DSPACE

https://dspace.org/

South Africa “trapped” in a perpetual developmental state: the failure of the South African cooperative government constitution-assessing the role of the South African federal arrangements on macroeconomic policy

Ntoyapi, Msimelelo

2021
https://hdl.handle.net/10539/33814

Downloaded from a DSpace repository. https://dspace.org/



University of the Witwatersrand

Faculty of Humanities

Political Studies

Master's Dissertation

South Africa "trapped" in a perpetual developmental state:

The failure of the South African cooperative government constitution-Assessing the role of the South African federal arrangements on macroeconomic policy

By

Msimelelo Ntoyapi

(875409)

Supervisor: Dr Stephen Louw

PLAGIARISM DECLARATION:

I **Msimelelo Ntoyapi** (Student number: **875409**) am a student registered for **MA in Political Studies** in the year **2019**. I hereby declare the following:

I am aware that plagiarism (the use of someone else's work without their permission and/or without acknowledging the original source) is wrong.

I confirm that ALL the work submitted for assessment for the above course is my own unaided work except where I have explicitly indicated otherwise.

I have followed the required conventions in referencing the thoughts and ideas of others.

I understand that the University of the Witwatersrand may take disciplinary action against me if there is a belief that this in not my own unaided work or that I have failed to acknowledge the source of the ideas or words in my writing.

Signature: _____**M.Ntoyapi**_____ Date: ____**01.06.2020**_____

Abstract

This research report is a critical analysis of the cooperative government system of the Republic of South Africa, with the main objective to explore the role and contribution of cooperative governance or the federal cooperative arrangements in the economic development of South Africa post-apartheid. It is a review of the impact caused by the establishment of a cooperative governance Constitution and it examines the macroeconomic successes and failures of the federal cooperative arrangements in the South African context. It examines the economic policy of the ANC before and after election in April 1994. This is done to give social expression to the compromises and settlements during the constitutional negotiations. The report takes a qualitative research approach method to provide a critical analysis of how the constitutional cooperative arrangements play a role in the economic development process as well as in the exacerbation and maintenance of colonial and apartheid inequalities. The findings of the report suggest that the establishment of these cooperative arrangements meant that redistribution would not be prioritised over privatisation. The report has found that these cooperative arrangements in the constitution do not redress the inequalities of the past but rather make them worse. This failure of cooperative government disadvantages and traps the poor into perpetual poverty while it ensures that the rich become richer. The essence of the report is therefore to study the capacity of the South African federal cooperative arrangements in driving growth, economic development and pulling the country out of the developmental state.

Table of Contents

Introduction 7

Chapter 1: The history of the cooperative government that has brought the constitutional settlement in South Africa – evaluating the transition from apartheid to democracy, "the deal" 16

1.1 The transition period – from apartheid to Interim Constitution (1993) and the final Constitution (1996) 16

1.2 Constitutional compromises, agreements, a delusion 20

Chapter 2: Cooperative Government – Formation, Structure and Tensions 24

2.1 Cooperative government: Structure and capacity/ Inter-governmental relations and planning in government (*The Structure of the State in the Post-Apartheid Era*) 24

2.2 Cooperative Government: Its Intergovernmental Relations and Tensions in South Africa 26

2.2.1The National/Provincial relations, tensions and the Central legislative dominance 26

2.2.2 The local (municipal) government position and the tensions 30

Chapter 3: Decentralisation in Post-apartheid South Africa and the role of politics 33

Chapter 4: Critically reviewing the impact of intergovernmental relations and cooperative government on economic development and government policy in South Africa 42

4.1. The nature of the relationship between provincial and local governments 42

4.2 Examining the Legislation Governing Intergovernmental Relations. 49

Chapter 5: The Cooperative Government of South Africa and its Challenges 52

5.1 The failure of local government symbolic of the failure of cooperative government and decentralisation? 55

5.1.1 Some reasons for the failure of decentralisation 55

5.2: The importance of an effective system of intergovernmental relations and cooperative government to the economy 57

5.2.1 The role of cooperative government in the economy: Fiscal decentralisation 57

5.2.2 Fiscal decentralisation implications on basic services 61

5.2.3 Issues of fiscal decentralisation 61

5.3 Sustaining Rents - Looking at SOEs under President Jacob Zuma-ANC from 2007 (2009) 62

Chapter 6: Why Inequality is Prevalent in South Africa – Decentralisation Failing to Deliver on The Potential for Poverty Alleviation 65

6.1 The impact on poverty 65

6.2 The Continued Inequality and Possible Causes of Poverty in South Africa post-Apartheid 69

6.3 Educational decentralisation in Post-Apartheid South Africa 82

Chapter 7: Economics for the Poor, encouraging social mobility 85

7.1 Proposed suggestions for the solutions of the perpetuated inequality 85

Conclusion.....87
References.....96

Acronym page

African National Congress – ANC

National Democratic Revolution – NDR

South African Communist Party – SACP

Congress of South African Trade Unions – COSATU

Reconstruction and Development Programme – RDP

Growth, Employment and Redistribution – GEAR

Accelerated and Shared Growth Initiative – ASGISA

New Growth Path – NGP

National Development Plan – NDP

Democratic Alliance – DA

National Party – NP

Inkatha Freedom Party – IFP

International Monetary Fund – IMF

World Bank – WB

State Owned Enterprises – SOEs

Intergovernmental Relations Framework – IGRF

Intergovernmental Relations Framework Act – IGRFA

National Assembly - NA

Department of Cooperative Governance and Traditional Affairs – COGTA

Integrated Development Plan – IDP

Development Bank of South Africa – DBSA

South Africa Airways – SAA

Passenger Rail Agency of South Africa – PRASA

Comprehensive Rural Development Programme – CRDP

Medium-Term Strategic Framework – MTSF

Food poverty line – FPL

Lower bound poverty line – LBPL

Upper bound poverty line – UBPL

Black Economic Empowerment – BEE

Research and Development – R & D

Growth Domestic Product – GDP

Fees Must Fall – FMF

Rhodes Must Fall – RMF

Sustainable Development Goals – SDG

Millennium Development Goals - MDG

Introduction

The history and effects of racial, class, cultural and gender segregation in South Africa are well documented. These effects of marginalisation and alienation which are centred around profound social, cultural, economic and physical divisions of the apartheid system are still experienced by the majority of the population in the country. Contemporary South Africa as a nation feels as though it is, in nature and character, two completely separate and distinct countries rubbing up against one another, one for the rich and one for the poor people. This detachment was enacted under apartheid. However, even post-apartheid South Africa has not been able to bridge the separation. “The shadows of the apartheid system still linger in society to date, especially in the form of racial inequality, race consciousness and racial classification.” (Sikhosana, 2017, p. 2) “When the African National Congress (ANC) became the democratic government of South Africa in 1994, it faced the challenge of transforming the economy.” (S. J. Mosala, 2017, p. 327) It was also faced with the mammoth task of bringing about social cohesion, liberation of all people from sustained entrapment to poverty, deprivation, suffering, gender and other discriminations of the apartheid system, which all relied immensely on the economic stability of the country.

Transforming the economy, however, “revolved around two divergent views of the National Democratic Revolution (NDR) which forms the underlying ideology or glue that binds together the Tripartite Alliance comprising the ANC, the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU), the largest workers’ union in the country.” (S. J. Mosala, 2017, p. 327) There were two alternatives that presented themselves, through which transformation could be achieved. On one hand, was nationalisation “where political control would be transposed into economic power” (S. J. Mosala, 2017, p. 327) and which was the foundation of the ANC’s initial economic policy. On the other hand, this was to be done through a more liberal way which involved the promotion of macroeconomic development and growth through privatisation and

neoliberal policies. Simply put, many influential leaders within the ANC who were centrists were at this point endorsing and envisaging for privatisation and neoliberal policies.

However, the big debate really centred around which approach would bring about the most effective change in terms of improving the lives of South Africans, particularly the poor. On one hand, there were concerns to keep the state completely unitary and pursuing the change of society through complete state ownership, which saw a full and robust defence of the notion of complete central power and control. On the other hand, whilst never being simply anti-state, there were arguments for a type of decentralisation which involved a mixture of markets and state ownership, thus, effectively making South Africa a unitary decentralised state. Very little privatisation occurred – although, clearly, the original drafters hoped for more. The Constitution of 1996 adopted decentralisation arrangements that divided the state into three spheres of government national, provincial, and local government, placing local government as the heart and engine of to usher in democracy and development to the people. In character, the South African model of local government is itself decentralised, incorporating different constitutional, policy and legislative mechanisms to allow local government capacity to complete developmental and constitutional obligations. However, with many municipalities seen to be dysfunctional and incapable of performing their duties, local government is considered to be in a state of crisis. This research report therefore, examines how the effective application of the principles of decentralisation, that is, effective incorporation in the constitutional, policy and legislative framework of local government in South Africa, is jeopardised by an absence of commitment to the notion of decentralisation by the central government and by the failure by municipalities to implement the systems intended to reflect decentralisation at local level. The successes and failures of the developmental and macroeconomic policies in South Africa are very telling of whether decentralisation was effective in implementation and practice, also analysis of the policies provide us indication of where things went wrong or where things went right.

These macroeconomic economic policies were, the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR) strategy, the Accelerated and Shared

Growth Initiative - South Africa (ASGISA), the New Growth Path (NGP) and the National Development Plan (NDP). These policies may seem to suggest quite the radical approach to transformation, however, based on the evidence, it would appear that the ANC took part in the old game of 'talk right, walk left'. That is, even though the ANC may have claimed something on a lot of their policy documents they went on to commit the opposite. "Evidence suggests that while the NDR promised radical results, the economic transformation that has been taking place in South Africa since 1994 has been driven largely by neo-liberal principles." (S. J. Mosala, 2017, p. 327)

Decentralisation in South Africa meant that they adopted a cooperative federal type constitution. The Constitution reflected the state's strong paternalistic responsibility to its citizens to transform society and to bring about broad citizen participation and economic growth. However, South Africa's economic fortunes appear to have taken a significant decline in recent years. While there might be a significant degree of decentralisation, in the economic aspect, there has been little effective decentralisation politically. That is, co-operative governance insists that transformation whether regarding economical decentralisation be heavily state-centric. This suggests therefore, heavy political interference in the principles of decentralisation. Evidence seems to suggest that the new co-operative government, which is the South African federal cooperative arrangements and which are meant in the Constitutional sense, has failed to meet its objectives and goals which aimed at fighting unemployment, poverty and inequality. As such, "this deviation from the original ideology and plan is causing significant discord in the country." (S. J. Mosala, 2017, p. 328) This may, as Stephen Louw and Victoria Bronstein suggest, be because "until quite recently, federalism has enjoyed little favour amongst South African political elites, who have tended to view this rather narrowly as a reactive attempt to disrupt post-colonial state building, intended to weaken rather than reinforce the state's ability to overcome the inequities of apartheid." (Stephen Louw, 2018, p. 547) One would argue that it is a result of the notion of federalism which had developed during apartheid and its association with the National Party as well as the Inkatha Freedom Party which saw both using federal arrangements to weaken the ANC during the constitutional negotiations in the 1990s.

A level of focus by the report is put on how decentralisation policies and inter-party politics have affected urban service delivery and resources as well as the ways in which politics interfere and affect decentralisation and service delivery in South Africa. This is done by examining the city of Cape Town that is controlled by the opposition Democratic Alliance (DA) compared to the city of Johannesburg which is controlled by the ANC. It is found that despite politics playing a large role, decentralisation is so deeply entrenched that opposition politics do not hinder the Cape Town government from delivering services.

The failure of cooperative relations within the federal structure of South Africa has shown unsustainable politics which reveal deep-seated tensions concerning race and equality as well as gross dysfunctionality of government institutions through its insufficient measures to rectify poverty and inequality and its pursuit of sufficiency rather than equality. In assessing the cooperative relations failure and what it means to talk about the failure in government relations, also intergovernmental relations, refers significantly to the design mismatches and policy capacity issues in South African governance. This in large speaks to some of the reversals of policies regarding reforms of, for instance, administrative restructuring, privatisation, deregulation, and particularly, decentralisation. In a sense, the failure is envisioned as the central government's inability to form an effective collaborative government. That is, it has failed to also create an effective basic set of relationships between itself and its citizens which is a society-centric form of governance. The government has failed to steer or direct key actors fulfil their obligations regarding collective goals. "The performance of any of the public governance modes is affected by a government's ability to exercise its role and provide the level of co-ordination that each particular governance mode requires." (M. Howlett, 2014, p. 321) And this particularly talks to the lack of coordination between the spheres of government, especially with local government. In the present day, disparities in the quality and attainment of education, skills, jobs, and income-wages continues to be prejudicially segregated. A recent World Bank document has shown that the gap is not just worsening, it is also intergenerational. The conditions that compound South Africa's inequality are historical and as a consequence of long

stretches of policy vulnerability and uncertainty, which has made it incredibly difficult for the ordinary South Africans to get themselves out of poverty. The idea behind co-operative government more than service delivery and which espouses 'full' democracy was that it would deliver 'decent work opportunities', 'sustainable livelihoods', 'increased agricultural production and productive land use' as well as 'financially viable entities that can implement employment-intensive production schemes'. It will also be argued that high levels of decentralisation is counterproductive in terms of decreasing the inequality between government institutions, individuals as well as the alleviation of poverty. Most of the South African population are still poor and vulnerable to unforeseen harsh socioeconomic factors. "Most of these people cannot cushion themselves against most of these harsh factors as they have limited or no resources at all to sustain themselves." (Rena, 2017, p. 1) According to Lynsey Chutel and Dan Kopt, "More than half of the population already lives in poverty, and a further 27% of the population live in a state of susceptibility to poverty." (Kopf, 2018) In the World Bank document, the 27% are referred to as the 'transient poor', which are those seen to be overcoming poverty and inequality in South Africa, suppose it fits better than Guy Standing's 'the precariat' reference. "On the other hand, 20% of the country can be considered middle class, while only 4% of the country is considered elite." (Kopf, 2018) These numbers, whilst shocking, demonstrate the reality of South Africa's inequality. In turn, this directly translates to the insufficiency, inefficiency and ineffectiveness of the decentralisation framework in terms of the improvement of developmental results.

The current level of inequality in South Africa makes a bay for two economies in a single country, where the top earners' wages are equivalent to those in developed nations, and those on the lower scale are much the same as those in impoverished nations. Such a disparity is as a result of the stark contrast experienced in education levels. The South African economy's inability to create new jobs puts remarkable strain on its middle class. "To achieve a significant reduction in the country's unemployment rate, the World Bank estimates 600,000 jobs would need to be created every year." (Kopf, 2018) As it stands, the economy is barely creating half of that. "Unemployment

disproportionally affects black South Africans, perpetuating apartheid's inequality." (Kopf, 2018) This is a fair assessment, since, if one has to identify who the "the poor" are, the profile has not changed since apartheid. Social mobility has stagnated, "Two fifths of sons born to very poor fathers will never get out of the bottom 40% of the next generation's income distribution, according to World Bank's South Africa Economy Update. The chances of a boy born into the bottom 20% of the income distribution even reaching the top 20% for one year are slim, at just over 16.2%. Nearly 43% of boys born into the top 20% reach those heights." (Kopf, 2018)

The report also investigates the various dynamics at play in the cooperative government relationship such as decentralisation and the concurrent functions to determine how they impact on the realisation of the national goals. It focuses on exploring and analysing the effects of under-performing, under-developed and dysfunctional cooperative government on the lives of poor. It will shed light on the intention and practice of cooperative government in order to sufficiently translate and illustrate its failures. It will do this in some senses by exploring post-apartheid policies which it argues have not been able to find some kind of balance between creating employment opportunities and economic growth. The Reconstruction and Development Program (RDP), which concentrated on social security, proved costly and did not expand the tax base. At that point there was Growth, Employment and Redistribution (GEAR), which attempted to stimulate growth and development and to decrease inflation and the deficit, however failed to create employment opportunities. With great regret, it relied upon a 'trickle-down' effect to impact growth of the middle class. As a compromise, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) was established to focus on halving unemployment, apparently in a ten-year period, however, political power playing hindered its implementation. It was replaced by the New Growth Path and the current National Development Plan which appear to be suffering the same fate.

Past and present leaders of the African National Congress (ANC) who have promoted the advancement of privatisation, such as Oliver Tambo, Thabo Mbeki and Nelson Mandela, have believed that cooperatives are avenues through which the impoverished communities can organise

themselves. Thus, they advocated for decentralisation, which was not met with any vigorous resistance at all, simply cautions, that suggested decentralising too much might push the redistributive mission to the side, to lure in investments. This has developed to be a coherent ANC policy. These leaders, including President Cyril Ramaphosa today, have advocated for and advanced the privatisation alternative, which opposed the ANC's initial nationalisation agenda. Their argument said that the unpopularity of cooperatives mechanism hindered its complete and effective functionality, while also accusing the South African people of not comprehending how things work in terms of the value of cooperatives in contributing to economic development. The ANC as government-in-waiting was coerced by the World Bank, the International Monetary Fund, internal and external business communities, and the international community into believing that the government of South Africa would collapse if it opposed and competed against the cooperatives agenda rather than formulating cooperatives. The report discusses the formation, structure and tensions within South Africa's design of the cooperative relations within the federal the federal structure of South African government as prescribed and constituted by the Constitution, 1996. It explores and analyses the level of understanding as well as the shared meaning of these cooperative arrangements between the different spheres of government and how this influences intergovernmental relations. Also, it provides an in-depth analysis into the historical elements that led to the Constitutional settlement in South Africa. It attaches consequences as well as looks at the other alternatives that were debated during the negotiations period. That is, the report examines how the ANC government has sought to bring about the much needed transformation by providing a historical context of the transition period whereby the triumphant ideology for an economic policy stance for the new government set out the guidelines for the Interim Constitution of 1992, and then ultimately the Final Constitution, 1996. Moreover, the report discusses the implications of the kind of federal structure as the South African one for economic development. It seeks to explain why South African federal arrangements can affect economic development. Thus, it provides a framework to consider this.

It then goes on to carefully critique and examine how the concept of cooperative government finds expression at and between the various levels of the education system and how this impacts on the way in which activities are planned, organised and coordinated. By so doing, the report attempts to demonstrate how the poor quality of education and inequality are connected to the performances of cooperative government, the federal structure of South Africa. In addition, the report also focuses on the cooperative government relationship between the national and provincial departments of education and, particularly, how these relationships impact on the level of education delivery across departments. And has found that cooperative government has significant influence on the education delivered by the education system in South Africa as well as on the influence on the level of successful education delivery.

The cooperative arrangements are a distinguishing feature of the South African federalist settlement and exhibit a virtual absence of conflict between provinces and central government. However, there has been major conflict where local government has been concerned. This is something the report interrogates and seeks to provide instances where there has been conflict particularly where interests between individuals, institutions and organisations have not aligned. The report has found that intra-governmental conflicts remain ungoverned by the final constitution and the Intergovernmental Relations Framework Act and attempts to provide suitable resolutions. That is, there is a gap in the legal framework to mediate and to resolve intergovernmental conflicts in the final Constitution, particularly in the relationship between local government and the top-tier spheres of government which impose on the legitimacy of municipalities to fulfil their constitutional obligations through suffocating interventions.

In the course of recent decades, numerous African nations have done reforms targeted at decentralising the political, administrative and fiscal structures of the public sector. Restructuring government is informed by the logic that decentralisation expands the general efficiency and productivity, as well as responsiveness of the public sector to delivering services, a result that enhances economic growth and contributes in the reducing of regional disparities. This report

contends that, fiscal decentralisation results in increased equal distribution of public services across regions and provides increased opportunities for the poor, also, particularly public participation that offer citizens accountability from sub-national authorities (or officials). The report thus, provides an overview of fiscal decentralisation and discusses the nature of inequalities in South Africa.

The report examines how decentralisation policies and inter-party politics have affected urban service delivery responsibilities and resources. Also, the report examines the legislative over-burdening of local government and its simultaneous lack of institutional capacity to actually convert legal obligation and decentralisation principles into practice as two of the main and related causes for this failure. It will explore how, despite the South African constitution giving clear mandate to local government, adequate institutional capacity for municipal government was to a large degree overlooked and ignored. The essence of the report is to look at the capacity of the South African federal cooperative arrangements in driving growth, economic development and pulling the country out of the developmental state.

