight of its people. In referring to the Apartheid government, one respondent made a statement that may now be true for today's democratic government; "…we realized quite pretty clearly that they could paralyse us, they could slow things down…they would drag their heels and obviously things they didn't like they didn't do"

5.4 Discussion pertaining to Hypothesis 2

In 2016 the GDP growth rate stood at 0,3% (down from 1,3% in 2014, a far cry from the 5,4% growth targeted by the NDP) attributed largely due to activity in the tertiary sector. The slow growth has been, to a large extent, as a result of a continued fall in the primary sector such as mining and manufacturing (TradingEconomics, 2016). Philippa Rodseth of the manufacturing circle highlights the manufacturing sector's great potential in terms of GDP contribution and the decline and job losses that has occurred since the 2008 economic recession (Oliviera, 2017). This is echoed by one of the respondents in stating "we lost thousands of jobs (in manufacturing) as a result of the recession". There are however efforts by government to recover these losses through vehicles such as the Industrial Policy Action Plan which is an action plan to stimulate industries that will favor employment, infrastructure development and economic growth (Dti, 2016).

The South African Reserve Bank (SARB) uses an inflation targeting approach to set inflation rates (SARB, 2017a). SARB targets an average inflation rate of between 3% to 6%, the current inflation rate is 6,6%, down from 6,8% the previous year, the higher rates mean that SARB is now following a contractionary policy to bring down the inflation rate to within the target band. Higher inflation rates results in higher price of goods and services, the main drivers of inflation have been rising food prices and the weak exchange rate of the Rand. Interest rates have had an overall negative trend since 1994, a lower interest rate means that it is cheaper to borrow money and make investment decisions. However as the figure below shows, in the recent past, South Africa has experienced increasing interest rates (from 5% in 2014 to 7% in 2016) as the central bank battles to rein in the increasing inflation rate.

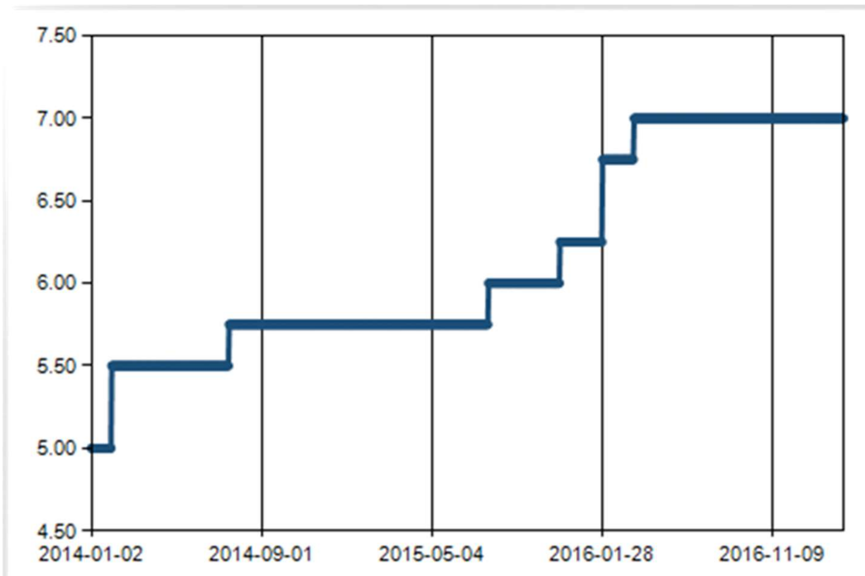

Figure 14: A history of South Africa's Repurchase rate from 2014 to 2016 (SARB, 2017b)

Despite increasing interest rates the demand for credit from the private sector has continued to increase. Government has also followed an expansionary fiscal policy, expenditure in the 2014/15 fiscal year increased by 8% and this was set to continue for the 2016/17 fiscal year (Kumo, Chulu, & Minsat, 2016). An expansionary fiscal policy by the South African government is seen as a way to stimulate economic activity, for example, it has spent ZAR 1,02 trillion on infrastructure between 2009 to 2014 with an investment target of ZAR 4 trillion in the next decade. The public wage bill remains the largest component of current spending and it is expected to continue growing above inflation rates, the government also has a growing budget deficit of 3,6% of GDP (2014/15) (Kumo et al., 2016). The contrast between fiscal and monetary policy points to a lack of policy co-ordination, SARB's contractionary monetary policy is at odds with government's expansionary fiscal policy, it is increasingly more expensive for government to spend money on its various projects when SARB increases interest rates. A more coordinated monetary and fiscal policy will have the effect of growing the economy more effectively (Kumo et al., 2016).

With an inflation rate above its own target range, increasing interest rates and government’s increasing budget deficit, the economic indicators of the country point to a negative outlook on the country’s economic health.