Chapter 1: The history of the cooperative government that has brought the constitutional settlement in South Africa – evaluating the transition from apartheid to democracy, "the deal"

1.1 The transition period – from apartheid to Interim Constitution (1993) and the final Constitution (1996)

The transition period to democracy is a very critical one as it helps explain the delusion with the Constitution as well as address the challenges that face contemporary South Africa. Moreover, it helps us to understand crucial elements of the legal history of apartheid and the difficulties that prompted the adoption of the Interim Constitution of 1993/4 as well as how those challenges were addressed if at all in the Final Constitution of 1996. In essence, the chapter will help the report better discuss the role of the Constitution and its power to govern the functions of the three arms of government in the administration of justice or redistribution. Therefore, this chapter examines and critically evaluates the African National Congress's difficult transition from liberation movement to governing party. "The transition was peacefully negotiated, the democratic bargain is still holding, and despite still high rates of unemployment, the average South African resident, both black and white, is economically better off today than they were under the last years of apartheid." (Robert P. Inman, 2012, p. 1) The transition itself might have been arguably peaceful, the constitutional negotiations, however, were not harmonious at all. "It took over four years from the date of Nelson Mandela's release from Robben Island on February 11, 1990 until April, 1994 before even an outline of a democratic constitution was accepted by the three relevant parties to the negotiations, the National Party (NP) representing the once ruling whites, the African National Congress (ANC) representing the majority of blacks and Asian South Africans, and Inkatha Freedom Party (Inkatha) representing the rural blacks of the historic Zulu nation." (Robert P. Inman, 2012, p. 1) The agreement that was reached initially and which outlined basically the parameters as well as the guidelines of the new democracy was called and is remembered as the Interim Constitution.

It is debated, even though a large number of those who were involved have since admitted to this fact, that the ANC, despite having clearly won the negotiations, was outfoxed when it came the economy of the country. “When apartheid ended, South Africa needed to attain three goals simultaneously: constitutional democracy, industrial modernisation, and economic and social reform.” (Gumede, 2007, p. 79) It would not be easy to achieve any of these goals since there was not a plan for the practical implementation in place. The ANC had only just come to power after centuries of colonialism and oppression, it did not have the experience to govern a country which proved to be a mammoth task for them. “There was strangely naïve expectation that the abolition of apartheid in itself would put an end to black economic deprivation.” (Gumede, 2007, p. 79) The general knowledge and idea was that the economic question would almost resolve itself once the democratic government was in position. This could have been as a result of the fact that the ANC’s economic policy was established upon nationalisation. The ANC hoped, once the democratic government was put in place, to nationalise the mines, banks, as well as to have a monopoly on industry as part of their economic policy.

Following tremendous internal and external pressure from the business community, banks, as well as the international community, some members of the ANC, including Nelson Mandela, proposed in 1992 that it abandon nationalisation. This notion encountered immense rejection from the rest of the leadership who dismissed privatisation completely as an alternative as Mandela and some were suggesting. As such, “Mandela was accused of betraying the Freedom Charter, and the ANC economic conference vehemently rejected his proposal.” (Gumede, 2007, p. 83) In the end, however, nationalisation was abandoned, and privatisation triumphed as an alternative, albeit with some constitutional stipulations. “A year later, Mandela and Mbeki would succeed in having nationalisation expunged from all ANC policy documents.” (Gumede, 2007, p. 83)

“Strategically, however, the ANC was guilty of grievous omission, since it had never done its homework on the internal dynamics of South Africa’s relatively developed industrial economy.” (Gumede, 2007, p. 83) Jeremy Cronin, SACP deputy general secretary and ANC member admitted,

"As a liberation movement we were not well positioned, intellectually, theoretically in terms of policy formation, in terms of socio-economic transformation. It was understandable. We had been very focused on the political tasks, democratisation, mobilisation, fighting a guerrilla struggle." (Gumede, 2007, p. 84)

The National Party's immense economic capacity, which comprised of the business community and all of the state's resources ensured that the ANC was going into the multiparty negotiations with them at a remarkable disadvantage. Furthermore, it did not help the ANC in any way that its own members could not agree over economic policy, it weakened it against endless pressure from local and international business, media, and multilateral organisations such as the World Bank as well as the International Monetary Fund (IMF). For instance, in consortium with the other interest groups, "local business groups churned sophisticated and slickly packaged ready-made economic scenarios and lined up selected foreign economists to give orthodox opinions, which would then be widely quoted," (Gumede, 2007, p. 85) all in efforts to throw off the unwitting ANC.

The ANC were completely unprepared for the onslaught. In the period between 1992 and 1993, they were penetrated and key economic figures within their ranks were intercepted and seduced by international organisations and institutions to accepting opportunities in their programmes which in the end altered and distorted on wide-ranging dimensions the narrative of ANC economic policy, which at this point had completely formed concretely on neoliberal ideals. "It was a dizzying experience. Never before had a government-in-waiting been so seduced by the international community. Both the World Bank and the IMF sought to influence the ANC's economic policy, frequently warning against pursuing 'unorthodox' policies." (Gumede, 2007, p. 85) It is recorded that senior executives from these organisations would regularly meet with the ANC "top brass" to counsel caution, or if one will, to coerce and intimidate. It is also noted that the World Bank and the IMF both went as far as employing ANC members in their local offices, while South African business too joined in trying to woo Mandela and other ANC leaders. These instances were the critical juncture for the ANC's economic policy, and it is safe to conclude that at this point it was not one that they could call

their own, they had been turned to mere enforcers. “The ANC’s economic policy had been hijacked by big business.” (Gumede, 2007, p. 85) This perception, however, did not deter the beliefs of some of the leadership of the ANC who were centrists who supported the idea of privatisation, for instance, “both Mandela and Thabo Mbeki were convinced that for a black government to gain respect in the West, it needed to follow economic and social policies modelled on those of Britain, Germany, and the United States.” (Gumede, 2007, p. 86) Moreover, it was critical for it to do so to gain access to international capital, there was a general fear that nationalisation would mean that there would be massive capital flight, massive loss of international investment and that the currency would be completely destabalised. The ANC’s had been subjected to great pressure over its economic policy that it was not greatly difficult to persuade them to abandon growth through redistribution.

As leadership during this time, Mandela and Mbeki were disassociating themselves more and more, each time stronger than before, from the notion of growth through redistribution. For instance, disassociation from the MERG Report, which was introduced in 1993 and which unfortunately never become official policy. “The MERG report is essentially a bold attempt to reconstruct the South African economy, boost growth to 5% pa in 2004, and create 300 000 jobs a year.” (Nattrass, 1994, p. 219) The ANC would much later shift from MERG to GEAR in terms of economic policy. “MERG’s first report reiterated the concept of growth through redistribution, but the ANC leadership had already shifted firmly to the centre, and Mandela and Mbeki, who feared it could be construed in business circles as socialists, did not welcome the proposal.” (Gumede, 2007, p. 88) Thus, MERG was side-lined, its plan labelled ‘macroeconomic populism’ and a ‘dangerous fantasy’ by South Africa’s white business community and others.

The ANC at this point took up a new position, which was to reassure the markets, local and international business, and Western governments, that they as the ANC were independent of the communists and the trade unions, and not their prisoners. Its stance called for growth before redistribution, which it had to put on hold to focus on rallying support for the upcoming all-important election of April 1994, at the behest, it must be mentioned, of COSATU. The trade union in

September 1993 at a convention of a special national congress debated the adoption of a reconstruction and development programme with intentions of presenting it to the ANC. They persuaded the ANC to adopt it as an election platform. “Although the final RDP document adopted by the ANC was revised many times in an attempt to make it acceptable to the business community,

it retained the core elements of the COSATU proposals, famously promising ‘a better life for all’ in the form of a million houses over a five year period, basic services such as electricity and water, and free education for previously disadvantaged.” (Gumede, 2007, p. 90) In some way, the RDP had brought the ANC back to its original strategy of growth through redistribution, even if temporarily, and at the same time, it resurfaced the MERG team from isolation to work out its social delivery targets.

In many ways the most pain suffered was by those ANC supporters who had stuck with it no matter what, however, it would soon be clear at all-levels of the organisation that the ANC had in fact been out-negotiated economically at the World Trade Centre. The most heart breaking of it all is that those who experienced the worst form of deprivation under apartheid ended up being the ones to pay the ultimate price for democracy. “The legacy of apartheid, the ANC’s compromises and wrong economic choices would all combine to prevent the ANC from fulfilling its promise of a better life for those who need it most.” (Gumede, 2007, p. 114) When constitutional mandates are not met and the Constitution is rendered powerless in ensuring delivery it is poor South Africans who suffer, it is even worse when constitutional arrangements are in such a structure that they are barely represented, thus, to certain degree it can be said that the Constitution sustains the injustice by not enforcing redistributive legislation. Twenty-six years into democracy, the poorest of the poor continue to be the ones to pay the increasingly high cost for the country’s democracy.

1.2 Constitutional compromises, agreements, a delusion

In this section, the report focuses on the role of South African business in shaping economic policy. It focuses particularly on "the regular meetings at the Anglo-American Corporation's (AAC) Brenthurst Library between the 'doyen of South African business' Harry Oppenheimer and Nelson Mandela." (Jonathan Michie, 2019, p. 2) The report accuses the government of having been delusional in the fact that so quickly after its democracy it had adopted the standards of politics as usual. To the best of the report's understanding this to a certain extent explains why South Africa is still so unequal. Understanding this takes us back to 1994 and the post-apartheid deal that was hammered out between the ANC the World Bank and the IMF. To understand the 'deal' it is imperative to understand just how close big business was to the apartheid government and then its successor, the democratic government of the ANC. "Freund stresses the complementary role of the series of corporate scenarios: one from Old Mutual/Nedcor, a second from Sanlam, and the Mont Fleur bird flight simulations of August 1992. (2013). Then, there was the role of the Consultative Business Forum, a pressure group set up by 'liberal' and progressive local business leaders whose aim was to engage the ANC on the economy." (Jonathan Michie, 2019, p. 2) As the winds of change stirred in South Africa the business community continued to play the political game. The big corporations were very involved in the transition, for instance in the constitutional negotiations. The facilitators in the constitutional negotiations for example were funded by the hundred large corporations in South Africa, as soon as the ANC leadership was released from jail they were hearing the same messages from finance and business champions that 'there was a way in which one prospered and survived in today's world' eluding to or suggesting that you limited and restricted the role of government in the economy, restricted government spending and allowing the private sector to flourish because that is where the jobs were going to be created and where wealth was going to be created.

This approach disregarded the unique circumstances of particular countries and South Africa was particularly unique at this time for a whole range of reasons. Technocrats argued that South Africa should follow the economic model pushed by big business, the World Bank and the IMF. Whilst

acknowledging that the technocrats won the debate, the report wants to bring about the importance of the counter-argument that there needed to the prioritisation of job creation through other means. This is important to showcase as it will adequately demonstrate the manner and extent in which such policies failed South Africa and its citizens.

In return for large loans crucial for the new government the ANC agreed to keep spending and low taxes and not protect its industry. This was absolutely devastating. The clothing and textile sector in South Africa employed over 300 000 people in 1994, a few years after that due to a flood of extremely cheap imports from various parts of the world there were maybe 50 000 people still employed. Whilst there was logic for this approach at the time, namely gaining access to international markets, it soon became clear that only some South Africans would benefit.

Such an economic compromise ensured that the business community still today twenty-five years after democracy remains entirely dominated by the white community with a handful of exceptions of the black elite. Therefore, not only did the deal damage South Africa's prospects for job creation but it had devastating political consequences too.

It was a remarkable challenge for South Africa's arguably promising democracy and its society to secure increased levels of equality, socioeconomic and political justice amongst its citizens, particularly the black majority. Even though apartheid ended twenty years ago, to an extremely large degree, most of South Africa's society remains excluded from the beneficial mainstream and the bill of rights expressed in the interim constitution. As such, the report observes and shows, how the impact of the economic policies had on the nature of government especially how it has served the interests of a very small ruling elite rather than the interests of the broader population. To some extent this is an examination of the role of the Constitution in redressing the past imbalances of the apartheid regime. In this sense, the report will attempt to demonstrate how the economic 'deals' that were agreed at the start of the post-apartheid era and still continue today created a South Africa that worked for the rich and not for the poor. Because the ANC had moved away from their earlier motives of a

very centralised state they also had to move away from a strong state control over the economy. This has also led to corruption, an important theme the paper will also focus on, in particular the corruption at the top of the party (ANC).

The chapter discussed the cooperative arrangements within the South African constitution, beginning from a historical background to set up a narrative for the contemporary state of these relations. It is fundamental to acknowledge historical events which set the tone for what ordinary South Africans are experiencing today in terms of the policies that govern over their lives. This chapter puts into perspective the logic and rationale for the goals and objectives of the constitutional arrangements that were undertaken leading up to democracy. To understand the conditions of the South African circumstances, be it the extreme inequality or exacerbated poverty, it important that are able to trace the foundations and pillars that hold these structures firm and together. This chapter serves this purpose, it also puts into perspective the development of the post-apartheid character of South African society and to a large degree helps the report explain what it means by South Africa being unable to transcend its label of a developmental state. It gives relevance to the up-coming discussions in the report on challenges of the cooperative federal government such as corruption, education and inequality. These historical compromises set up the kind of arrangements that the government has to live down today, which make up what the report is investigating, that is, for example the administrative dilemmas faced by officials and representatives, the federal dimensions of the growth of SOEs, implications to the economic development, policy making, benefactors of the policies and also how these arrangements have been so difficult to transform. There exists an unwillingness to undo and transform the kind of compromises that led to many constitutional arrangements which evidence has shown does not benefit the majority, in that they are dysfunctional, and this is explained in this historical context provided within this chapter.

Chapter 2: Cooperative Government – Formation, Structure and Tensions

2.1 Cooperative government: Structure and capacity/ Inter-governmental relations and planning in government (*The Structure of the State in the Post-Apartheid Era*)

Apartheid rule had met its fate with the adoption of the interim Constitution in 1994 and the matter was put to bed with final Constitution in 1996. Just as with the interim Constitution, albeit not as unconcise, the new Constitution, 1996, set out that the structure of the state would have three spheres of government, namely 'national, provincial, and local'. "Stage one in the negotiations produced agreement on an Interim Constitution (IC) and a set of Constitutional Principles. These Principles would have to be included in the 'final' constitution that would be negotiated in a Constitutional Assembly following the first democratic elections." (Christina Murray, 2011, p. 236) The configuration of the state relied on the synergy of the spheres as it stipulated that these were to be distinctive, interdependent and interrelated. "Cooperative government requires the three spheres of government to function as a whole, although the spheres are seen as distinctive and interdependent, they are interrelated. It accepts the integrity of each sphere of government, and recognises the complex nature of government in a modern society." (Edwards, 2008, p. 65)

This chapter provides a brief overview of cooperative governance and intergovernmental relations as provided in Chapter 3 of the Constitution (Act 106 of 1996) (RSA 1996). In Chapter 3 of The Constitution of the Republic of South Africa, 1996, Section 40 (1) states, "In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated." "Section 41 of the Constitution encourages the three spheres of government to cooperate with one another in mutual trust and good faith, and to promote effective intergovernmental relations, ensure effective communication and coordination, respect the constitutional status, institutions, powers and functions of government, and avoid taking their disputes to court." (Edwards, 2008, p. 65)

“Section 43 vests legislative authority in the national parliament, in the provincial legislatures, and in municipal councils. Under section 104 (3), "A provincial legislature is bound only by the Constitution." Thus, provinces (and local governments) derive their status directly from the Constitution. They are independently elected, and they exercise significant legislative powers. The Constitution also provides for intergovernmental fiscal arrangements and sets out principles ("cooperative government") for the conduct of intergovernmental relations. The Constitutional Court is the final arbiter of disputes among the spheres of government.” (Richard Simeon, 2001, p. 65) What Richard Simeon and Christina Murray do so well for this report is provide a masterfully detailed map of the Constitution enabling to locate the cooperative governance legislative prescriptions. They do so to be able to prove how South Africa, despite it being highly centralised, insofar as most definitions, can be considered a federal state, which Stephen Okhonmina articulates as, “The Federal principle includes the division of power among levels of governments; written constitution showing this division; and Coordinate supremacy of the two levels of government with regard to their respective functions.” (Okhonmina, 2006, p. 196) That is to say, “Fully twelve of the 34 Principles concerned detailed provisions related to federal or multi-level government – a clear reflection of the importance of the devolution of powers in the negotiated settlement.” (Christina Murray, 2011, p. 236)

However-close this articulation is for the South African situation, its history shows that South Africa has struggled to grasp fully federal-type arrangements. For instance, “during the years of apartheid, the concepts and discourse of federalism and confederalism were used to help justify the existence of the Bantustans.” (Richard Simeon, 2001, p. 65) Then again, there was the whole debate and of whether or not democratic South Africa would be a federal state which was contested throughout the transition and the negotiation of the new Constitution. The first instance of transition toward a democratic Constitution was the abolishment of all administrative and political boundaries of the apartheid government in an effort to overcome and do away with the racial and ethnic divisions apartheid had created. “The ‘bantustans’ and ‘homelands’ were reintegrated into the administrative

system and nine provinces were established." (Tapscott, 2000, p. 121) The process for the development of a new national identity was on track but carried with it significant challenges to the future intergovernmental relations.

These are challenges which continue to contest or discredit South Africa's federal status, for example, "as provinces and municipalities struggle to establish and consolidate entirely new political institutions and processes. Although multi-sphere government is embedded in the constitutional design, it has yet to become fully internalized as a basic fact of governance in the eyes of leaders and citizens." (Richard Simeon, 2001, p. 66) In this sense, a multi-sphere government in South Africa is thus very much a work in progress.

2.2 Cooperative Government: Its Intergovernmental Relations and Tensions in South Africa

In this section of the chapter the report examines the cooperative arrangements of the South African federal government and intergovernmental relations in South Africa in terms of the challenges of intergovernmental relations. The purpose is to evaluate the performance of the cooperative relations structure that developed in the South African Constitution. This section emphasises the importance of intergovernmental structures, and distinguishes different reasons for failure and successes, as well as the challenges facing cooperative and intergovernmental relations.

2.2.1The National/Provincial relations, tensions and the Central legislative dominance

The African National Congress (ANC) during the negotiations which preceded the drafting of the interim Constitution argued for the devolution of power to the provinces as a means of taking democracy to the people. At the same time, it was afraid that the transfer of too much authority by the central government to the regional and local administrations would derail or even prevent the national government's efforts in overcoming the legacy of apartheid in its pursuit of a new national identity. Tapscott notes that, "While the devolution of power was seen by the African National Congress (ANC) alliance as being of importance in taking democracy to the people, there was also

an expressed fear that the devolution of too much authority to the provinces could lead to a situation where the national government's efforts to overcome the legacy of apartheid and to build a new national identity would be thwarted by political intransigence at lower levels." (Tapscott, 2000, p. 122) The tension between whether the South African state should be unitary or federal, that is, the need to devolve power to the lower levels of government or whether to hold on to central control is one that continues to surge on even today. To a significant degree it limits the development of an effective system of intergovernmental relations and cooperation. In this sense, it can be said that, "The degree to which South Africa's system of multi-level government was a compromise, is reflected clearly both in the constitution-making process itself and in the resulting design." (Christina Murray, 2011, p. 236)

As stipulated in the final Constitution, 1996, the different spheres of government assume both exclusive and concurrent responsibilities. The three spheres of government are mandated by the final Constitution, 1996, to work together in a co-operative manner. "Chapter 3 requires that they all respect each other's powers and responsibilities, and enjoins them to 'cooperate with each other in mutual trust and good will.'" (Christina Murray, 2011, p. 237) Murray calls this 'functional federalism', which is a contested concept and reality in South Africa. Jan Erk helps distinguish between federalism and decentralisation since the two concepts are often confused with one another. "Federalism and decentralization are conceptually distinct from one another. In federalism, the existence of the constituent entities and their autonomous powers are constitutionally entrenched; that is, they cannot be created, merged, or abolished by ordinary legislation passed by the central government. Decentralization, on the other hand, is by definition an act of the centre as it devolves some of its powers to regional and local governments." (Erk, 2014, p. 536)

Despite the constitution specifying both exclusive and concurrent responsibilities with the different spheres of government it fails, however, to adequately determine a "clear locus of responsibility (such as in relation to concurrent competences and vagueness around exclusive competences) which reduces accountability." (Moshikaro, 2016) Tapscott argues the same in the statement, "The

Constitution, however, provides little guidance as to how national and provincial departments are to co-ordinate and integrate their activities." (Tapscott, 2000, p. 122) In South Africa, it is as Erk explains federalism, that, "the existence and autonomy of the subnational units are not enshrined in the constitutions; their numbers, borders, and powers can be determined and changed by the central government; what they do and how they do it can be set by the centre." (Erk, 2014, p. 537) This section thus focuses on the allocation of roles and responsibilities, exclusive and concurrent, of national and provincial governments, however, it will also briefly address local government.

The Constitution provides that "intra vires competencies are assigned to both provincial and local governments, residual powers may generally be considered to vest in the national government, which may also, under specific circumstances, exercise a number of override provisions." (Tapscott, 2000, p. 122) That is to say that the Constitution "accords the national government broad legislative power to legislate on 'any matter' except those contained in a short list of 'exclusive' provincial powers (section 44(1); Schedule 5)." (Moshikaro, 2016, p. 6) Authority is assigned to the provinces to enact legislation within their stipulated spheres of competence, however, national government may override provincial laws. In other words, "national law will prevail if it deals with a matter that provinces cannot effectively regulate on their own or if it is necessary for 'national security', 'economic unity,' and the common market, the promotion of equal opportunity and equal access to government services, or the protection of the environment." (Moshikaro, 2016, p. 6) Moreover, it does not matter if provincial government may have exclusive jurisdiction over any area, national government has authority to come in and legislate where it finds it 'absolutely necessary' for the protection of security, economic unity, or national standards, or to prevent a province from harming others. Otherwise, "any other residual powers are vested in the national government." (Moshikaro, 2016, p. 6)

Tensions that exist between the spheres of government often stem from that the devolution of powers was a compromise and that from the spheres directive and authority will at times be undermined if it does not fully fit the political context of a province. For instance, directive will attempt, in one way or another, to please all stakeholders and will be reckless with their devolution of legislative authority

which blurs responsibilities, thus, “the ambiguities of concurrent responsibility are such that it is not always clear whether the provinces are merely the implementers of national policy or whether they can truly shape their own destinies.” (Tapscott, 2000, p. 120) For example, autonomy is overridden by national government when a province is said to be unable or neglects to fulfil an executive obligation in terms of legislation or the Constitution. “[(Section 44(1); Schedule Five)]. Provinces also have the power to legislate on matters contained in a long list of concurrent powers (Schedule 4), but the central government may override provincial laws in a wide range of circumstances.” (Christina Murray, 2011, p. 237) This may include instances where essential national standards are not met, economic and national security is threatened, or where one province acts with prejudice against another or even the entire country. Therefore, “even in those areas in which provinces have ‘exclusive’ jurisdiction, the central government may legislate when ‘necessary’ to maintain security, economic unity, or national standards, or to prevent a province harming others.” (Christina Murray, 2011, p. 237)

To put it all into perspective, “All other powers are vested in the national government.” (Christina Murray, 2011, p. 237) The concentration of revenue-raising power at the centre and other national powers are buttressing the central legislative dominance at national level for the monitoring of provincial effectiveness as well as to help them build their capacity. The Constitution prescribes that province and local government have some autonomy in policy development, however, the broader model of leadership and directive is of national legislative, such that the lower levels deliver and implement nationally-mandated programmes.

This section has been to help us understand the federal structure of the South African government. It has attempted to demonstrate the constitutional cooperative arrangements to which it is arguing the success or failure thereof has massive impact on economic development and relative growth. The section has sought to bring about the tensions that have limited the effectiveness of cooperation. It considers it very valuable to understand the political power dynamics in reference to the South African federal government in terms of, but not limited to, the federal cooperative arrangements of

the constitution. This knowledge of the South African federal cooperative arrangements helps to put the next chapters into perspective.

2.2.2 The local (municipal) government position and the tensions

As part of the establishment of new provinces it was embarked upon that new municipalities should be delimited. Which meant that, unlike in the previous dispensation where provincial government, to a large extent, determined the powers of local authorities, the final Constitution, 1996, would guarantee the independence of municipalities. “This was because, hitherto, all local authorities had been racially segregated irrespective of the geographic or economic integrity of an area. In addition, a large proportion of the black population (particularly those in the rural areas) had been excluded from the system of local government and had had no opportunity to participate in local political institutions.” (Tapscott, 2000, p. 123) Their independence, however, is not absolute, in that “local government autonomy remains ‘relative’.” (Moshikaro, 2016, p. 8) This is to say that in as far as the governmental hierarchical order municipalities rested at the very bottom. Now, it is unequivocally stated in the final Constitution, 1996, that national and provincial governments may not impede the right of a municipality to conduct its constitutional functions - “a municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions' (para. 156.5)” (Tapscott, 2000, p. 123) “The sphere of autonomy of local government thus depends upon an understanding of its functions according to the Constitution.” (Moshikaro, 2016, p. 9) Thus, as expression of the relative autonomy, the “responsibility for the establishment of municipalities, according to the Constitution, rests with provincial governments, which are also responsible for promoting the capacity of local governments to perform their functions and to manage their own affairs.” (Tapscott, 2000, p. 123)

This is rather confusing, at least as far as local government’s autonomy, it is almost as if municipalities have free reign and yet have none in practical terms. In theory, “the power of local governments is also secured in the Constitution but it is even more limited than that of provinces.”

(Christina Murray, 2011, p. 238) The national and provincial governments delegate to municipalities administration issues that are suitable for local administration, also depending on whether a municipality has the administrative capacity. “Municipalities are subject to substantial regulation by the national and provincial governments.” (Christina Murray, 2011, p. 238) In the case whereby a municipality is unable or neglects to fulfil an executive responsibility in terms of legislation then the relevant provincial executive may intervene by either taking over the responsibility or through issuing a directive to the municipality. “Provinces also have strong powers to intervene in failing municipalities” (Christina Murray, 2011, p. 238) However, “the conditions under which such an intervention might take place would include instances where essential national standards for the rendering of services are not being maintained, where economic unity is threatened, or where a municipal council's actions are prejudicial to another municipality or to the province as a whole.” (Tapscott, 2000, p. 123)

This is notwithstanding the fact of the historical damage caused by the structure of the apartheid state which largely underdeveloped black inhabited areas and as such the local municipalities in these areas are to a certain degree set up to fail and are made to appear, if in fact they are not, unreachable. Tapscott explains that, “despite the new competencies assigned to local government, many of the newly constituted local authorities exist in name only. Situated in poor rural communities, they lack both administrative capacity and financial resources to deliver even the most basic services (Financial and Fiscal Commission, 1997).” (Tapscott, 2000, p. 123)

The role and responsibility therefore of a municipality is one centred on the premise of servicing the public, in this instance the community it represents, these are referred to as municipal services. Therefore, local government is responsible for the delivery services, providing facilities and building healthy and safe communities. It too, is subject to the stipulations of exclusive and concurrent responsibilities and competences. “A municipal service is legislatively defined as ‘a service that a municipality in terms of its powers and functions provides for the benefit of the local community irrespective of whether fees, tariffs are levied.’ This definition stresses that a municipal service is not

a service aimed at the internal functioning of the municipality but focused upon the community. The concept of municipal services is further refined by the areas of both concurrent and exclusive competence of local government outlined in the Constitution." (Moshikaro, 2016, p. 9) It is argued, however, that this kind of 'scope of the obligations' limits the broadness of what municipalities are required to do in relation to its services. This is since the Constitution provides that the provincial government can intervene in the affairs of a municipality should it fall short to deliver on the obligation to provide basic services. "This narrows the scope of services somewhat, restricting services to 'basic' services." (Moshikaro, 2016, p. 9)

These sections on the cooperative arrangements of national, provincial and local governments in terms of South Africa's federal system helps put into perspective when the report discusses the implications of the federal structure for economic development. In explaining why South African federal arrangements can affect economic development, the report needs to understand the layout and structure. Knowledge of the cooperative federal arrangements that are discussed in these sections is important to understand when addressing the proposition of a new framework for a restructured federal South Africa. Also, when addressing the federal dimensions of the growth of SOEs under President Zuma and the jurisdictional conflicts, knowing the extent of these constitutional arrangements is imperative. This is what this chapter has attempted to do.

Chapter 3: Decentralisation in Post-apartheid South Africa and the role of politics

This chapter examines how decentralisation policies and inter-party politics have affected urban service delivery responsibilities and resources. It looks at the ways in which politics have interfered and affected decentralisation and service delivery in South Africa. It does this by examining Cape Town which is controlled by the Democratic Alliance (DA) and the city of Johannesburg, under the control of the ANC. To this effect, the chapter finds that while there exists a huge role played by politics, decentralisation is far entrenched and that opposition politics do not prevent the Cape Town government delivering services to its constituency. The chapter examines the legislative over-burdening of local government and its concurrent lack of institutional capacity to really transform legal obligation and decentralisation principles into practice as two of the main and related causes for this failure. It will explore how, despite the South African constitution giving clear mandate to local government, adequate institutional capacity for municipal government was to a large degree overlooked and ignored.

Research shows that decentralisation has to a large extent failed in its main objectives, to democratise local government and the delivery of adequate basic services to all communities. In this chapter, the report attempts to provide answers to why the failure has occurred.

The democratic constitution of South Africa, 1996, established a decentralised system of governance and made local government the heart of the developmental state. “Municipalities were charged with bringing about the delivery to the population of a myriad of services, with a special emphasis on the so-called ‘basic services’ - electricity reticulation, water and sanitation services, and refuse collection.” (Thomas A. Koelble, 2014, p. 607) They were also viewed to be the most significant drivers for local democratic participation in decision making as well as having a large role in the democratic dispensation.

There is a general consensus that developed where policy-makers and researchers agree that local government has failed to meet expectations. The causes for the failure of this sphere of government are fiercely debated with some suggesting it is as a result of a lack of funding. Thomas A. Koelble and Andrew Siddle argue that the "failure of decentralization is caused by a variety of factors of which institutional design and the resulting over-burdening of an under-capacitated level of government play a key role." (Thomas A. Koelble, 2014, p. 608) Their argument is that while South Africa may seem to have adopted a perfect model of local decentralisation in theory, "the South African constitution, which came into effect in 1996, is widely viewed as a model framework for good governance" (Thomas A. Koelble, 2014, p. 608), it is in practice dysfunctional. For instance, there has not been sufficient attention given to understanding whether or not certain preferred local governance can actually address a particular sector's issues in practice. Insufficient understanding and analysing of the specifics of the particular sector are done, and simple extrapolation from idealised misconceptions of how particular policies might work in theory is applied across sectors regardless of what kind of problem exists. Unfortunately, and often they are applied against local government's capacity to address the problem and create issues of framework design mismatches and policy capacity. This presents the types of failures where requisites of governance are not met or the government itself is fundamentally misaligned with the issues at hand. Also, as another brief example, is to consider the ungoverned intra-governmental disputes that go unchecked in terms of the Final Constitution and the Intergovernmental Relations Framework Act. That is, there is a gaping hole within the law, whereby the Final Constitution promised to create and enact legislation that would mediate as well as resolve intergovernmental conflicts. "Parliament failed to make good Final Constitution s 41(2)'s guarantee that intergovernmental disputes would be resolved by legislation that prevented different spheres of government and opposing organs of state from going to war (or court) over vital policy matters." (Woolman, 2009, p. 63)

This chapter concentrates its focus on local government exclusively, even though decentralisation in South Africa encompasses the devolution of powers to both provincial and local government. For

Koelble and Siddle, “the South African constitution, which came into effect in 1996, is widely viewed as a model framework for good governance.” (Thomas A. Koelble, 2014, p. 610) According to them, “the political system in which local government then operated “fundamentally damaged the spatial, social and economic environments in which people live, work, raise families and seek to fulfil their aspirations” (Thomas A. Koelble, 2014, p. 610) The new political dispensation in South Africa was very intentional in ensuring that things were to be vastly different. The crucial role of rebuilding local communities and environments was tasked upon local government as the basis for a democratic, integrated, prosperous, and non-racial society. “There was to be a new developmental local government system, “committed to working with citizens, groups and communities to create sustainable human settlements which provide a decent quality of life and meet the social, economic and material needs of communities in a holistic way” (Thomas A. Koelble, 2014, p. 610)

As per the Constitution of 1996 of the Republic of South Africa, Section 152 states the following on the objects of local government: “(a) to provide democratic and accountable government for local communities; (b) to ensure the provision of services to communities in a sustainable manner; (c) to promote social and economic development; (d) to promote a safe and healthy environment; and (e) to encourage the involvement of communities and community organisations in the matters of local government.” (Thomas A. Koelble, 2014, p. 610) Section 153 stipulates how the municipalities were to serve as development agencies within the government structure. This illustrates an expectation of the type of role municipalities were also to assume in the decentralisation project as local economic development agencies amongst the other of their many constitutional responsibilities for effective governance. They were viewed as responsible for advancing socioeconomic development by also adopting local economic development strategies to address development challenges that related to weak socioeconomic conditions, such as unemployment, poverty, and inequality, through the creation of local development solutions and employment opportunities. “At the opposing end of the developmental state is the failure of trickle-down economics to alleviate poverty, quell unemployment and address the growing inequalities in South Africa and the rest of the world, which is blamed on

the global capitalist system for failing to emphasise the importance of inclusive socioeconomic development." (Khambule, 2018, p. 288) Local decentralisation and effective governance in this sense meant that municipalities would pursue development from the ground-up approach, grassroots and locally, engaging and involving the locals in political and economic strategies opportunities.

Section 153 also prescribes that municipalities, "(a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes." (Thomas A. Koelble, 2014, p. 610) The local government structure that emerged was to be developmental as well as part of the increasingly decentralised system. Section 151(3) states, "A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the constitution." (Thomas A. Koelble, 2014, p. 611) The 1996 Constitution provided for strong decentralisation of powers and functions to local government.

For Robert Cameron, "this decentralised framework has given considerable responsibility to South African cities for dealing with the challenges of rapid urbanisation." (Cameron, 2014, p. 81) Cameron points out the massive developmental challenges faced by South African cities, particularly the black areas that were neglected under apartheid, given the enormous backlog of urban infrastructure that they need. His belief is that the lack of adequate approaches to development and urbanisation creates issues of growing informal settlements as well as increasing demands for basic services.

The report therefore attempts to find out the implications of having 'vertically-divided' authority, "which occurs when different political parties control disparate levels of government," (Cameron, 2014, p. 81) for urban development challenges. This is based on the fact that vertically-divided authority is becoming more important as shown by the overall control of some metropolitan municipalities, Cape Town, Johannesburg, Tshwane, and Nelson Mandela Bay, being won by the opposition Democratic Alliance (DA) in the last local-government elections. This situation highlights

the potential for party politics coming into play whereby a party in power nationally has lost control of local governments, such a situation is referred to as 'vertically-divided authority'. Cameron contends, that the ANC government has endeavoured to sabotage political decentralisation and the devolution of power from the central government in various ways. For example, in the last two local elections the ANC did not declare its candidates for the positions of mayor. In this type of circumstance, people are forced to vote for the party rather than a mayoral candidate, which meant that they did so without realising who might perhaps be their mayor if the ANC won, totally subverting the ability of local constituents to directly hold their representatives responsible.

In this chapter, the report also addresses the impact of politics in service delivery by conducting comparisons of Cape Town with Johannesburg between 2001 and 2011. The argument is that opposition-controlled municipalities are not necessarily less capable of delivering services than those controlled by the ruling ANC. The chapter will show how 'crossing-the-floor' legislation undermined the opposition's ability to govern at the local level as well as how the intergovernmental relations system means that cities do not have full responsibility for delivering major services. This has enabled political manipulation by the national government.

The chapter demonstrates how national decentralisation policies have affected service delivery responsibilities and resources. Furthermore, it looks at the differences in service delivery depending on whether or not the city is governed by an opposition party and also the impact of the vertically-divided authority on intergovernmental relations. Lastly, the chapter explores the implications of the intergovernmental relations system for policy makers.

In African countries generally, there is still a strong concentration of power in the centre. "Decentralising power is often seen as a risky endeavour in Africa within a context of political instability, most notably where ethnic and regional cleavages exist. National elites often fear losing power at local-government level. This is compounded by the tendency of opposition parties in many democratic African countries to control capital cities which, in turn, has led to attempts by central

government to undermine their power." (Cameron, 2014, p. 82) According to Cameron, "South Africa generally has avoided this African trend of weak local government by constitutionally entrenching local governments with specific functions and powers, and sources of revenue." (Cameron, 2014, p. 82) However, it has not been without any political interference particularly because of the major challenges such as delineation of responsibilities and accountabilities across the different spheres of government. Notwithstanding this, cities have been able to attain successes with service delivery where there has been requisite leadership and commitment.

The intergovernmental relations shifted significantly in 1996 when the Constitution stipulated the establishment of a quasi-federal system which consists of national, provincial and local spheres of government. The South African parliament is made up of the National Assembly and the National Council of Provinces which represents provincial interests. As it is, there are 9 elected provincial governments. Furthermore, the Municipal Structures Act stipulates the establishment of metropolitan governments for major cities, and there are 8 metropolitan governments in South Africa. Strong local government is a fundamental piece of the 1996 Constitution, which expresses that each level of government is distinct, interdependent and interrelated. The principle of the cooperative government supports this non-hierarchical cooperative federal arrangement of intergovernmental legislative relations.

Section 151(3) of the Constitution specifies that municipalities have executive authority and the right to administer on their own initiative their local communities' administrative affairs, subject to national and provincial legislation, which may also mean that they address issues assigned to them by national and provincial legislation. Section 151(4) expresses that national or the provincial government should not restrict or hinder a municipality's right or capacity to perform its functions. "The most important constitutional functions of local government include the provision of water, sanitation, roads and stormwater drainage, solid waste disposal, electricity reticulation and municipal health services." (Cameron, 2014, p. 83) Local government is responsible for the provision of these

services and others in a sustainable manner as well as the promotion of social and economic development.

Local governance has failed in some respects to deliver on the Constitution's list of objectives. According to a Department of Cooperative Governance and Traditional Affairs (COGTA) (RSA, 2009: 10) local government distress is as a result of, "tensions between the political and administrative interfaces; poor ability of many councillors to deal with the demands of local government; insufficient separation of powers between political parties and municipal councils; lack of clear separation between the legislative and executive; inadequate accountability measures and support systems and resources for local democracy; and poor compliance with the legislative and regulatory frameworks for municipalities." (Cameron, 2014, p. 83)

Cameron identified that "introducing new local governments without sufficient financial resources was a recipe for disaster; that a major factor contributing to the failure of local government is to be found in the demands placed by a complex system on institutions which have limited ability and little inclination to meet those demands also; that one of the consequences of the decentralised system was the emergence of local clientelistic and patronage interests that have not promoted service delivery to communities," (Cameron, 2014, p. 84) all accounted for the disjuncture between the theory and the practicality of the local government system.