5.5 Discussion pertaining to Hypothesis 1

Economic growth cannot solely be attributed to economic policy. There are various other policies, such as the Industrial Policy Action Plan, which may work together with economic policy to result in stronger economic growth, one of the respondents highlights the direct relationship between the output of an Industrial policy (e.g. the regional jobs it creates) and its more visible impact on the economy. What is important to note is that, despite this, economic policy plays a significant role in establishing an economic blueprint for a country to follow, this is seen in the 1992 GNU government's emphasis in wanting to establish such a policy when it came into power.

The correlation between economic policy and economic growth may or may not be strong but what seems certain is that a country will be worse off without one. In establishing such a policy, the content of the policy seem to have as much weight as the certainty and assurance that the policy is required to convey in the public eye. “Growth” is one of the themes identified in relation to economic growth and the sub themes linked to it are policy certainty and government interests and business interests. If policy is to be used to stimulate growth it is important that it conveys certainty in all potential investors and other stakeholders. Policy certainty does not necessarily mean that a policy needs to be set and never changed, it can be modified to align to long term goals. As one respondent points out “…policy certainty is very important, I would say that sort of changing or tweaking or realigning an overall economic policy wouldn't necessarily be such an issue because you have to modify your policies because we are operating in a continuously changing global world…”. The success and longevity of economic policy (if not any policy) is strongly linked to how much it addresses government and business interests, this is especially true in the South African context because of the strong influence that the ruling party yields.

As seen in Figure 4, South Africa’s credit rating began to decrease in 2009 and has yet to recover. The biggest culprit of this decline, however, is not an uncertain economic policy but rather, as the credit agencies have highlighted, political unrest/uncertainty. It comes as no coincidence that 2009 (during the height of the economic recession) was the year that Thabo Mbeki resigned as the country's president after being recalled by the ANC National Executive Committee, a short term by K Motlanthe was followed by J Zuma whose term in office has seen the ANC (government and party) experience numerous internal and external unrest (SAHO, 2014).

Trade policies have played an increased role in the economic growth prospects of South Africa as the world moves more towards globalization and a free trade environment with the removal of tariffs and trade barriers. South Africa forms part of various regional economic communities such as the Southern African Development Community (SADC) and the Tripartite Free Trade Area. South Africa dominates the Southern Africa region economically with 41% of trade in SADC and 51% of SADC's GDP attributed to South Africa (Kumo et al., 2016). There are also various international trade agreements such as the Africa Growth and Opportunity Act (AGOA) meant to stimulate international trade for African countries. Africa accounts for 19,2% and Europe 25,8% of South African exports (Kumo et al., 2016) but despite all these treaties, the theory of trickledown economics seems to have failed the poor. The benefits of increased trade (such as increased manufacturing and production for example) may not have reached the majority of South Africa’s population who remain unskilled and poor.

As seen with ASGISA and even the NDP, the ANC government has used its economic policies to put an emphasis on stimulating economic growth through small-to-medium-micro enterprises (SMMEs) and by encouraging foreign direct investment (Dti, 2013). Recall that the literature review on GEAR in Chapter 2 revealed that removing trade barriers and encouraging free trade did not have the expected outcome for South Africa. Mohamed & Finnoff (2004) point out that neoliberalism may have simply made it easier for capital flight to occur between 1994 to 2000 in South Africa. One of the respondents reveals "…I think you had to open up the markets, the point that we are making is how you open up the markets, what level do you open up the markets, what were the mitigating content, that's what I mean. We had to, if we wanted access to the global economy, we had to look at reduction in tariffs…you know…reduction in tariffs was faster than the World Bank recommended, why the hell did you do that?"

The World Bank ranks South Africa as the 74th (of 190 countries) easiest country to do business in (TheWorldBank, 2017). This is a decline from the 69th position it held in 2014, it is therefore getting harder to do business in South Africa. The World Bank also identifies various barriers to entry that have crippled the possibility for increased competition in the South African business sector. Some of these barriers include restrictive labour regulations, policy instability and inefficient government bureaucracy, these are all aspects that the NDP and previous economic policies have tried to address.

GDP and other economic indicators (as discussed in the Hypothesis 2 discussion) and the increasing social inequality and poverty (Hypothesis 3 discussion) point to a struggling South African economy. Economic policy may have a limited role in this decline but uncertainty and weak execution, bureaucracy and poor policy co-ordination have all contributed to a diminished economic growth.