Inter-party conflict has constrained political decentralisation. "There are also some broader concerns about the practical implications of existing legislation on inter-governmental relations." (Cameron, 2014, p. 84) For instance, the enactment, by the ANC government, of legislation permitting councillors to switch parties which benefitted them more than other parties, also referred to as 'cross-floor-politics'. Thus, when the ANC assumed power over the Western Cape provincial government, it revised legislation with the goal that municipalities could decide whether to work under a mayoral executive system, or one based around a collective executive system. This empowered the ANC councillors in Cape Town to decide in favour of disposing the collective executive system, on which

the DA had a few seats, and change to mayoral system with an advisory committee made up completely of ANC individuals. Unmistakably an adjustment in legislation by the temporary ANC government empowered the local ANC party to expand its control in Cape Town. This, as argued by Steytler (2008), demonstrates that "the current plethora of national and provincial laws may be guilty of strangulating local government, thus preventing it from executing its constitutional, developmental mandate." (Cameron, 2014, p. 84) The fact that the responsibility of local government are dependent on the national and provincial spheres of government has resulted in fragmentation, duplication and confusion on responsibilities, therefore major cities like Cape Town and Johannesburg do not have complete responsibility to deliver key services. The housing sector, in speaking to vertically divided governance, is the area that is affected the most when it comes to urban service delivery.

The absence of clarity in regards to responsibilities between the spheres of government creates the potential for political tension and conflict in instances of vertically-divided authority, especially concerning high-profile urban services. "Confusion over intergovernmental relations responsibilities emanates directly from the South African Constitution, which not only allocates functions but also enables national and provincial government to delegate certain powers to local government." (Cameron, 2014, p. 93) Cameron identifies that this has been problematic in the area of housing, which is a shared obligation between all three spheres of government. He notes that, "the province has the authority to decide the location of potential housing settlements. But, due to resistance from middle-class communities, it frequently selects peripheral areas that normally do not align with the budgets and plans of the municipalities." (Cameron, 2014, p. 93) In terms of the financial decentralisation in this matter, the infrastructure grant goes to the municipality and the funding for housing is allocated to the province from national causing a lack of coordination. It is also ironic and can be attributed to political interference since housing is a function delegated by the Constitution to the local government. This type of ambiguity of dispensation of powers political and financial creates conflict.

Despite the ruling party's various efforts to limit and change the provisions of the political decentralisation and financial decentralisation, that is, as far as how funds are disbursed from central to local government, remains strong. To some degree, it is because South Africa's large cities are basically self-financing. "The Constitution gives local government the right to impose taxes on property and surcharges on fees for services provided, and these are major sources of municipal revenue." (Cameron, 2014, p. 85) They can also raise revenue through the reticulation of electricity as well as from water. Johannesburg actually depends on grants for just fifteen percent of its spending plan, and Cape Town for only eight percent. Thus, the major cities in South Africa can all things considered make their own spending choices.

This chapter has shown how South Africa has a strong decentralisation policy as facilitated by the country's strong constitutional framework which allows for significant autonomy to metropolitan authorities. Even though it may have areas which are ambiguous and that overlap, the intergovernmental relations framework also facilitates cooperation and coordination in terms of governance issues. The strong constitutional framework keeps the role of politics in the provision of urban service delivery from being problematic. Vertically-divided authority appears to have greater effect with political decentralisation, as shown by the 'floor-crossing' legislation that arose as a result of the DA's popularity in Cape Town.

Lastly, in this chapter the report has demonstrated how local government is the government closest to citizens, thus, increasing its competence, financial resources and an active community participation in decision-making will increase responsibility of authority. "Decentralization of local government is a very important process for the democratic development of a country. Decentralization is defined as the process of political devolution, fiscal and decision-making from central government to local level." (Isufaj, 2014, p. 460)

Chapter 4: Critically reviewing the impact of intergovernmental relations and cooperative government on economic development and government policy in South Africa

Following the end of apartheid, government redefined its centralised governmental structure focusing on enhancing on government capacity to achieve reconstruction and development through federal arrangements. This is to say, if South Africa was to move forward, democratically, it needed to understand that it is a developmental state, from here, it would be better positioned to be able to combat inequalities of the past and deal with apartheid legacies. "The focus of government was directed at promoting a common understanding that the new democratic South Africa would have to be a developmental one and that policy need to redress past imbalances through integrated, participatory and partnership-orientated governance, planning and management." (Malan, 2008, p. 77) Furthermore, this had to be the starting block toward fast-paced economic development and progressive stringent economic policy regulations.

The essence of the report is to look at the capacity of the South African federal cooperative arrangements in driving growth, economic development and pulling the country out of the developmental state. This chapter demonstrates how the government has pursued economic development through its cooperative and intergovernmental relations. Intergovernmental relations are important for policy reforms and their effectiveness important for whether a policy is successful or a failure. In this chapter the report looks into this assertion as it attempts to understand the role of South Africa's cooperative arrangements on macroeconomic policy. "Despite the several post-apartheid policy interventions that South Africa has introduced, there are still visible traces of the apartheid era including the evident poverty, unemployment and inequality that characterise the lives of many South Africans, especially those in the rural areas." (Clifford Biyela, 2018, p. 221)

4.1. The nature of the relationship between provincial and local governments

In this section, the chapter examines the relationship between organs of the state by investigating the propriety of the relationship between provincial and local governments regarding conflicts and conflict resolutions. It is an analysis of whether the prescriptions and provisions of the Constitution and legislation have been efficient in the fostering of cooperation between these organs of government or if they have failed to resolve the conflicts that occur when implementing their constitutional responsibilities.

Government institutions in South Africa as forms of governmental reconstruction and restructuring in post-Apartheid exist as interlocking units of government within society with the same objectives and goals to develop and enhance government capacity as well as promote nation-building and alleviate poverty. "The institutions of government in South Africa have, existed as a series of interlocking devices, pervasive throughout society, and all aimed at promoting the objectives of the national development and poverty alleviation policy." (Malan, 2008, p. 76) These institutions or organs of government are also, as per the principles of cooperative government which are codified and form part of South African law, autonomous, as they are allowed to perform their roles and functions independently *within their areas of competence* without the interference of the other organs. That is to say, even though, sometimes, their duties and responsibilities may intertwine despite each having clearly defined roles, they are still distinctive and independent before they are interdependent.

In the previous chapters the report discussed development goals and the effectiveness of South Africa's intergovernmental relations system in driving developmental growth as well as the intergovernmental relations system efficient functionality within a state that is premised on inter-institutional 'harmony' – which means that all three spheres of government should be cooperating together in mutual understanding and good faith. "Section 41(1)(c) of the Constitution provides that these organs of government are obliged to provide effective, transparent, accountable and coherent regime. The same Constitution cautions the organs of government to perform only functions conferred upon each one of them and not perform functions assigned to the other organs of government (Section 41(1)(g)-(g))." (M Z Makoti, 2018, p. 99) The understanding therefore is that

without such cooperation, intergovernmental relations in the country will not be effective in their objectives of providing success to projects and programmes for advancing and the promotion of the principles of public administration. “It is pertinent to mention that these organs of government share common constitutional duty to provide basic services to the people and communities within their areas of jurisdictions in terms of section 41(1b) of the Constitution.” (M Z Makoti, 2018, p. 99) The constitutional expectation is that the organs of government strive to provide basic services in a collaborative manner, cooperating, and coordinating efforts for improved delivery of basic services.

Government has the right idea with its approach of integrated development planning interventions, which is part of the cooperative arrangement. The question then becomes understanding why this idea to integrate planning has failed to take-off in almost three decades of democracy, notwithstanding of course the minimal success it has attained. Its success has been so minute that all efforts to achieve what is explained by L P Malan has been a failure. Malan explains that “The focus of government was directed at promoting a common understanding that the new democratic South Africa would have to be a developmental one and that policy need to redress past imbalances through integrated, participatory and partnership-orientated governance, planning and management.” (Malan, 2008, p. 77) In this sense the chapter proposes that development stagnated and declined, that policies have been impossible to execute because whilst integration might have been achieved participation and partnership-oriented government has failed due to a number of variables which have provided themselves as shocks to the efforts, such as to name a few, corruption, ineffectiveness, lack of leadership and execution. For the most part, it has been interference from the top-tier spheres of government on local government issues that has created the most tension and distrust that has hinder cooperation and coordination between them and local government which has in turn hampered and impacted the development. Whilst the Constitution established the principles of cooperative government and introduced a system by means of sections 139(1) and 154(1) of the Constitution that allowed provincial government to supervise over local government. “Section 139(1) of the Constitution empowers provincial government to intervene into the affairs of a local government that

is failing to carry out its executive duty. Section 154(1) of the Constitution also obligates both national and provincial governments to supervise, monitor, support and strengthen local governments so that they can manage their own affairs." (M Z Makoti, 2018, p. 99)

Within the apartheid regime government in South Africa operated with fragmented administrations where public resources and service delivery were spent along racial lines. The nature of the state was a key discussion in the negotiations between the apartheid government and the unbanned liberation movements in 1990, one of which was the African National Congress. Opposed to that form of government these movements sought a government that would be strong enough to lead a process of social and economic transformation. "Some ANC leaders came to see the advantage of having effective provincial governments, both for the delivery of services and empowering of the people, and they became convinced that provincial governments could be combined with strong leadership from the national government." (Malan, 2008, p. 79) These negotiations would set the path toward a new and 'appropriate' system of constitutional government, one that would not be oppressive or segregated and that would not leave anyone behind insofar as development and prosperity. "A form of regionalism with concurrent powers was agreed upon, along with a set of overriding powers by the national government (when in national interest and if necessary) which formed the basis of the intergovernmental system in South Africa during that time." (Malan, 2008, p. 79) This is to say that a compromise was reached as witnessed in the interim Constitution of 1993.

After South Africa's democratic election in 1994 poverty alleviation and resources and effort mobilisation became the challenge of the new government and achieving this goal became the responsibility of consolidated effort from all sectors of government. This laid the ground for the development of a system of intergovernmental relations. Leaving a lot to be said this system developed quickly from 1996-2003, it developed with the inclusion of co-operative government as it is expressed in the previous chapter. The common view of most researchers and officials is that local government is the weakest link of government since it is regarded to be failing to meet its obligations. The report has already discussed its challenges in the previous chapters where it expressed that in

terms of section 152(1)(b) of the Constitution it failed in its responsibilities. Thus, “what has continued to trigger interventions into the affairs of the local government by the provincial government are the inadequacies of some local governments in delivering basic services in an efficient and effective manner as mandated by the Constitution.” (M Z Makoti, 2018, p. 100)

Various considerations and processes are necessary for the effectiveness of intergovernmental relations. These include information-sharing, consultation, monitoring and evaluation, intervention and dispute settlement. These considerations and processes necessitate particular institutions and practices within South Africa. They are also provisions for the consolidation of the spheres of government. These developments the report considers as a critical juncture not only as the state of nature of the current government but of the constitution especially in regards of co-operative government. It is especially an extraordinary achievement for the democratic government when one begins to consider the state and nature of the divisive apartheid government. Malan identifies it as a milestone in the promotion of co-operative and partnership of government. “The establishment of legislation and policy promoting intergovernmental relations in South Africa can be regarded as milestones in promoting co-operative and partnership government.” (Malan, 2008, p. 82) Despite such an achievement, as Malan also acknowledges, does not necessarily mean an effective system. This perhaps for many reasons such as a lack of a mindset of cooperation and information-sharing, lack of commitment in implementing the principles of co-operative government, corruption and a lack of leadership from officials and politicians. For instance, “the practical reality on the ground being experienced by the people who are supposed to be serviced is that there has been consistent pattern of service delivery failure by the local government officials.” (M Z Makoti, 2018, p. 100) Under these types of circumstances, the provincial government would intervene, this creates the tension or conflict, that has seen local governments raising issues of interference, whether done in good faith or not.

These make up only a few of the countless challenges that face the system of intergovernmental relations. Malan suggests that the challenges are unavoidable and this report believes that this is

possible considering the country's historical experiences of segregation. "These challenges are often the result of the "tension" between national direction (national government defining how to secure the well-being of the people) and locally defined preferences (provincial and local governments determining their preferred choices within their area of jurisdiction) built in by the Constitution, 1996." (Malan, 2008, p. 82) The nature of participation in this sense then becomes a critical factor.

The nature of the South African constitution (S146) is one that assigns government functions on either exclusive or shared basis. Malan provides this example, that "The national government is exclusively responsible for national defence, foreign affairs, the criminal justice system, higher education, water and energy affairs and administrative functions such as home affairs and tax collection. The bulk of social services are shared (concurrent) competencies between national and provincial governments (such as school education, health services, social security and welfare services, housing and agriculture)." (Malan, 2008, p. 82) In simple terms, the national government provides for the policy formulations and regulatory frameworks of those areas and provincial government works within the borders of the national framework. It is not difficult to imagine why this would cause tension. It creates an ambiguous set-up where there is no coherency in terms of delivering service through the three spheres of government. Despite legislation to guide and promote intergovernmental relations issues of interdepartmental and intergovernmental co-ordination arise perhaps as a matter of political judgement. Political judgement as described by Lawrence Hamilton is, "the ability to choose, in particular collective context, how to best proceed; that is, it is the experience, insight, vision, and timing to choose, given one's knowledge of current opinions and interests, the best course of action to bring about or determine a desirable end." (Hamilton, 2009, p. 41) The implication is that national government performs reactionary measures to provincial experiences and contexts where perhaps institutions and practices could have been established to assist it in terms of provincial and even local conditions to which national could have no knowledge of. While this is a mere example the point that is being made is that the context and positionality of provincial and local government will not always be comprehendible on a national context. Therefore, "inter-governmental supervision is necessary

but may result in an intrusion by one government into the affairs of another." (M Z Makoti, 2018, p. 101) There is, however, the principle of cooperative government which keeps the wielding of supervisory powers by provincial government over local government in check so that the constitutional autonomy of the affected municipality is preserved somewhat. This means that, "although the Constitution permits supervisory roles by the national and provincial governments over local government, these higher organs of government are obliged in terms of section 41(1)(g) of the Constitution to respect the institution of the local government and avoid encroaching on its geographical, functional and institutional integrity." (M Z Makoti, 2018, p. 101) National and provincial governments have, however, been found to have acted in ways that impinge on the autonomy of local government, even of one another, which is considered to be offensive to the tenets of the Constitution.

Such lack of unison unwittingly hampers performance and coordination. Malan argues that intergovernmental relations system in South Africa is hampered by two main deficiencies. The first being, "the determination and execution of key national development priorities involving all three spheres of government is an unpredictable and incoherent process at most (if not all) spheres of government, with the clear exception of the budget process. A variety of processes and structures exist whose status, role and interrelationships remain uncertain" (Malan, 2008, p. 83) and the second is that, "the management of service delivery programs is based on questions of jurisdiction between departments, organs of state or spheres of government when policy priorities cut across ministerial mandates and traditional policy fields. The mechanisms for managing service delivery through intergovernmental relations are ad hoc and lack institutional definition. The result is a poor integration of services at community level, duplication, real or perceived unfunded mandates, and a general inability to forge collaborative partnerships or to find common ground for joint action." (Malan, 2008, p. 83)

It is then suggested that the ambiguity and lack of clarity when it comes to the status and roles of institutions and structures present themselves as causes of the ineffectiveness of these institutions

despite being provided for in legislation. This again elucidates the notion that this makes joint work and common programs impossible since strategic planning of participation is incompatible. “The alignment of strategic planning between spheres of government is weak and it becomes difficult to recognize national priorities into provincial and municipal strategic planning and to match local development opportunities of municipal integrated development plans with the resource allocation decisions of national and provincial governments.” (Malan, 2008, p. 84)

4.2 Examining the Legislation Governing Intergovernmental Relations.

The Constitution stipulates the relationship between the various spheres of government in the deterring of disputes while encouraging cooperation with each other (Section 40 and 41 of the Constitution). “The organs of the state are required not to assume power or function except those that are conferred (Section 41(1)(e) of the Constitution) and not to encroach on the functional area of others (Section 41(1)(h) of the Constitution).” (M Z Makoti, 2018, p. 101) The Constitution likewise encourages the enactments of parliamentary legislation which must build up bodies and institutions that advance and encourage intergovernmental relations. In instances where there have been disputes, the legislation ought to give systems and strategies to resolve or settle the disputes (Section 41(2)(b) of the Constitution). Moreover, organs of the state which are engaged in intergovernmental disputes are ordered to utilize sensible measures to settle the dispute. Except if they have exhausted all the alternative measures accessible to them, organs of the state should not enter into litigation against others (Section 41(3) of the Constitution). These sections in the Constitution are significant because they act to preserve local government with the end goal for it to have the option to execute its executive power successfully and productively.

Despite the different spheres of government enjoying relative autonomy in terms of Section 40(1) of the Constitution, they are obligated to adhere to the principles of cooperation and coordination. However, even with these constitutional prescriptions there are still significant levels of bitterness and conflict within different organs of the state in South Africa. In these situations, the courts are

given judicial powers to encourage state parties to find ways other than litigation to resolve their disputes ((Section 41(4) of the Constitution). As a result of the persistent tensions legislation has been enacted to assist resolve conflicts to enable the provisions of service delivery and activities that promote socioeconomic development. For example, the Inter-governmental Relations Framework Act, 2005 (IRFA) which was passed in 2005 for the national government or parliament to pass law for the promotion and facilitation of strong intergovernmental relations. "Section 2(1) of IRFA provides that the Act applies to all the organs of government but it has no application over parliament and legislature, the courts and judicial officers, constitutional institutions and other independent institutions." (M Z Makoti, 2018, p. 102) The objectives of IRFA are to establish a framework for the various spheres of government to develop and expedite strong or acceptable relations. Moreover, the IRFA wants to bring in measures and procedures for assisting in the settlement of intergovernmental disputes, at whatever point they may emerge.

The initiation of local development agencies to support the goals of local economic development to become part of the local economic development landscape in the country requires efficient and effective cooperation and coordination between the decentralised spheres of government. The success of local economic development agencies is challenged by the intergovernmental disputes and the lack of cooperation and coordination that weaken the local economic development position in, local economic potential, capacity and resources challenges and institutional readiness of the municipalities to manage local development outcomes. The Constitution and IRFA are pivotal in establishing a stable space for the successful operation of the local development agency model, which itself in turn plays a significant role in the managing, directing and coordinating of economic development activities in particular local spaces. In this sense, the report agues the necessity of a clearer legislative framework of the Constitution and IRFA as well as decisive and effective implementation and enforcement, since as it stands, "neither Chapter 3 of the Final Constitution nor the Act speak to intra-governmental dispute resolution." (Woolman, 2009, p. 73) For Stu Woolman, "The reason for this silence is that intra-governmental disputes between provincial departments do not generate justiciable

constitutional or legal conflicts. The power to resolve such disputes vests solely in the Premier of the province." (Woolman, 2009, p. 73) In the end though, "an intra-governmental agreement is only as good as the penalties in place for non-compliance." (Woolman, 2009, p. 74) The agreements need to establish complete certainty that all members concerned in the agreements between provincial departments in the same province understand that failure to honour their constitutional obligations will be met with the imposition of severe penalties.