5.6 Conclusion

The respondents agreed strongly to the need and importance of an economic policy, it is a much needed foundation upon which other policies can be co-ordinated to grow the economy effectively. South Africa has experienced sporadic economic growth especially in the lead up to the 2008 economic recession but even at its best, the country could only bring unemployment to an all time low of 21,50% which is still relatively high. Inequality has grown and remained high during the post-apartheid era and the large majority of South Africans remain unskilled, unemployed and increasingly dependent on the state to provide for them through social grants. Economic indicators such as inflation and interest rates point to a lack of policy co-ordination which has led to inefficient attempts at stimulating the economy, this in light of a diminishing annual GDP growth rate and growing state deficit. The GDP growth rate has reached what some of the respondents call its lowest rate (0,3% in 2017) and the country's investment ratings remain uncomfortably close to junk status with a speculative outlook. Policy execution and co-ordination and government's competency and commitment have been highlighted through Thematic Analysis as some of the key ingredients needed to steer the country towards a more desired, nationally inclusive outcome.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

The study considered post-apartheid South Africa's economic policies and the impact that they have collectively had on the country. The respondents involved in the study were selected from 3 different categories: ANC, business, and academia. They were selected according to a limited convenience sampling methodology, the interviews were recorded and analyzed through Thematic Analysis to highlight repetitive themes and sub themes on the topic.

This chapter will conclude the study by summarizing its findings and providing recommendations to stakeholders as identified earlier in the study and ends by providing suggestions for further research.

6.2 Conclusions of the study

The dawn of democracy in South Africa brought with it a contested shift towards neoliberal policies that were strongly contrasted to the socialistic policies of the ANC's Freedom Charter. As mentioned before, the Freedom Charter demanded redistribution, despised inequality, capitalism and apartheid. In retrospect it seems that democracy has managed to remove Apartheid but we are still battling with a highly unequal society in a capitalist environment where public office bearers have become some of the most influential capitalists in the country as revealed by respondent 5 in Table 10. The RDP was the ANC's first attempt at establishing policy certainty as opposed to the vague guidelines of its Freedom Charter but it quickly became clear that the problem was not only one of policy statement but also one of policy implementation. As the collected data shows, these are still problems that are being experienced today, a lack of policy certainty and weakness in policy certainty.

In 1999 Catchpowle & Cooper (1999) and Weeks (1999) highlight South Africa's dismal performance when compared to other NIC African countries even when considering external factors. Looking at some more recent economic indicators and contrasting South Africa to Nigeria and Egypt, we see that South Africa performs favorably in some areas. Its GDP growth of 0,7% is relatively smaller than Egypt's 2,3%; its 7% interest rate is much lower than Nigeria's 14%; same with a 6,6% inflation rate versus Nigeria's 18,72%. South Africa's worst numbers come in terms of unemployment (26,5%) and Inequality rate (66%). These consistently high numbers may point to the fact that South Africa's neoliberal policies have indeed been at odds with the country's reality as suggested by Terreblanche (2002). The idea of trickledown economics introduced by GEAR as discussed by Davis (2003), may have facilitated the perpetual problem of inequality and inclusivity as time has revealed that the material riches of South African democracy remains in the hands of a small elite group of people.

GEAR and ASGISA identified problems that are still a reality for South Africa today; a shortage of skills, barriers to entry into industries and a weak state organization, capacity and leadership. Each economic policy offers solutions to the problems it identifies, the NGP for example, identified 8 growth sectors (includes manufacturing, agriculture and the informal sector) which could absorb the high volumes of unemployed South Africans, these arguably still offer solutions to unemployment today. Meyer (2013) highlights that the South African government showed its commitment to the NGP by allocating funds into vehicles (EPWP, IDC, NYDF) that would develop the skills needed to service these 8 sectors highlighting the important link between policy and commitment that leads to policy certainty. The NGP rational is however questioned by van Aardt (2011) who argues that most of the identified sectors could easily be mechanised and would therefore not benefit the country in the long run. Also, as one respondent highlights, despite the fact that the NDP identifies the manufacturing sector as an important sector for GDP growth, since the 2008 economic crises, it has had a negative trend in terms of GDP contribution.

This research reveals that democratic South Africa's economic state is perhaps at its weakest, there are several internal and external factors that may have contributed to this but policy uncertainty and a weakness in policy implementation has contributed negatively to the economy (Hypothesis 1). GDP growth has been decreasing and reached its lowest in 2016 and the custodians of Monetary (taxes) and Fiscal (interest and inflation rates) policy may have lacked the co-ordination needed to efficiently benefit from fluctuations in these indicators (Hypothesis 2). As a result a large number of the South African population remains poor and/or unemployed and unskilled, unprepared to meet the new opportunities that a globalized world may bring in the Fourth Industrial Revolution. An elite minority continues to flourish in this environment and further undermine the ideals of inclusive growth as advocated for in the Freedom Charter (Hypothesis 3)

6.3 Recommendations

The research highlights what economic growth may or may not mean for the everyday South Africa. Advances in technology, a volatile workforce and large numbers of unskilled people some of the aspects have left a great portion of the South African population stuck in a legacy of poverty- the Unskilled Economy. The research reveals that several interventions may be needed to address growing inequality in the country, this may include showing stronger commitment to implementing policies. Better communication and coordination between the government and the Reserve Bank (in drafting Fiscal and Monetary policy) may also expedite economic growth (if that is the goal).

South Africa's history may be unique and although this history plays a strong role in the country's political and economic decisions, there are some lessons that could be used to help other developing nations in drafting efficient economic policies. The themes highlighted in the research through thematic analysis bring to the fore some of failures to avoid, this includes corruption and the need for a strong political leadership. The need for policy certainty and a policy that is aligned to government and business needs and the issue that strong economic indicators may not always translate to a better life for every citizen, these pitfalls may be used to guide any new policy by developing nations and even South Africa herself.

6.4 Suggestions for further research

South Africa's history continues to play a big role in how it shapes its policies. In order to have a clearer understanding of the underlining nuances and intricacies that influences economic policy one may need to cast a wider net to amass the required primary data needed. For this reason, the interview sample of this research could be expanded on to include all members of the Tripartite Alliance (ANC, COSATU and SACP) and other influential stakeholders such as the Reserve Bank.

When considering the impact of economic policy on economic growth, specific policies (that emerge as part of the blueprint set by the economic policy) may themselves provide stronger and quantifiable links between growth and policy. This may be true in the case of the Industrial Policy Action Plan and its direct link to the number of people employed as a result of its implementation in a specific area.

A country's attractiveness to foreign investors may also be a good indicator of that country's economic position. Further research may look at the country's exchange rate as an additional economic indicator to consider, the research could also include the trend in Foreign Direct Investment.

APPENDIX A: Research Instrument (Questionnaire)

MBA Research Report

Interview Questions

Format: Open ended questions/semi-structured interviews

1.Can you give us a summary of the lay-of-the-land, a basic overview of the economic conditions in SA directly after apartheid (1994) and how this brought about the need for a policy such as the RDP.

2.5 different economic policies between 1994 -2017 (RDP, GEAR, ASGISA, NGP, NDP), what are some of the main aims of these policies (no need to go into details for each of them, just a general idea of some of their main goals).

> a. Can you share a critique of their approach and whether this was suitable for the SA economic climate at the time

3.Looking at the RDP, it was meant to address inequality and unemployment, was it possible for SA to address these two problems simultaneously considering its limited growth in GDP at the time.

4.Looking at GEAR, the aim was to have a 6% GDP growth and 400 000 jobs by 2000. Could these targets have been achieved with the neoliberal policies that were adopted- Therefore the reduction of tariffs, opening up markets etc.

> a. Is it not contradictory to introduce an employment vehicle (BEE) while at the same time opening up local markets to international competition which will mean increased frugality and possibly retrenchments.

5.Looking at the NGP, it seems that through initiatives such as the IDC, Expanded Public Works Programs, National Youth Development Program etc the government took a hands on approach to addressing some of the country's problems. Was this a viable approach for government to go at it without the complete support of business and what were some of the problems that were encountered.

6.Is the NDP a radical enough policy to address some of the shortcomings of its predecessors and how does it differ from the others.

7.Having had 5 different economic policies over 23 years, are you of the opinion that these changes complimented each other and ultimately resulted in economic growth that has benefited the general population (trickle-down economics). Have these policies been able to resolve problems such as inequality and unemployment for the general population.

8. Can the performance of SA's economic growth to date be directly attributed to its own domestic economic policies with very little consideration to external factors such as economic recessions

APPENDIX B: Consistency Matrix

Table 11: Consistency Matrix

To evaluate what impact South Africa's post-apartheid shift in macroeconomic policy has had on its economic growth.					
Sub-problem	Literature Review	Hypotheses or Propositions or Research questions	Source of data	Type of data	Analysis
To evaluate what impact South Africa's post-apartheid shift in macroeconomic policy has had on its economic growth.	(Pons-Vignon&Segatti, 2013) (Segatti& Pons-Vignon, 2013) 3. (Weeks, 1999) 4. (Catchpowle& Cooper, 1999) 5. (Commission, 2012)	South Africa does not have a problem of policies. The economic policies devised so far, including the NDP, can lead to economic growth if they are implemented properly.	In your opinion, what has been some of the failures of the macroeconomic policies implemented since post-apartheid	Qualitative data	Data Reduction Data Display Conclusion Drawing/Verification

		South Africa has not implemented radical changes to its economic policy, over the past 22 years similar economic policies have been implemented yielding similar results (failures). To achieve the “step change” called for in the NDP a radical change in policy will be needed to stimulate growth.	Do you believe that the National Development Plan is radical enough to achieve the goals it has set for itself	Qualitative data	Data Reduction Data Display Conclusion Drawing/Verification

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