Chapter 5: The Cooperative Government of South Africa and its Challenges

The emphasis of the South African Constitution, 1996, centres around co-operative government which sets out clearly the structure of the state and prescribes the responsibilities of the levels of the public sector. The nature in which its framework is set up is one that speaks directly to the development of a system of intergovernmental relations but does not account fully for the operationalisation of the policy of co-operative government itself. “These values, however, represent statements of intent rather than a formula for action.” (Tapscott, 2000, p. 123) Thus, creating these tensions between a unitary and a federal model of the state. This chapter of the report therefore focuses its efforts on the shortcomings of the existing system of intergovernmental relations that produce poor co-ordination within and between the levels of government and which hamper their capacity to provide multi-sectoral social programmes. “At present there are no formal procedures specified for the achievement of this intergovernmental harmony.” (Tapscott, 2000, p. 124) An example of such a complexity is Section 146 which seems to raise more questions than answers. Section 146 of the Constitution according to Victoria Bronstein, “is an elaborate section that articulates typical federalism concerns.” (Bronstein, 2006, p. 286) The section seeks to “protect the common market and preserve national economic unity and also prevents provinces from implementing beggar-thy-neighbour policies.” (Bronstein, 2006, p. 286) It also “gives preference to provincial legislation, and protects it against national legislation, unless circumstances exist in which a national override can be justified.” (Bronstein, 2006, p. 286) This, more than anything else, shows how far the Final Constitution departs from earlier ANC centrist political thinking. Reliving his experiences as one of the ANC members who participated in the “confidential talks” which negotiated the unbanning of liberation movements, the release of political prisoners as well as brought about the democratic dispensation, former president, Thabo Mbeki, recalled that the ANC offered the National Party sunset clauses without it asking. The sunset clauses were built into the constitution to ensure effective transition for the first ‘democratic’ term of five years or the government of national unity. These expired in 1999, however, only in technical terms as remnants of the clauses can still be located within

the constitution, particularly when one refers to property rights. Thus, “political parties, both in and out of power, challenge the legitimacy of the constitutional order and assert that its failures are a product of its origins rather than its implementation.” (Klug, 2016, p. 41) This assertion almost directly accuses the ANC from moving away from the party’s original political thought in order to make constitutional compromises that accommodated handsomely former apartheid bureaucrats and business. In other words, the negotiated settlement between ANC elites is viewed not only as a secret pact which excluded the black majority, but also as a betrayal to those who had sacrificed so much during the struggle for liberation. The Final Constitution had not provisioned for redistribution, it still, in fact, protected the pensions of apartheid civil servants, ensured representation of the NP in Cabinet, and guaranteed that a NP member would be deputy president until 1999, F. W. de Klerk. Today, commentators make the claim that the contemporary failings of government and the soaring inequality levels are as a result of the ‘negotiated’ status of the Constitution. This report contends that, while on the other hand, some have argued that such claims do not distinguish between the interim constitution, 1993, which is the actual product of the negotiated transition from apartheid, and the Final Constitution which was produced by a ‘democratically-elected’ Constitutional Assembly, distinction is only relevant for their respective identification and that does not take-away from the immensely remarkable influence and coercion of those negotiation settlements on both the interim constitution and Final Constitution’s regulatory frameworks, similarly. In this sense, the consequential challenge that remains to the legitimacy of the constitutional order reflects that the ANC’s political thought had transformed quite drastically in the drafting of the Final Constitution.Whilst a regulatory framework is an important development to establish, this chapter concerns itself with investigating what if anything can together with legislation promote greater intergovernmental co-operation and co-ordination, enhance capacity and bring about more generally accepted models of interaction between the three spheres of government.

The first and most fundamental aspect to consider when referring to the constitution is the notion that its drafting and the system of government that emerged thereof is quintessentially South African.

"This is because the constitution itself is the product of the multi-party negotiations which took place between 1992 and 1994 and which were the means through which an end to apartheid rule was brokered." (Tapscott, 2000, p. 119) For Chris Tapscott, the drafters opted for an enabling framework rather than one that is prescriptive in an effort to establish as broad a consensual base as possible. In other words, the constitution specifies the pursuit of certain goals and objectives, however it does not stipulate how this is to be done. This can be understood to say that the constitution was drafted with incomplete policy vision and that room had been left for the establishment and development of policies as the country was transitioning. Thus, it can be imagined that this 'trial and error' approach weakened national legislation's relationship with the provisions of the constitution. That is to say that South Africa's experience of weak compatibility between national legislation and the constitution, which is the lack of an effective regulatory and enforcement framework, is a direct consequence of the ambiguity that was created in the drafting of the constitution. Tapscott believes that the development of an effective system of intergovernmental relations is still forming and requires the support of appropriate policy pronouncements and legislation which is what this report means by 'weak compatibility'. "The development of an effective system of intergovernmental relations, in particular, is very much information and will need to be supported by appropriate policy pronouncements and by legislation." (Tapscott, 2000, p. 119) South African intergovernmental relations therefore lacks a balance between the technical requirements for interaction between the hierarchical levels of its government as well as suffers a crucial dislocation in terms of co-ordination in its political power relations.

A recurring theme of causality for the incapacity of South Africa's ailing system of co-operative government in delivering social services and to redressing the inequalities of the past is its inconsistency and uncertainty when it comes to the preciseness of the responsibilities of the different levels of the administrative echelon. Researchers have identified that "weaknesses in the structures and practices of intergovernmental relations led to poor co-ordination within and between different departments and spheres of government, creating an incapacity to implement national programmes

and a consequent failure to deliver basic services." (Tapscott, 2000, p. 120) This was also noted as an issue of key concern in the Presidential Review Commission, 1998, on the reform of the public service.

At present the administrative capacity of the provinces is extremely variable. Whilst some provinces(Gauteng and the Western Cape) are performing relatively well, others (such as the Eastern Cape, the Limpopo and Mpumalanga, which absorbed the former homelands) are struggling to deliver even basics services (Tapscott, 2000, p. 122)

5.1 The failure of local government symbolic of the failure of cooperative government and decentralisation?

The purpose of this section is to assess what the financial management crisis of local government can offer in terms of the nature and extent of the failure of the sphere. It is also an effort to understand whether its failure can be conceptualised as the failure of the whole system of cooperative government or decentralisation.

5.1.1 Some reasons for the failure of decentralisation

Successful decentralisation presumes the presence of ideal conditions, for example, effective local autonomy, self-sufficiency and authority, adequacy of resources, effective local institutions, responsible and accountable political procedures and processes. "Even given these favourable conditions, threats such as procedural weaknesses, political immaturity, clientelism, elite capture, corruption, financial constraints, poor political leadership at local level, a distracted, inertia-bound and overwhelmed central government, excessively complex frameworks and capacity constraints can lead to the derailing of the decentralization process." (Thomas A. Koelble, 2014, p. 613) Unfortunately, South Africa's decentralisation is riddled with all of these threats. The report has opted to explore briefly, the last three of the threats – distracted, inertia-bound, and overwhelmed central government; excessively complex frameworks; and capacity constraints – as discussed by Koelbe and Siddle.

Firstly, “in order for a decentralization process to succeed, central government must have the political will and capacity to drive the process and entrench it.” (Thomas A. Koelble, 2014) The absence of commitment at national level effectively overflows into subnational governments. An unintended outcome of South Africa's decentralization process is that the local level of government currently provides a large pool of opportunities extending from employment to tenders on government projects that end up being a source of power and patronage for local political entrepreneurs, also alluded to as 'tenderpreneurs'. The absence of political will by national authorities to ‘pursue’ corrupt and degenerate ‘comrades’ of the struggle for liberation explains to an enormous degree why such a significant number of municipalities are controlled by people who hold neither the specialized nor administrative aptitudes expected to conduct their obligations yet can still be able to transform their positions into pools of patronage, individual magnanimity, and favour.

Secondly, the overly complex and demanding local government framework which is being applied in South Africa is another cause for concern. In South Africa, “a brief examination of the constitutional and legislative provisions relating to local government reveals an extremely complex and sophisticated framework. These statutes are long and complex, requiring an expert knowledge of interpretation of statutes, constitutional law, administrative law, management practice, and financial practice, amongst other disciplines. The actual implementation of these enactments— involving the establishment and implementation of seemingly endless policies, systems, and mechanisms, not to mention the leading, supervision, and guidance of staff in what is often a volatile employment sector— requires rare management skills.” (Thomas A. Koelble, 2014, p. 616) In this context, complexity also includes the extent and enormity of operational and administrative burdens which the framework imposes with the complicated and demanding legislative imperatives.

Lastly, the lack of capacity is the most identified as a serious threat to decentralisation. South Africa’s reputation for the absence of capacity in local government is quite notorious and is very well documented. “The issues relating to capacity include inappropriate appointments (here reference should be made to the widespread practice of ‘cadre deployment,’ whereby individuals are appointed

to posts not by reason of their ability, but rather on account of their political reliability), vacancies, inability to retain staff, capacity gaps, inadequate funding for capacity building (or the inability to spend that funding appropriately), allegedly inadequate remuneration, inadequate support from senior governments, inadequate training institutions, and a general lack of technocratic skills in the country." (Thomas A. Koelble, 2014, p. 617) The inability for South African departments to perform administrative, operational, and technical functions, which ultimately result in dysfunctionality and the failure to deliver services is very much attributed to the above factors.

5.2: The importance of an effective system of intergovernmental relations and cooperative government to the economy

5.2.1 The role of cooperative government in the economy: Fiscal decentralisation

In this chapter the report assesses the role and significance of fiscal decentralisation as a mechanism for the facilitation of improved effectiveness and efficiency in local government. Nyawo Gumede defines fiscal decentralisation as, "the dispersal of financial responsibility to lower levels of government or other spheres of government." (Nyawo Gumede, 2019, p. 53) That is, it entails the financial aspects of devolution, particularly, the dispersal of financial responsibility to local government. Thus, the argument in this chapter believes that local governments can perform their decentralised responsibilities effectively, efficiently, productively and competitively when they have adequate amounts of revenues that are raised locally or sufficiently transferred from the national government. Moreover, it is essential for local government to have sufficient authority to make its own decisions regarding expenditures. According to the definition by Gumede et al, "fiscal decentralization can assume various forms including, self-financing or cost recovery through user charges, co-financing or co-production arrangement through which the users partake in providing services and infrastructure through monetary or labour contributions, and expansion of local revenues through property sales taxes." (Nyawo Gumede, 2019, p. 53)

As already established in the earlier chapters, in South Africa, local government or municipalities have legal authority to imposes taxes, however, the tax base is so feeble, and the reliance on national sphere subsidies is instilled to the point that no endeavour is made to practice its authority. Gumede et al argue that, "fiscal decentralisation can lead to economic growth and development if it is applied properly and conceptualised as a development strategy to facilitate local participation at the local sphere of government." (Nyawo Gumede, 2019, p. 53) It is not an easy exercise attempting to strike a balance between fiscal decentralisation and economic performance. Fiscal decentralisation deals with significant issues such as, revenue collection as well the allocation of responsibilities to municipal departments to think deliberately and strategically on the most proficient method to improve and sustain the income and how it is utilised to improve service delivery and development. For fiscal decentralisation to happen effectively, local government needs an adequate income base either collected, exacted or levied locally or received from national government. "It is critical to note that fiscal decentralization implies the percentage of total government expenditure used by local governments, considering the size and character of transfers, or the level of tax autonomy of local governments or both." (Nyawo Gumede, 2019, p. 53) As a consequence, local government would attain adequate decision-making authority to determine expenditure.

The World Bank defined fiscal decentralisation as: "fiscal decentralisation involves the fact that previously concentrated powers to tax and generate revenues are spread to lower levels of government, for instance, municipalities are imparted the powers to raise and retain financial resources to fulfil their responsibilities (World Bank,2000)." (Nyawo Gumede, 2019, p. 56) In this sense, the authority of local government officials changes when fiscal decentralisation expands their right to acquire additional tax revenues or when it legislates a formal municipal role in expenditure policy. This desire parallels the desire to decentralise political authority with federal type arrangements. For example, there are correlating implications of incentives created by political and fiscal institutions. Thusly, the report has explored the manner in which the different types of fiscal decentralisation work when politicians, instead of being benevolent social planners, stand to benefit

largely from the different political incentives. In this sense, the report has looked at the relevant issues in the political economy of federalism, focusing on relevant issues about how decentralisation interacts with political institutions and incentives. As such, it examines the implications for the design of decentralisation concentrating on issues of potential problems associated with implementing and sustaining the federal type arrangements, whilst considering strategies of effective implementation particularly where there are predatory governments. “Predatory central governments are a problem throughout the developing world, and these governments hinder the operation of an otherwise well-designed federal system.” (Weingast, 2013, p. 7) Any and all benefits of decentralisation can be undone or compromised if the impunity and behaviour of predatory governments is unchecked or not constrained. By the way, even governments that are not predatory are likely to lack perpetuity and credible commitments. Summed up, the report contends that when fiscal decentralisation and political authority decentralisation are parallel, greater democracy is achieved. That is, “economic success potentially provides local political officials with a resource and political base with which to challenge national leaders, either to extract greater concessions or freedoms; or to challenge their leadership.” (Weingast, 2013, p. 7) This is why these predatory or insecure central governments have incentives to compromise local governments and keep them from succeeding.

It ought to be noted that some local municipalities do not improve their revenues because of failures in their methods, techniques and systems to collect debt. The inability to collect debt efficiently and effectively was widespread in South African municipalities, such that it is contended that municipalities in this sort of issue ultimately fail to balance their books. With specific reference to revenue, the most widely recognised kinds of fiscal decentralization incorporate expanding the transparency and stability of transfers supplying sub-national governments with the ability to collect their taxes and to set the rates of these taxes, and giving local governments the option to obtain with more prominent freedom from the national government. The capacity by the sub-national government to be able to cover its expenditure or costs from its local revenues, getting rid of its parasitic reliance on borrowing and national government fiscal transfers, is called sub-national fiscal sustainability. At

local government level, the idea of fiscal sustainability must be seen distinctively since the capacity of municipalities to manage their revenue base and likewise their expenditure are to a great extent confined by higher national levels of government. Provincial governments act as guard dogs of local municipalities, monitoring their expenditure. Provincial government officials are influential in the creation of municipal outlines regarding its limits in spite of the fact that in certain countries the municipal demarcation board manages municipal limits and then reports to provincial government as the higher governmental order and it is accepted as legal and constitutional. The provincial government decides the operations of municipalities with respect to the local revenues they can raise and their sources. They set detailed rules on the best way to collect revenues for the local authorities. Such supervision suggests that municipalities function under seriously heavy provincial control, thus, one would not expect them to fail, however, it has been the opposite. Municipalities still fail to deliver local services effectively and efficiently despite the provincial control "There is a serious problem of fiscal discipline in many municipalities." (Nyawo Gumede, 2019, p. 60) Also, it is not all municipalities that perform badly, some actually do well despite the challenges they face. "There are two dimensions of local government fiscal sustainability namely the static dimension (the relation of the levels of revenues and expenditure) and the dynamic dimension (the relation of the growth rate of income and the expenditures). Thus, sustainability could, for example, be measured by looking at the buoyancies/elasticities between expenditure and economic growth and also income and growth, should the former be more buoyant /elastic than the latter, sustainability could become problematic over time." (Nyawo Gumede, 2019, p. 60)

There needs to be cognisance on the fact that provinces themselves have limited financial resources and revenues of their own and that they for the most part have an equitable share in the national revenue. "This follows from the traditional South African approach that the national revenue is indivisible – the country has a so-called single revenue system." (Nyawo Gumede, 2019, p. 60) Additionally, municipalities rely upon the allocation from the national government and are continually supervised by their particular provinces.

5.2.2 Fiscal decentralisation implications on basic services

"Fiscal decentralisation capacitates local municipalities to consider their varying environments, socio-cultural, socio-economic disparities when allocating services." (Nyawo Gumede, 2019, p. 61) It empowers municipalities to deal with their natural resources and their socioeconomic institutions to the advantage of the advancing of the local people. Data on local needs and demands can be collected in less expensive ways by the municipality. Fiscal decentralisation enhances and advances accountability and transparency regarding the usage of public funds at the municipal level. It helps in advancing local traditions and the restructuring of the public sector, also, it very critical in advancing more prominent local fiscal autonomy and transparent fiscal governance, which in turn advances local economic growth and encourages poverty alleviation.

Fiscal decentralisation is an opportunity for the local government in South Africa to assume ownership of their fiscal resources. "In South Africa, local government Integrated development plans (IDPs) permit effective and efficient local community participation in decisions over their financial priorities and local economic development." (Nyawo Gumede, 2019, p. 61) The redistribution, by local government, of scarce resources as per the expectations of local development is enabled through fiscal decentralisation, also, allocative efficiency as well as the redistributive effectiveness in local service delivery is enhanced.

5.2.3 Issues of fiscal decentralisation

In South Africa, "fiscal decentralisation and decentralisation, in general, faces a plethora of challenges at the local government level." (Nyawo Gumede, 2019, p. 62) For one, there is no clear-cut evidence that conclusively suggests that greater fiscal autonomy will result in improvements in service delivery at local government levels. Such has never been guaranteed even in global experience. There are not conclusive formulae and methods of assessing the impact of fiscal decentralisation the poorest segments of the local communities. Another issue is the lack of institutional and technical capacity in the implementation of adequate service strategies suitable for

the needs of the local people. Many of the local municipalities are unable to integrate local preferences in their IDPs, particularly, when dealing with systematic corruption as a challenge. “The levels of corruption or financial misconduct is very high in most municipalities to the extent that very few municipalities get clean audits from the Auditor-General.” (Nyawo Gumede, 2019, p. 62)

Transparency is a huge challenge for fiscal decentralisation at the municipal level of government, where there is the prevalence of political interference in the financial processes of many municipalities in South Africa by the dominant political parties. There is also the issue of underdevelopment in formerly blacks-only settlements. There is poor economic infrastructure and very little to no investment in these areas, therefore, the potential for revenue is impacted upon negatively by it. Many of the South African municipalities fully depend on national and provincial government financially. They also depend on the Development Bank of Southern Africa (DBSA) for municipal grants, of which, they receive monies which they spend without trying to be independent from the other spheres of government

5.3 Sustaining Rents - Looking at SOEs under President Jacob Zuma-ANC from 2007 (2009)

Federal stability is threatened in all types of ways, including where the centre captures the powers of the lower jurisdictions through excessive rents, misguided and mismatched policy design and assignments to the different levels of government, issues with how democracy interacts and responds to decentralisation, and lastly political restrictions to development and how decentralisation can be manipulated to mitigate issues or compound them through corruption, which ultimately is counter-productive to decentralisation. This section discusses the political restrictions and how predatory central governments cause problems and hinder the functionality of well-designed federal systems. It contends that perhaps South Africa, particularly, during president Jacob Zuma’s administration (9 May 2009-14 February 2018), acted as a predatory central government, through ‘state-capture’ or the

capture of state owned entities (SOEs) as a way of centralising state control over these entities, to allow for looting of state resources by individuals.

Just as infrastructure, SOEs are placed at the centre of the South African government's economic and transformative policies. In this section, the report explores the federal dimensions of the remarkable growth of SOEs under president Jacob Zuma. President Zuma's legacy on some of the country's key SOEs is unfortunately one of poor governance, corruption as well as operational and financial distress. "While acutely aware of their role as catalysts for shared economic growth and transformation, Zuma and his ministers allowed SOEs to slide into crisis. Key SOEs Eskom, South African Airways (SAA), Denel and Passenger Rail Agency of South Africa (Prasa) have been limping from one crisis to another." (Njobeni, 2018) From August 2016, through the establishment of the special presidential state-owned enterprise coordinating council that he chaired, president Zuma directly oversaw the strategy of state-owned companies and any state intervention made in them. By offering corrupt individuals who were doing wrong political protection, Zuma is said to have facilitated the ruin of some of the SOEs. According to William Gumede, "South Africa is increasingly becoming a "rent-seeking" society in which the politically connected make easy money without having to work for it: they get government and private sector contracts, mining rights and favourable policies just because of their closeness to the ANC leadership." (Gumede, 2015)

The rent-seeking culture diminishes the productive capacity of the economy, as well as innovation and new investment. It impedes the creation of employment opportunities and efforts to reduce poverty and inequality. In the end it obstructs economic development. For example, "the risk of a predatory reaction by the central government feeds back into the local economy, making it less likely that economic agents will make investments that can be expropriated even if these would be profitable under the local government's policies." (Weingast, 2013, p. 7) Also, there is an underlying commitment issue for decentralisation for these types of governments. For instance, "reform-minded governments may create a new policy allowing entrepreneurs to make profitable investments, but they cannot commit to honouring that policy," (Weingast, 2013, p. 8) This makes economic agents

reluctant to invest out of fear that the government will not honour law and regulatory processes because it can revise them when they are unfavourable. The central government of South Africa, particular during president Zuma's two terms, displayed complete centrism and a total lack of perpetuity to decentralisation. As a government, South Africa, demonstrated the inability to bind officials to institutions and policies, which means, it could not at the time guarantee that its policies would last its tenure in power and this affected investment returns negatively.

Chapter 6: Why Inequality is Prevalent in South Africa – Decentralisation Failing to Deliver on The Potential for Poverty Alleviation

In this chapter the report explores decentralisation, privatisation and the role of the state in education in the economy of South Africa. It examines critically the interplay between privatisation, decentralisation and the role of the state. The chapter will attempt to illustrate the manner in which the relationship between the state and education policy affects current models and trends in privatisation and decentralisation of education as a whole. To do so efficiently the chapter embarks within a historical and social approach to better provide answers for the events, political, social, and economic, that have occurred in South Africa in recent years.

The chapter also identifies the implications of education decentralisation on the quality of education. It attempts to answer whether education decentralisation improves performance or whether it impedes it. What is implied by education decentralisation in this chapter, are policy objectives that refer to increasing school autonomy - in the South African case there is are ministers for both basic and tertiary education, respectively, as well as provincial MECs of education - and local governance, which may involve improving service deliver, however, often includes shifting political power or funding responsibilities.

The task of this chapter, therefore, is to assess how decentralisation as a general concept has impacted poverty alleviation, particularly, the relationship between education, poverty alleviation and social mobility. The argument the report makes is that education decentralisation has failed to effectively transform education in South Africa and as such the huge disparities in the access to quality education leads to large social and service delivery inequalities remaining prevalent in the country.

6.1 The impact on poverty

Through democratic decentralisation the South African government was brought close to the electorate, thusly, it is required to bring great benefit to the voters, a majority of which are poor. There is no evidence, however, to conclusively confirm that public policies in decentralised governments

have improved service delivery to the poor. Lidia Cabral argues that, “the paradox is that policy-makers that depend upon political support from the poor do not effectively deliver basic services that benefit the poor.” (Cabral, 2011, p. 8) In an unequal developing country as South Africa, the majority poor voters are most likely to be uninformed, illiterate, and most susceptible to vote on the basis of ethnic and political party identity. Cabral believes that, “politicians are likely to be credible only to the few voters with whom they maintain clientelist relations which means that public resources are allocated to benefit these clients to the detriment of broad public services accessible to the poor.” (Cabral, 2011, p. 8) She seems to support the idea that political decentralisation might not be the most effective way of improving pro-poor service delivery where such imperfections as the ones mentioned above are significant.

According to Cabral, evidence has shown that, “the degree of responsiveness by policy-makers to the poor and the extent to which decentralisation impacts on poverty are determined essentially by the politics of local-central relations (e.g. extent to which ruling elites control local powers) and the commitment of central authorities to poverty reduction.” (Cabral, 2011, p. 8) This renders it improbable for decentralisation to be pro-poor without increased accountability and improved accountability systems at all levels of government. Closer assessment of the pro-poor character of decentralisation experiences analysis five dimensions of poverty, which includes, “empowerment of the poor (i.e. responsiveness of government and effectiveness of participation of the poor), pro-poor economic growth, equality of income distribution, human development and spatial inequality.” (Cabral, 2011, p. 8) In many senses, evidence seems to be suggesting that decentralisation has not had much of a positive impact on poverty as many would think.

Even when you single out empowerment, there are visible signs of increased participation in decentralised government, however, there is insufficient evidence to conclude that the outcome has been policy responsiveness, meaning, improved correlation between the needs and the preferences of the local people and public policy. This is as a direct result of the weakness in accountability systems which fail to protect the interests of the poor and to ensure that they are duly represented in policy

making. Also very telling, the responsiveness is especially weak in rural and poor areas, where poverty and lack of education inhibits constituents' capacity to engage, access and attempt to influence municipal councillors. Cabral argues that there is hardly any commitment of local government present for pro-poor economic growth. She alludes to lack of focus on the conditionalities and contextualities of the local people in policy formulations, for instance, development programmes that do not directly speak to the needs of the local people, but rather on spending resources on more urban infrastructure and recurrent expenditures. "Paradoxically, rural infrastructures, especially those to support agricultural development, are often not within the remit of local governments." (Cabral, 2011, p. 8) Decentralisation in this sense does not seem to favour the representation of disadvantaged groups, instead it reflects more and more to be strengthening patronage networks which are not even equitable in their distribution of rents.

It is not all losses, however, for pro-poor decentralisation. That is, since local governments to a large degree depend on the central or national government fiscal transfers due to their revenue base being narrow, there is some scope for redistribution of resources from the higher spheres of government. Where there has been access to resources in poor remote areas with few or no services, decentralisation has produced positive results. To this effect, the report considers the Comprehensive Rural Development Programme (CRDP) as a case study. South Africa has since 1997, sought after a set of socioeconomic policies that cumulatively target the closing of the social gap between the different racial groups. Thus, the focus on delivery of services and basic infrastructure targeted at closing the inequalities gap. To this end, "rural development policy was seen as the means to redress the injustices suffered through apartheid." (Ruhiiga, 2013, p. 165) As a means to address the structural weaknesses in earlier government policy positions regarding land and rural development, the Comprehensive Rural Development Programme (CRDP) was launched in 2009. According to Tabukeli Musigi Ruhiiga, "The CRDP is crosscutting and develops through all sector departments and clusters of the Medium Term Strategic Framework -MTSF, 2009-2014-and the Government's Programme of Action (RSA 2009b). The CRDP encompasses agrarian transformation, rural

development and land reform." (Ruhiiga, 2013, p. 165) The core principles of the MTSF 2009-2014 were to basically enhance the conditions of life.

The CRDP included the following elements, "aggressive implementation of land reform policies; stimulate agricultural production with a view to contributing to food security; rural livelihoods and food security; improve service delivery to ensure quality of life; implement a development programme for rural transport; skills development; revitalization of rural towns; explore and support non-farm economic activities and, institutional capacity building." (Ruhiiga, 2013, p. 165) Participation is a vital piece in terms of the legitimacy of this policy since it is a measuring apparatus for the examination of community involvement as well as the extent of community consultation in the development of interventions for the area. "Participation is critical, because in theory, the community takes ownership of any outcomes of such a process and reinforces chances for both continuity and sustainability." (Ruhiiga, 2013, p. 165) Citizens in this sense are more critical and enabled to contribute materially to the whole programme in the areas within they live. In comparison to previous government strategies the CRDP is premised upon proactive participatory community-driven planning as opposed to the interventionist approach to rural development. Forgoing the top-down approaches for a more grass-rooted bottom-up approach enables the CRDP to be most effective in responding against poverty and food insecurity through the utilisation and management of natural resources to develop lively, equitable and sustainable rural communities. "A CRDP must improve the standards of living and welfare but also rectify past injustices through rights-based interventions and address skewed patterns of distribution and ownership of wealth and assets." (Ruhiiga, 2013, p. 166)

The purpose of the CRDP is thusly the facilitation of integrated development and social cohesion by advancing participatory approaches in partnership with all segments of society, it is about empowering rural people to deal effectively with rural poverty optimal usage and management of natural resources thereby assuming control of their own destinies. "Its focus is on the establishment of rural business initiatives, agro-industries, co-operatives, cultural initiatives and vibrant local markets in rural settings, the empowerment of rural people and communities (especially women and

youth), and the revitalisation of old, and revamping of new economic, social, and information and communication infrastructure, public amenities and facilities in villages and small rural towns." (Ruhiiga, 2013, p. 166)

Rural people learn over time engaging participatory processes, through their own initiatives and encounters, the best ways to adapt their indigenous knowledge in their evolving world. This type of decentralisation is one that speaks to the fundamental principle of cooperative government and is the most altruistic form in that it advances community ownership. It needs for its success committed cooperation and coordination to be able to deliver effectively to the needs of the communities and therefore requires the committed involvement of many departments within the different spheres of government. The CRDP is intended to be the kind of government development project that does not simply make the people dormant recipients of aid but rather make the partners in the responsibilities. It is also an expansion of the Reconstruction and Development Programme, described as, "an integrated, coherent socio-economic policy framework" which "seeks to mobilise all our people and our country's resources toward a final eradication of the results of apartheid and the building of a democratic, non-racial and non-sexist future" (Corder, 1997, p. 184) Its purpose was to address the moral and ethical development of South African society through incorporating ideas of democracy, prosperity and sustainable growth

6.2 The Continued Inequality and Possible Causes of Poverty in South Africa post-Apartheid

This section evaluates and discusses causes for why South Africa is still so unequal. It assesses inequality and the causes of poverty in South Africa after apartheid. As the report has already established, issues of inequality and poverty in South Africa cannot be understood without first understanding the country's history of apartheid and how power within this history was exercised. This is the reason that the report tries to provide a focused assessment of the political transition of 1990-4 and 1996. For the following paragraphs it tries to give a socio-economic perspective to the

transition, assessing some key elements of the economic policies since then. The paragraphs will assess power politics over economic structures, that is, analysing the role of business in political issues. This requires that the report look at those "leading lives of luxury, blind to the historical foundations on which these structures rest." (Freund, 2009, p. 129) In this sense, the report assesses the transition period from an angle of economic policy and the significant role of the corporations. It will argue how systems were already put in place, before 1990, that created structures that would maintain and perpetuate patterns of inequality. By this, the report believes that economic policies that emerged remain deeply prejudice about race and class.

The report tries not to centre so much on the deracialisation of inequality, but places great emphasis on the high unemployment levels, "limited access by the poor to resources that might improve their chances of employment, and policies that continue to provide advantages not to the poor but to intermediate categories of the population." (Cooper, 2007, p. 456) It is important to the case of the report to be clear on the imperativeness of a strictly South African trajectory in terms of a growth analysis of the country which in this case suggests an understanding that "South Africa has a thoroughly capitalist economy: few people have access to land." (Cooper, 2007, p. 456) This suggestion raises a potentially very important political question, which revolves around the issue of property rights and property law of which the report, although in limited detail, attempts to tackle. Moreover, the apartheid government exercised administrative and police force and brutality to ensure that the rural poor were kept out of cities, restrict their access to major forms of employment, and to restrict the informal sector. This type of growth strategy, "expropriation of land and coercion of labour, through pass laws, residential restrictions, and intensive policing" (Cooper, 2007, p. 456) which went back even before apartheid systematically kept unskilled wages low and were utilised to advantage white workers to a monopoly of the major job types. In the end, "whites were able to maintain their advantages through access to education and political and social networks, and they became less reliant on explicit racial discrimination." (Cooper, 2007, p. 456) The effects of such a system were that the country now had a large surplus of unskilled African workers and suffered a

shortage of skilled workers. Whilst the apartheid government was forced by this to relax their racial policies by encouraging residential stability for some Africans in the cities while at the same time keeping others out. “Mechanisation of farming and new waves of forced removals from white-owned farms accentuated the surplus of unskilled labour, which the state tried to manage not by welfare measures, job training, or job allocation programmes, but by hiding the problem in the Bantustans.” (Cooper, 2007, p. 456) As a consequence of the preferential treatment of some over others, some of the workforce separated itself from the rest through increased skills level and position to key sectors of the economy, “its employment position reinforced by social-services – residence rights, access to better schools, old age pensions.” (Cooper, 2007, p. 456) What such policy exercises ensured was that the gap between marginalised working/ non-working class made up of blacks and a majority working class and middle class that was not completely white anymore was not reduced. There is evidence showing that while most African households experienced increased income, it was only the richest 20 percent of households, the poor households were left worse off.

Critical to the report’s assessment is the shift that occurred in the South African labour market during this period. It is also important for the report, in driving its point across, to give a historical context, which places it in the 1970s, where the need for low-skilled labour began to decline. “The decline of the cheap labour market meant the emergence of unemployment on a massive scale, creating an economic and social problem.” (Freund, 2009, p. 130) In terms of the comprehension of poverty it must be said that caution needs to be assumed especially when exploitation seems to be understood to have given way to exclusion. That is to say, while these are two distinct concepts by definition, both applicable when comprehending poverty, they are one and the same when assessing a social complex such as poverty since much of the focus rests always on social mobility.

According to Frederick Cooper, “Seekings and Nattrass argue(d) that the high-wage, high-productivity strategy of the post-1994 government - reflecting its commitment to equality and its constituency in the labour unions - had the reverse of its intended effect.” (Cooper, 2007, p. 457) As such, an unavoidable fact to this regard has been certainly one whereby the condition of the black

poor, especially with regard to work has worsened since 1994, this is not to say that in the period of the two decades there have not been better conditions or a large number of blacks becoming employed. But to say that "intra-class inequality has increased very substantially" (Freund, 2009, p. 130) in the period between 2003 to now, and that the middle class to a large extent has deracialised. This increase of class structure alteration is traced to the success of capitalism of the 1950s and 1960s. "Since white advantage shifted significantly from crude racial preference to connections, capital and access to skills and education from the 1970s, very few whites have lost out badly since the end of formal discrimination." (Freund, 2009, p. 130) Another aspect for consideration is how state-driven welfare redistribution policies along class and race lines started having substantial influence on the structure before apartheid had ended. "By 1994, remittances had been replaced in poor black communities, even in the countryside, by pension payments as the main household source of cash." (Freund, 2009, p. 130) In such instances there can be one picturesque narrative for such a conditions and that is an overall idea of a virtuous circle for those better-off and one that is vicious for those who are disadvantaged since many key job opportunities depend on educational attainment as well as social skills and 'networks', particularly of privilege. "The result was to encourage a capital-intensive form of growth that provided a boost to the fortunes of the best trained and best-off African workers, but if anything made unemployment worse. Redistributional programmes did less for the truly poor than for those a step or two up the ladder." (Cooper, 2007, p. 457) Cooper argues that, "the entry of Africans into the advantaged category has not trickled down to those without employment and without the resources to get it." (Cooper, 2007, p. 457) The report has come to maintain a position that believes that, pandemics such as COVID-19 and responses to it, demonstrate just how unequal the nature of South African society is, and also how easily these inequalities can be exacerbated by such threats.

Important to point out is the idea that the report takes the blanket assertion of the concept of class in terms of its use of it in the South African context. This is in an effort to move away from appearing to be advocating against the 'new black rich' whilst maintaining an argument of racism being cause

of South African divisions. Rather, the report attempts to put more emphasis on the question of mobility, welfare systems and the nature of class. To this effect, the argument it makes is against the ANC's political strategy, "where it represented itself 'in terms of racial redress.'" (Cooper, 2007, p. 457) instead of prioritising seeking to build a constituency with the poor. This once again brings about the rise to the notion of inclusive prosperity/growth, which evidently has been an idea extensively discussed in various policy reformation debates where it has been insisted upon that "all parties have a long-term interest in bringing the unemployed, the marginalised, and the poor into the economic, social, and political system, but they also recognise the importance of corporatist politics in South Africa, which does not bode well for such endeavours." (Cooper, 2007, p. 457) It is a paradoxical notion that sees it quite necessary to restrain wages and put emphasis on the creation of jobs within the minimal skills pool. However, such a strategy requires controlled input from all sectors of society. In order to put resources directly into the hands of the poor, what is a basic income grant, more equal education, worker ownership of land and firms, and a better-targeted welfare system as part of essential reform.

The huge unemployment figures are not the only causes behind the inequality that exists in the country. Twenty-six years after apartheid South Africa remains one of the most unequal countries in the world. The first indicators to look at when attempting to analyse and understand the causes of the inequality in South Africa is the data that expresses the widening gap between the rich and the poor since the end of apartheid. The democratic government has set for itself through national surveys benchmarks by which it can judge its progress in tackling inequality. It is a humbling story where South Africa begins at the advent of the post-apartheid period with extreme levels of inequality that are understandable on their basis of the segregation laws, and then you have a government that is directed to addressing that inequality especially its racial dimensions. Although we have seen some changes in the racial composition there still exists incredibly high levels of inequality, at best they are the same as they were in 1994. Some estimates express them as even marginally higher.

The report in this section has thus argued that South Africa needs to create decent low wage jobs for the chronically unemployed both in the urban and rural areas as part and parcel with its agenda of making the workforce more productive and innovative if it is to pull itself out of the "middle-income trap" as well as reinforce national cohesion. It also contends that in terms of the development policies of the post-apartheid government demonstrate a lack of resoluteness that hinders their implementation therefore limiting the economy from being inclusive and dynamic. South African policy efforts in all sectors should be combined to speak to the issues of the poor as well as seek to address the root causes of inequality.

The social and economic inequality experienced during apartheid has persisted through to contemporary South Africa, which has seen over time black elites move into rich white neighbourhoods and begin to adapt 'rich-white' attitudes and mentalities. This, arguably, has been a process that has created intra-racial inequality amongst the blacks adding onto the already prevalent black-white inequality. "The hideous contrast between luxury houses with swimming pools in affluent suburbs and sprawling shacks in impoverished townships remains, and has intensified in the post-apartheid era." (Mine, 2019)

Research shows that while poverty has reduced, thanks in part to social grants for the poorest, inequality has remained the same or is slightly higher. It is to be noted that most of this report attempts to reflect that it is not just inequality between racial groups that has increased but inequality within them as well. If the apartheid society is treated as a society whereby the norms stacked the dice in the favour of the minority whites, by then removing that legislated norms you would expect that without preferential treatment some white South Africans would become poorer, therefore increasing inequality amongst them and at the same time you would expect that some black South Africans to become richer increasing inequality with that racial groups.

While the is an expression of improvement and progress in terms of reducing poverty since 1994, the numbers remain exorbitantly high for South Africa. "Statistically, the level of South Africa's

inequality is the worst in the world." (Mine, 2019) This is as detailed by the figures released in a 2018 World Bank Document. According to the World Bank, "the number of South Africans living below the food poverty line (FPL) fell from 28 percent in 2006 to 25 percent in 2015. The corresponding decline was from 51.0 to 40.0 percent at the lower bound poverty line (LBPL), while it declined from 66.6 percent to 55.5 percent at the upper bound poverty line (UBPL). In absolute terms, around 2.3 million South Africans escaped poverty at the LBPL and 1.2 million at the UBPL. However, around 343,000 more South Africans were poor based on the FPL in 2015 than in 2006." (World Bank Document, 2018, p. 7) These figures demonstrate stagnation in the development growth of the country and in fact show that more South Africans are becoming poor. "South Africa's post-apartheid economy is not only unequal but also stagnant." (Mine, 2019)

The fact that inequality goes up as it seems within racial groups may not appear in and of itself bad but it just seems that we've generated a society that itself generates inequality. This report accepts that ultimately, it will always be the labour market that transforms a society at the end of the day. However, experts have argued that the labour market really under performs in post-Apartheid South Africa, in the sense that job creation is not very high even if we grow at a growth rate of two to three percent. This makes the labour market a very important centrepiece in regards to explaining the causes of the inequality.

The extreme inequality put together with the structural unemployment in South Africa restrict coherent policy making for redressing efforts. "Inequality tends to make politics more discordant and fractious, thus discouraging the centripetal and consensual politics." (Mine, 2019) The majority of the population in South Africa is removed, excluded and alienated from the productive sector, as well as the economy, an issue that cannot be simply resolved through the 'regular' redistributive measures. Job creation targeted at the chronically unemployed members of the country's urban and rural societies is a key element to removing South Africa from the perpetuated 'trap' of middle-income isolationism and the rising poverty.

Even though sanctions had been lifted after apartheid had be met its ending, economic recovery of South Africa had been slow and defied anticipated growth expectations, falling short of them. “Although the upward turn of South Africa’s GDP per capita after the abolishment of apartheid in 1994 is visible, the pace of advancement is frustratingly slow.” (Mine, 2019) Mine argues that, “nations generate rapid economic growth when they transform their labour force from a low-productivity to a high-productivity stage, and continuously upgrade their skills and innovativeness.” (Mine, 2019) This is, however, an area where South Africa falls far too short since its labour market excludes more than a third of human resources from the productive sector. The country suffers extreme levels of unemployment, “the unemployment rate hit 36% in 2016,” (Mine, 2019) which reveals how the level of unemployment has not been positively impacted in almost three decades.

Mine also argues that, “principal cause of persistent inequality in South Africa lies in the history of land dispossession.” (Mine, 2019) His argument is that the “European settlers expanded their territory into today’s South Africa depriving indigenous African people of land.” (Mine, 2019) It is thus the opinion of this report that South Africa and the black South African never recovered from the colonial and apartheid disadvantages imposed upon them, particularly, that “the authorities prohibited the land ownership of black Africans in areas designated by law as being for whites only, thereby destroying the basis of their autonomous rural livelihoods and enterprises.” (Mine, 2019) Mine continues, “While white farmers began to engage in large-scale subsidized food production in the best parts of the country, black Africans were forced to make their living in so-called native reserves (homelands), which constituted only 13% of their native soil.” (Mine, 2019) The black in this sense was forced to seek job opportunities from the whites to earn, out of necessity, wage income.

South Africa’s history with unemployment is one that suggests that there have always been more people than jobs on one hand, yet on the other, it demonstrates that power domination by a few over a majority has always dependant on limited or no property rights for the poor, ensuring complete control of resources in all respects and subjecting the poor into perpetual servitude as well as low income earners. “Uprooted from the soil, people flocked to the white areas seeking low-wage jobs,

regardless of availability, and this creation of "surplus people" gave origin to today's structural unemployment in South Africa." (Mine, 2019)

The African National Congress (ANC) of 1994, which itself is in a coalition with the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP) to make up the Tripartite Alliance that entered the multi-party negotiations in 1990, established a policy recommendation that later developed into the Reconstruction and Development Programme (RDP), a policy that advocated for and promoted a pro-poor structured economy, but also a policy that lost its momentum as ANC members secretly held meetings and negotiations with the corporate sector on fundamental economic matters which arguably set up the foundation of the Constitution today. In other words, the RDP had been shelved to accommodate more capitalist policy attitudes and mentalities which debatably have been aggressive against the poor. The unionists and communists of COSATU and the SACP sold out the poor for personal material gains as well as positions in the South African parliament, for the political puppetry of the ANC and the corporate sector. "The organizational machinery of the COSATU and the SACP remains essential for the ANC to canvass for votes in the elections, while the unionists and communists can hold cabinet positions." (Mine, 2019)

The alliance with COSATU and the SACP gave the ANC credibility with the 'new black middle class', which under Black Economic Empowerment (BEE) expanded remarkably. Albeit with some disadvantage to the poor, the BEE seemed to have benefitted only a handful of blacks, creating new elitist blacks and sustaining the old guard, whilst cutting out the rest completely. What is most ironic is the idea that "the BEE policy seems to be mostly endorsed by all political parties based on dual expectations; the "black middle class" is regarded as a vanguard of the advancement of the black majority and can also be a buffer to preserve a deracialized capitalist order." (Mine, 2019) The more radical of the educated and frustrated black African youth want most of the BEE policies reformulated or completely scraped off for a more radical economic transformation, one that includes everyone. In fact, it is not accurate to suggest, at least not fully, that all political parties continue to advance BEE,

as seen by their more recent and current radical rhetoric of ‘radical economic transformation’ which is forced down their throats by the interests of the educated black youth. South African youth have rather forced political parties to resort to radical discourse such as land redistribution without compensation in ploys to obviously gain support from the black underclass and unemployed. Resorting to populist methods, not of their own choosing, but to sort of stabilise the ship amidst the tides of change being swept in by frustrated youth. “If a South African political party wants to break through its minority position in national politics, it is essential to garner the votes of black Africans.” (Mine, 2019)

Well over two decades after democracy social mobility has stagnated which in turn has limited the ripple-effect of skills and knowledge across classes of the population. If South Africa is to expand on its growth capacity it must invest in the research and human capital formation to improve the productivity and innovativeness of the workforce. The argument the report hopes to make is that “human capital is the essence of innovation and is therefore crucial to the development of commercial products and the improvement of business processes.” (Morris, 2015, p. 486) That is to say that if South Africa is to be competitive in the long run, be it locally or even globally, it needs to establish and bluntly enforce stringent policies that force the cultivation of their knowledge-based intangible assets, beginning with human capital. At the moment, “South Africa’s investment in R&D is not impressively high: in 2013, the ratio of R&D spending to GDP was 0.7% in South Africa.” (Mine, 2019) The subsequent result of poor investment in a state R&D platform is that it renders it inefficient as such hampering innovators from developing and increasing productivity. Whereas, according to Ufrieda Ho, “It should be a terrific nexus: a connecting point where investment in research and development boosts innovation; in turn, innovation boosts economic growth; and economic growth benefits more people.” (Ho, 2020) Where South Africa fails R&D Ho points out is that it “has never met its target of spending 1.5% of GDP on research and development (R&D) and most recently reached 0.83%. The number has consistently hovered below the 1% mark that is also the African Union recommended target.” (Ho, 2020) If South Africa is to reach the target of 1.5% will require

many of the components to fall into place for instance promoting R&D and innovation as an investment pillar, investment in education and better R&D data collection.

The report advances the notion that education plays a very positive role on economic growth in that there are remarkable benefits of education in improving growth rates. This is also in support of the idea that, “A more educated society translates into higher rates of economic growth and thus the ability of governments to alleviate poverty.” (Cooray, 2009, p. 3)

In this sense, the report pushes for the promotion of investment on human capital, relying on the simple science that “the impact of human capital on economic growth depends on the measure of human capital used.” (Cooray, 2009, p. 16) The BEE policy has created significant demand for black youth with higher degrees. “However, despite efforts of expanding the educational basis, skilled black African professionals are still in short supply. Some black African university graduates do not want to be stigmatized by affirmative action, in that they may be considered less competent than their white colleagues.” (Mine, 2019) Nonetheless, government has a responsibility to invest largely on education as well as engendering a culture of innovation and problem solving as key drivers of economic participation and growth.

This rising number of educated black youth and their frustration with the system has formed a remarkable power vacuum that has seen key political parties begin to compete over their votes. If anything, this is telling that these youth have inherited the struggles of their predecessors who struggled during apartheid, and even more telling, the idea that the legacy of the struggle has waned is an absurd one, since these youth are frustrated over structural and systematic prejudices against them formulated under colonialism and apartheid. To understand clearly the need for education, particularly higher education, as well as the frustration that has arose amongst the black educated youth, one needs to understand the relationship the attainment of an education and access to the job market have with one another. According to a report by Tia Linda Zuze et al, “studies have shown that young South Africans who obtain a post-grade 12 qualification benefit from greater employment

opportunities in both the formal and informal sector." (Tia Linda Zuze, 2009, p. 2) However, youth unemployment is very high in the country, to a point whereby in some communities, joblessness is to a certain extent accepted as the norm rather than an exception. Matriculants over the post-apartheid period encounter hostile job markets when they leave school, which is part of the motivation for the Fees Must Fall Movement in 2015. "The movement started in 2015 as a continuity of Rhodes Must Fall (#RhodesMustFall – RMF)." (Felipe G.K. Buttelli, 2017) Initially Fees Must Fall was a struggle against fee increments in the 2016 academic year and RMF had before that been struggling against the colonial heritage of South African universities.

What these movements were actually, is protests against the high inequality experienced in all sectors of South African society, as expressed from a lens of students. More than just a catalyst for the heightened student activism and movements in universities throughout the country as well as global thought-provoking political discourse and dialogue, Chumani Maxwele's actions on 9 March 2015, were more than just a political performance responding to the lack of attention on symbols at University of Cape Town (UCT) that were physical reminders of white supremacy and of Black subjugation and oppression. Through his actions, throwing human excrement on colonial statues like that of Cecil John Rhodes, Maxwele was attempting to bring about a connection with the lack of human dignity given to Black people living in the townships. In his own words, "The catalytic act of March 9, 2015 was a political protest, the possible impact of which I understood very well." (Maxwele, 2016)

For this report, education is a yardstick for measuring, or beginning to assess whether decentralisation has achieve its mandate and developed effectively, it is a crucial study for observation of whether the cooperative government has failed those who are poor. The poor have effectively protested for service delivery in the past but it has never sustainable and their 'voices too low' such that local government immediately forgets about their plight and reverts to old behaviours and attitudes about servicing the poor. Protest for ineffective decentralisation and service delivery is 'louder' when it is taken directly to power and their comfort destabilised and they are forced to pay attention. Education is also a key

form of this protest since it ‘services all’, the poor and powerful, and to articulate the grievances of the poor from the vantage point of education, it is most likely to effect more change. Thus, Maxwele’s thought process to defile the colonial statues at the UCT campus was that by using the human excrement that runs exposed through Khayelitsha Township, Cape Town, it would also speak to the urgent need for human dignity for black people living in poverty there. Decentralisation in South Africa is supposed to have brought the type of education for all that assists the cooperative government in the developmental projects. It is supposed to decrease inequality by creating opportunities, giving the poor a fair chance to get a decent job, to escape poverty, to support their families, as well as develop their communities. These are the kinds of responses the cooperative government espouses through its decentralisation, bringing education to the people and have them have it help them how they wish it helps their positionalities, conditionalities, and contexts, it has however, not all been realised, in some situations the poor are left worse off. Maxwele’s form of protest therefore, while it was directly confronting the institutional and systematic inequality within South African institutions, particularly those of higher learning, and society, it was also indirectly referring to the failure of government to effective develop the lives of the poor. He writes about his thought process in the event that he gets caught, “I would say that, as an artist, I did not need to be on the formal list (for Infecting the City, a live art performance festival in and around Cape Town) of performing artists to produce artworks that speak directly to the university challenges of institutional and personal racism. This justification erased my fear.” (Maxwele, 2016)

The report argues that vast inequality in South Africa as well deep-rooted colonial and apartheid legacies keep it from escaping the developmental state entrapment. As such, the South African government should view education and representations around the notion as key mechanism for alleviating inequality, driving growth and developing an inclusive South Africa . This is the true mark of a successful and confident federal state. To pursue equality in South Africa requires to first understand the causes for the prevailing inequality, and the underlying and fundamental of all the possible causes is access to ‘free quality decolonised education’ to which in the end these student

movements were premised upon. The meaning or symbolism of which was to ensure inclusive and quality education for all and to promote lifelong learning amongst South Africans that represented equally all backgrounds, races, cultures, genders, sexualities and peoples. The essential idea is that every single human has the right to an education that enables their upward socioeconomic mobility and escape of poverty, but most importantly, every person has a right of representation in the curriculum. When individual are afforded the opportunities to attain quality education they are in positions to break the cycle of poverty. Furthermore, education helps in reducing inequalities and to reach gender equality. It empowers individuals to live more healthy and sustainable lives, also, it is important in fostering tolerance amongst people and contributing to more peaceful societies.

6.3 Educational decentralisation in Post-Apartheid South Africa

Based on the issues already raised in the previous sections of the chapter, this section of the report discusses decentralisation in the South African educational context through reviewing the shifting and contested definitions of the concept. This is in part to evaluate how as a concept it has impacted on decentralisation as a general concept in terms of delivering quality and equal services, particularly education. Therefore, focus is placed on three dimensions of the policy of educational decentralisation, namely, administrative, political, and ideological.

According to Yusuf Sayed, "most publicly justified claims for educational decentralization are based on the administrative dimension." (Sayed, 1997, p. 355) In this sense, objectives are to identify how education can be efficiently and effectively provided as well as what the most responsive and flexible structures for meeting both local and recipient needs. That is, administrative decentralisation is centred within the implementation of educational policies and responsibilities over their identification and development. "A focus on administrative decentralization efforts may shed light on the ways that an educational system is structured and consequently how educational goods will be provided and distributed, but it ignores the ways in which power is distributed within the system. It fails as well to differentiate two key dimensions of an educational system: policy control and policy

implementation." (Sayed, 1997, p. 355) In other words, the state can devolve implementation powers to schools, allow other agencies, or even individuals to provide education whilst retaining curriculum and financing as state functions. It is also not so much interested in the political dimension which results in its failure to grapple with issues such as the transfer of power, the functions of the distinct levels of governance, and the manners in which to exercise control.

In as far as the political dimension, "the political rationale for educational decentralization is to redistribute, share, and extend power as well as to enhance participation by removing centralized control over educational decision making." (Sayed, 1997, p. 355) The political dimension is mostly focused on issues of determining who decides how education is decentralised, the role of the state in the decentralisation, and the type of democracy that is being espoused when education is decentralised. "Issues relating to the privatization of education and the values and objectives that underpin the education system are also brought into sharper focus." (Sayed, 1997, p. 356) There have been doubts cast on whether decentralisation brings about a transfer of power, particularly because it benefits professionally and middle-class parents. Also, the central government does not completely relinquish or fully devolve power for educational decision making. This shows us just how government refuses to relinquish total control of education. Since it is only managerial and administrative autonomy that is given to schools, the claim of redistribution of power is not accepted unconditionally. Furthermore, there is not genuine participation in educational decentralisation, thus particular groups benefit from it and most do not. The political dimension of the educational decentralisation policy in South Africa is viewed as "a reconstitution of the form of the state and consequently a reformulation of the nature of control exercised in education." (Sayed, 1997, p. 356) That is, "the crucial claim is that educational decentralization is an attempt by the state to operate at a distance and, by doing so, to simultaneously portray itself as both being with the people and existing at the very point where the policies are implemented." (Sayed, 1997, p. 356) In this way, the policy of educational decentralisation reinforces the already distant relationship of the between government and the people.

“The ideological dimension of educational decentralization comprises the sets of beliefs and values that sustain this policy.” (Sayed, 1997, p. 356) This emphasizes focus on the individual citizen, self-interest and the satisfaction of individual needs. These reflect “the market model, which presumes that individuals will "purchase" public services in much the same way that they buy privately consumed goods.” (Sayed, 1997, p. 356) This dimension of educational decentralisation rationalises the privatisation of education and in a way pre-empts responses to resistance in terms of inequality cries. This is not to say that there should not be any private schooling in developing countries, rather the state should be aware of its polarising effect since a majority of the citizens cannot afford to attend them. “In the absence of any and all forms of state regulation and intervention, the specification of such needs is the onus of individuals themselves. Insofar as educational decentralization is concerned, this notion of the individual-as-consumer is reflected in the discourse of school choice.” (Sayed, 1997, p. 356) The report argues that government has the responsibility to afford all with opportunities to select schools on choice through the development of quality education.

Education decentralisation in South Africa represents two contradictory expressions as it has been utilised by both the apartheid regime as well as the democratic government, obviously articulating similar enough rhetoric but for different ends. “These discourses, however, have been fed by two interrelated yet potentially contradictory notions.” (Sayed, 1997, p. 357) Strangely, despite their distinct political and ideological rationale, the democratic government and the past government share classist notions, that alienate many. That is to say that, both, believe that educational decentralisation allows for greater control of schooling by those who pay for it, as well as that decentralization will enhance the efficiency, effectiveness, and quality of the nation's schools. As Sayed puts it, “both the National Party and the ANC share a commitment to some form of educational decentralization, albeit for very different political and ideological reasons.” (Sayed, 1997, p. 357) For this report, this confirms the classist and racist legacies maintained in the education structures which also speak to the contemporary structures of government. These legacies unravel as continuations of past inequalities into present day South Africa.

Chapter 7: Economics for the Poor, encouraging social mobility

7.1 Proposed suggestions for the solutions of the perpetuated inequality

The capacity for proper implementation of policies on the ground is dependant on the effective utilisation of local government which suggests that government should invest more resources in capacity building of the local government if it is to effectively address the policy-implementation issue. The mismatches in the designing and assigning of policies for local government has led to much of its failure, particularly in the disparities between rich and poor. South Africa is a country of two nations where there exists two economies, “one rich, the other poor; one First world, the other Third world” (Gumede, 2007, p. 117) Policy discourse in South Africa is one that has focused much attention to the rather stubbornly persistent poverty and it has been dominated by the idea that the poor people in the country stay poor because they are trapped in a ‘second economy’, detached and marginalised from the mainstream ‘first world economy’. For this chapter, the report has briefly sought to provide causes as well as suggest solutions to this plight experienced by the poor. The purpose for this chapter has thus been to suggest how the notion of ‘inclusive growth’ can be brought to those who have historically and presently been alienated from the economy. A large part of this chapter is used to expand on the statement, “Rather than aim at ‘eliminating’ the second economy or hoping that it can somehow be transfigured into the first, policymakers would do better to look carefully at measures that can ameliorate existing power imbalances and reduce inequality.” (Andries du Toit, 2007, p. 33)

This report proposes solutions to the question of inequality by suggesting the following for instance:

South Africa’s reputation as having the highest wealth inequality and poverty in the world precedes itself. In this section, we focus on ways South Africa can combat and reduce the inequality. According to Yoichi Mine, “In order to secure stable growth paths for emerging states, upgrading technological capacity and elaborating redistributive measures are of prime importance. To this end, effective coordination of conflicting interests is necessary.” (Mine, 2019)

What is needed is to create a system that makes it possible for people to become self-sufficient. Education for this instance is vital and fundamentally important as it gives one skills to get a job, however, once attaining those skills you need to find a job therefore economy has to get to create jobs. The economy needs to create large number of semi-skilled and unskilled jobs. Jobs that are in the same zone as the young people who are coming out of school. It needs to include a whole lot of pieces of societies that had previously not been included. That is the key thing in South Africa, the need for that process of inclusivity. Therefore, creating jobs that match the skills and education of the population. Contrary to this, and to its detriment, South Africa has focused on finance and real estate to solve the problem.

It is more about the mismatch and the structure of growth in South Africa. The services sector has grown for instance, however, it is a skill intensive and not particularly employment intensive sector. These are binaries of much interest to the research. The burgeoning services sector demands only a small number of highly skilled jobs leaving millions of South Africans with few job prospects. This fundamentally is the key to why South Africa is still unequal today.

Insofar as the challenges and failures which have already been explored the report proposes different policy recommendations as a means of advancing South Africa's policy framework for education. There needs to be deliberate effort to blur out cultural and racial boundaries through the promotion of multicultural and multiracial schools.

Conclusion

The government should focus much of its efforts to closing the policy-implementation gap by promoting proper implementation of government education policy through decentralised structures. There needs to be strong relations between public policy officials at all levels of government creating links between those for whom the policies have been created and those that create them. In this sense, a direct link is established between the people and the policymakers which better-equips the policymakers to create policies that are suitable for the conditions and contexts of the people. This will allow policymakers to better understand areas that require their immediate attention and to develop policies suitable to succeed in that given area. Furthermore, the capacity for proper implementation of policies on the ground is dependant on the effective utilisation of local government which suggests that government should invest more resources in capacity building of the local government if it is to effectively address the policy-implementation issue.

The democracy of South Africa from a system of apartheid meant that changes were needed to the structure and function of the state. For one, necessary reconsideration of a reconstruing of intergovernmental relations and a reframing of the responsibilities of the levels of government was needed. Democracy itself, at least within the South African context, depended on the promise of service delivery to all South Africa to which the system of intergovernmental relations anticipated. This is to say that the promotion of democracy rested on service delivery.

South African intergovernmental relations require the three spheres of government to establish "strong, flexible goal-directed partnerships that can promote collaboration without weakening performance and accountability." (Malan, 2008, p. 85) Such is only possible if politicians and officials alter their mindsets and welcome co-operation. Commitment to the promotion of intergovernmental relations and cooperative government through the dedication of promoting capacity building and institutional strengthening by government and its institutions presents itself as credible solution to ensuring sustainable development whether it is social, economic or

environmental. “The process, moreover, will be a complex one which will entail striking a balance between the technical requirements for interaction between the different tiers of the governing hierarchy and the imperatives of political power relations.” (Tapscott, 2000, p. 119) This idea that local government, for instance, is seen only as a delivery agent for development programmes and projects, whereas national and provincial spheres create and develop institutional structures to facilitate development, tarnishes its potential for development. “Chapter three of the Constitution, 1996, however, sets out only broad guidelines and principles for intergovernmental relations and cooperative government but states that an act of Parliament must establish or provide for structures and institutions to promote and facilitate intergovernmental relations and provide for appropriate mechanisms and procedures for the settlement of intergovernmental disputes.” (Malan, 2008, p. 80) Here perhaps local governments can assert their value to the central government.

This report explores the extent to which the Constitution itself is the product of the multi-party negotiations which took place between 1992 and 1994 and which were the means through which an end to apartheid rule was brokered and settled with the compromise of a cooperative government. It has attempted to argue that South Africa’s continuing woes with the legacy of apartheid and inequality are a direct result of the compromises that brought about the cooperate government.

In this report, the Constitutional definition and prescriptions of cooperate government are explained in their entirety, this is to better assess whether they serve their enactment and achieve what they are designed to do. “The concept of cooperative government requires the three spheres of government to function as a single, unified system, collaborating rather than competing.” (Moshikaro, 2016, p. 7) This means, in basic terms, that while cooperating with one another, they must establish friendly relations, assist and support each other, share knowledge where there are common interests, co-ordinate efforts and legislation, adhere to agreed upon procedures, and refrain from legal proceedings against each other. “These principles, roughly, dictate that spheres of government must ‘respect the constitutional status, institutions, powers, and functions of government in the other spheres;’ act ‘in a manner that does not encroach on the geographical, functional or institutional integrity of

government in another sphere;' and 'cooperate with each other in mutual trust and good faith' through 'fostering friendly relations,' ensuring communication and coordination, and avoiding taking their disputes to court." (Moshikaro, 2016, p. 7)

The responsibility for the preserving and promotion of peace, national unity, and indivisibility in order to deliver a government that is coherent, effective, transparent and accountable is shared between the spheres. Murray's 'functional federalism' means that these spheres are recognised as being distinct which is why emphasis is always put on the fact that "Cooperative government does not diminish the autonomy of any sphere of government. It simply recognises the place of each within the entire structure of government and the need for the coordination between these units in order to ensure effective and efficient government." (Moshikaro, 2016, p. 7) For instance, as a simple example, co-dependency, support of each other, and constant communication is regarded an essential piece of their progressiveness. That is, if we imagine that a local government intends on developing a new 'township' in a Development Plan that it has established, health and education services would need to be provided for by the provincial government, and water supply would be the responsibility of the national government. Financing for such a project would have to be transferred from the national to the provincial government where it would then be used to pay developers that the local government will have approved.

This is important to recognised because it allows the report to be able to point out just how and where the intergovernmental relations have collapsed as well as how this collapse has led to the failure. The report has discussed, in depth, the consequences of cooperative governance failure. It has thus, argued that the denialism and unwillingness to accept that the cooperative government is not meeting its targets, in terms of its federal cooperative arrangements, is a major element in the continuation and exacerbation of inequality in public sectors as well as the South African society. These targets, refer to the Sustainable Development Goals, succeeding the Millennium Development Goals, and these are a consensus on goals, targets and indicators for sustainable development. They relate to intergovernmental cooperation because they are dependent on or are the responsibility of the different

spheres of government working interdependently, although in synergy. The largest issue from the report's point of view is that South Africa has failed to produce growth and this is due to its federal arrangements. The federal cooperative government of South Africa has failed to coordinate efficiently and build each other's capacity in order to coordinate better their responsibilities in terms of these targets which the report considers to be made up of mostly public service. Despite South Africa being a federal assemble in terms of its government structure, this lack of coordination has almost ensured that power has remained central suggesting that there has been very little devolution to the extent that the policies of central government goes unchallenged almost by the provinces and municipalities.

To reach the larger population and to better bring democracy to everyone the report has provide that "it is important that the devolution of functions to provincial and local governments should be in line with their capacity to implement these functions in order to prevent unfunded mandates being devolved to provincial and local government." (Malan, 2005, p. 241) In its analysis of the history of the cooperative government came to be the report has brought to the forefront the importance of socially based policies with implementation plans already in place in order to create formidable functional structure. "The system of intergovernmental relations should assist government to set, execute and monitor key development priorities regarding the creation of work, fighting poverty and reinforcing national pride, given the relative autonomy of provincial and local government in key areas of social delivery." (Malan, 2005, p. 241)

The report has looked at inequality as it manifests in South Africa focusing on the experience of the country of the past twenty-six years. The report poses the question of inequality in the political economy because of the growing inequality in South Africa with special attention in the increase of large packages to executives which brings about the question of social fairness in social relations. It notes and provides that there is a shrinking share of the national income as per the experiences of various sectors of society which indicate stagnant and declining wages.

The report tries to give a diligent response to the causes of the continued suffering of black people. It gives possible reasons for why inequality has prevailed for so long. For the most part, the report has attributed the inequality to the cooperative government's inability to bring about opportunity to all. Thus, it has looked at the governments intergovernmental relations to evaluate where it has succeeded but importantly to examine why it has failed where it has. Furthermore, this has enabled the report to adequately articulate the consequences for the failure of the cooperative government. This has enabled it to better provide what it regards as sustainable solutions. The report argued that political and economic institutions need to be inclusive, accountable and transparent to ensure sustainable prosperity. This has been to say that cooperative governance recognises the need to contribute to the harmonious growth of South Africa which also speaks to the development of policies and strategies for inclusive prosperity which assumes working on the development of long-term strategic framework. In some extent the report has referred to inequality in the context of social cohesion and has located most of its research to demonstrate that it has a large impact on economic growth which has its own implications on the perpetuation and exacerbation of inequality. The levels of inequality in South Africa reflect the lack of progress in building the type of humanistic and cohesive society in which the country has sought to build as well as speaks to the continuation of the racial features it has experienced for more than a century.

The report argues through the value of education how successful decentralisation is threatened when apartheid structures are maintained. It has argued, although briefly, that careful and sufficient attention be applied in education as key mechanism for long-term success of decentralisation. As such, when education in South Africa generally fails to enhance the freedom of all. "The idea that "with freedom comes responsibilities" to respect and promote constitutional imperatives to social justice in and through education has not received the full and concerted attention of the government." (Sayed, 2014, p. 129) The report argues for measures directed at the discrimination that function mainly in terms of historical redress and at the level of individuals but also argues, and for the most part, for structural change and institutional transformation of education and society. Quoting

Mahmood Mamndani, Badat and Sayed elucidated, “Positive discrimination is, on its own and in the absence of far-reaching institutional transformation, likely to leave the status quo unchanged.” (Sayed, 2014, p. 129)

This research report has established numerous elements of the South African policy framework that require desperate attention. It is its opinion that the inequality and poverty levels are such areas that require the most immediate attention and relief. The report has established that the South African population requires more time and long-term policies to completely blur out apartheid attitudes and mentalities despite there being numerous multiracial and multicultural education institutions. It is therefore fundamentally important for the South African education departments to properly administer and implement policies to ensure productivity. However, lack of funding of some of the policy suggestions make it impossible for the national budget to accommodate each and all. Whilst there have been a wide range of successes in the development of education is South Africa, the most logical conclusion is that there is large room for improvement and that the South African government needs to realise that there are great social as well as economic benefits for all when the population is better-educated.

The report sought to analyse the effects of fiscal decentralisation on inter-municipal inequalities in South Africa’s local government sphere, Cape Town and Johannesburg were primary case studies, however, the focus was extensively and generally across the board. Evidence has shown that the nature of the relationship between fiscal decentralisation and inter-municipal inequality in the South African context depends on how fiscal decentralisation is measured. “Where measures of fiscal decentralization are revenue based, the regression estimates support the hypothesis that the commitment device of fiscal decentralization provides incentives that decrease inter–municipal inequality. On the other hand, expenditure based fiscal decentralization contribute to increased inter–municipal disparities. This conclusion is robust to alternative estimation strategies and methods.” (Hammed Amusa, 2016, p. 34) There are prevailing issues of whether the present functions and powers of local government are adequate enough for achieving the developmental mandates of the

Constitution. As such, it has been proposed that certain functions, like housing, transport and land use and planning, be transferred over to municipalities' control. According to results, since numerous municipalities suffer issues of limited planning resources and insufficient capacity, increasing expenditure decentralisation may in fact worsen inter-municipal inequality. Thus, Amusa and Mabugu argue that, "policies aimed at having municipalities take up increased responsibilities for implementing inequality reducing expenditure programs must acknowledge the existence of large variations in capacity levels across the 234 metropolitan and local municipalities." (Hammed Amusa, 2016, p. 34) Perhaps then a more logical alternative would be to suggest that municipalities strengthen and tighten on the responsibilities that they have capacity for delivering until it is so waterproof that they can begin to look into taking on other responsibilities. That is, certain municipalities should concentrate on fewer functions while other, bigger and capable, municipalities could expand their expenditure focus. These are regarded as relevant points on the discussions to improve efficiency of South Africa's intergovernmental fiscal relations.

The report examined the concept of fiscal decentralisation, the principles of local government reform as well as fiscal sustainability and the challenges of fiscal decentralisation. It has argued that if fiscal decentralisation is well-managed and seen as a purely fiscal administrative process instead of a political one, then it can facilitate local economic development. This is because, "corruption from local political officials and politically appointed managers, leads to the failure of fiscal decentralisation, because to them, fiscal decentralisation means losing the centralist fiscal control they have had in postcolonial or post-apartheid governments they have controlled since independence." (Nyawo Gumede, 2019, p. 67) In this sense, for the purposes of enhancing efficiency, effectiveness, productivity, and competitiveness in service delivery at the subnational level fiscal decentralisation is imperative. The biggest challenges experienced by most local governments in terms of the allocation of financial resources and weak revenue-extracting bases is political interference. To a certain degree, South Africa lacks political will to effectively and efficiently implement fiscal decentralisation reforms, even though its macroeconomic policies may necessitate

such category of economic policy alignment. “Central political actors are very threatened by fiscal decentralisation; thus, the lack of political will to competitively influence its practical implementation.” (Nyawo Gumede, 2019, p. 67) Generally, any form of good governance is placed under serious threat by a systemic corruption and nepotism.

The report’s bottom line argument is that these institutions that have low levels of capacity are still required to meet enormous demands even though they have little or insufficient support being provided by the central government. Koelble and Siddle argued that, “when these circumstances in turn combine with the other threats often encountered by decentralization processes, failure is almost guaranteed.” (Thomas A. Koelble, 2014, p. 618) Ultimately, the ones who suffer when local governments fail to deliver services are citizens, particularly poor citizens who do not have other means of accessing of accessing basic services. Piling more, even benevolent, regulatory responsibilities upon overburdened and incapacitated local governments results in further noncompliance and failure. It is in this sense, that the principles of a cooperative government fail, intergovernmental relations are weakened, and principles of good governance jeopardised, bringing about the opposite effect of what is always intended.

“It must be emphasized that the failure of the decentralization model applied in South Africa is not uniform throughout South African local government; some municipalities perform reasonably or even very well (surprisingly, some of the better-performing municipalities are smaller local municipalities); but as a general proposition, it is fair to say that as a sphere of government, local government in South Africa has not been able to achieve its objectives.” (Thomas A. Koelble, 2014, p. 618) Decentralisation thus, has numerous potential goals, such as efficiency, governance, and equity, because it has long been realised that successful decentralisation hugely enhances the efficiency and responsiveness of the public sector while accommodating competitive political forces. On the other hand, “unsuccessful decentralization threatens economic and political stability and disrupts the delivery of services.” (Thomas A. Koelble, 2014, p. 619) South Africa presents itself as a critical case study in assessing the consequences of unsuccessful decentralisation because of its

politics of local corruption, patronage, and colossal mismanagement. As a country, it lacks the necessary conditions for success and the prospects in terms of decentralisation are unrealistic, as well as lacks imperative central government support to achieve success.

References

Andries du Toit, D. N., 2007. In search of South Africa's second economy: Chronic poverty, vulnerability and adverse incorporation in Mt. Frere and Khayelitsha. *Living on the Margins,* pp. 1-37.

Bisseker, C., 2019. Inequality: SA's vanishing middle class. *Business Live: Financialmail,* 22 August, pp. https://www.businesslive.co.za/fm/features/2019-08-22-inequality-sas-vanishing-middle-class/.

Bronstein, V., 2006. Reconciling Regulation or Confronting Inconsitency - Conflict between National and Provincial Legislation. *South African Journal on human Rights,* 22(2), pp. 283-300.

Cabral, L., 2011. Decentralisation in Africa: Scope, Motivations and Impact on Service Delivery and Poverty. *Future Agricultures: Working Paper,* pp. 2-18.

Cameron, R., 2014. Vertical Decentralisation and Urban Service Delivery in South Africa: Does Politics Matter?. *Developement Policy Review,* Volume 32, pp. 81-100.

Christina Murray, R. S., 2011. Promises Unmet - Multi-level Government in South Africa. pp. 232-261.

Clercq, F. d., 2010. Meta-analysis of South African education policy studies: how have we fared and what needs to be expanded?. *Journal of Education,* Volume No. 49, pp. 91-112.

Clifford Biyela, T. I. N. S. A. M. a. I. K., 2018. Assesessing the Role of Intergovernmental Relations in Strategic Planning For Economic Development at Local Government Level: A Case Study of Umkhanyakude District Municipality. *Journal of Gender, Information and Development in Africa,* 7(2), pp. 221-239.

Cooper, F., 2007. Review: Inequality in South Africa during and since Apartheid - Reviewed Work(s): Class, Race, and Inequality in South Africa by Jeremy Seekings and Nicoli Nattrass. *Journal of Southern African Studies,* Vol. 33(No. 2), pp. 455-457.

Cooray, A. V., 2009. The role of education in economic growth.. *Proceedings of the 2009 Australian Conference of Economists,* pp. 1-27.

Corder, C. K., 1997. The Reconstruction and Development Programme: Success or Failure?. *Social Indicators Research,* Volume 41, pp. 183-203.

Document, W. B., 2018. *Overcoming Poverty and Inequality in South Africa: ,* Washington DC: International Bank for Reconstruction and Development/World Bank.

Edwards, T., 2008. Cooperative governance in South Africa, with specific reference to the challenges of intergovernmetal relations. *Politeia,* Volume 27(Issue 1), pp. 65-85.

Erk, J., 2014. Federalism and Decentralisation in Sub-Saharan Africa: Five Patterns of Evolution. *Regional and Federal Sudies,* Vol. 24(No. 5), pp. 535-552.

Felipe G.K. Buttelli, C. L. B., 2017. #FeesMustFall as social movement and emancipatory politics? Moving towards an apocalyptic theological praxis outside the limits of party politics. *HTS Teologiese Studies/Theological Studies,* Volume 73(3), pp. 1-7.

Folashade O. Akinyemi, O. O. A., 2018. Government policies and entrepreneurship phases in emerging economies: Nigeria and South Africa. *Journal for Global Entrepreneurship Research,* 8(35).

Freund, B., 2009. Inequality and the Causes of Poverty in South Africa. *The Journal of African History,* Vol 50(No. 1), pp. 129-132.

Gumede, W., 2015. Rent-seeking is gobbling up our economy. *Mail & Guardian*, 10 September.

Gumede, W. M., 2007. *Thabo Mbeki and the Battle for the Soul of the ANC.* Revised Edition 2007 ed. Cape Town: Zebra Press 2007.

Hamilton, L., 2009. 'Human Needs and Political Judgement', in de Bruin, B. & Zurn, C. F.. In: B. &. Z. C. F. de Bruin, ed. *New Waves in Political Philosophy.* London: Palgrave Macmillan, pp. 40-62.

Hammed Amusa, R. M., 2016. The Contribution of Fiscal Decentralization to Regional Inequality: Empirical Results for South African Municipalites. *Economic Research South Africa,* Volume ERSA working paper 597, pp. 1-40.

Ho, U., 2020. Innovators hampered by inefficient state R&D platform. *Daily Maverick*, 9 March.

Isufaj, M., 2014. Decentralisation and the Increased autonomy in Local Governments. *Procedia,* Volume 109, pp. 459-463.

Jonathan Michie, V. P., 2019. South African business in the transition to democracy. *International Review of Applied Economics,* 33(1), pp. 1-10.

Khambule, I., 2018. The Role of Local Economic Development Agencies in South Africa's Deveelopmental State Ambitions. *Local Economy,* 33(3), pp. 288-308.

Klug, H., 2016. Challenging Constitutionalism in Post-Apartheid South Africa. *Constitutional Studies,* 1(2), pp. 41-58.

Kopf, L. C. &. D., 2018. Divided Country: All the charts that show South Africa’s inequality is only getting worse. *Quartz Africa*, 10 May, pp. [Online] https://qz.com/africa/1273676/south-africas-inequality-is-getting-worse-as-it-struggle-to-create-jobs-after-apartheid/.

M Z Makoti, O. K. O., 2018. Critical Perspective on the Complexity and Functionality of Intergovernmental Relations between Provincial and Local Governments in South Africa. *African Journal of Public Affairs,* pp. 98-112.

M. Howlett, M. R., 2014. The two orders of governance failure: Design mismatches and policy capacity issues in modern governance. *Policy and Society,* 33(4), pp. 317-327.

Magaret Phillips, M. M. G. N., 2014. The Impact of Governement Support Initiatives on the Growth od Female Businesses in Tshwane South Africa. *Mediterranean Journal of Social Sciences,* Volume 5.

Malan, L., 2005. Intergovernmental relations and co-operative government in South Africa: The ten-yuear review. *Politeia,* 24(2), pp. 226-243.

Malan, L. P., 2008. athe Impact of Intergovernmental Relations and Co-operative Government on Good Governance in South Africa. *African Journal of Public Affairs,* Volume 2(1), pp. 76-86.

Maluleke, J. S., 2015. *Co-operative governance in the national and provincial departments of education in South Africa,* Pretoria: University of Pretoria.

Maxwele, C., 2016. The not so potty idea that spawned a movement. *The Sunday Times*, 6 March.

Mine, Y., 2019. How Nations Resurge: Overcoming Historical Inequality in South Africa. In: Y. T. K. Tsunekawa, ed. *Emerging States at Crossroads. Emerging-Economy State and International Policy Studies.* Singapore: Springer, pp. 187-208.

Morris, C., 2015. An Industry Analysis of the Power of Human Capital for Corporate Performance: Evidence from South Africa. *SAJEMS NS,* Issue No. 4, pp. 486-499.

Moshikaro, A. K. a. K., 2016. *Assessing the Performance of South Africa's Constitution,* Johannesburg: International Institute for Democracy and Electoral Assistance.

Nattrass, N., 1994. The Economic Restructuring Agenda: A Critique of the MERG Report. *Third World Quarterly,* Vol. 15(No. 2), pp. 219-225.

Njobeni, S., 2018. Zuma's state-owned enterprises legacy. *IOL,* 16 February, pp. https://www.iol.co.za/business-report/economy/zumas-state-owned-enterprises-legacy-13305425.

Nyawo Gumede, J. B. E. D., 2019. Contemporary Perspectives on Fiscal Decentralisation and New Local Governmnet in South Africa. *Ghana Journal of Development Studies,* Vol. 16(2), pp. 52-69.

Okhonmina, S., 2006. A Review of the Definition of Federalism. Volume 5 & 6, pp. 190-213.

Rena, R., 2017. Cooperatives in South Africa: A Review. *Indian Journal of Science and Technology,* Vol 10(45), pp. 1-12.

Richard Simeon, C. M., 2001. Multi-Sphere Government. *Oxford Journals: Oxford University Press,* Vol. 31(No. 4), pp. 65-92.

Robert P. Inman, D. L. R., 2012. UNDERSTANDING THE DEMOCRATIC TRANSITION IN SOUTH AFRICA. *NBER WORKING PAPER SERIES,* Issue Working Paper 17799, pp. 1-47.

Ruhiiga, T. M., 2013. Reverse Empowerment in South Africa's Comprehensive Rural Developement Programme. *Journal of Human Ecology,* 41(2), pp. 165-174.

S. J. Mosala, J. C. M. V. E. G. B., 2017. South Africa's Economic Transformation Since 1994: What Influence has the National Democratic Revolution (NDR) Had?. *Sage Journal,* Volume 44, pp. 327-340.

Sayed, S. B. a. Y., 2014. Post-1994 South African Education: The Challenge of Social Justice. *The Annals of the American Academy of Political and Social Science,* Volume Vol. 652, pp. 127-148.

Sayed, Y., 1997. Understanding Educational Decentralization in Post-Apartheid South Africa. *The Journal of Negro Education, Education in a New South Africa: The Crises of Conflict, the Challenges of Change,* Vol. 66(No. 4), pp. 354-365.

Sikhosana, N. P., 2017. *BLACK CONSCIOUSNESS REVIVED: The rise of Black Consciousness thinking in South African student politics,* Johannesburg: University of the Witwatersrand.

Standing, G., 2014. The Precariat. *Sage,* Vol 13(4), pp. 10-12.

Stephen Louw, V. B., 2018. Bingosinos, Concurrent Competence, and Functional Federalism in South Africa. *The South African Law Journal,* 135(3), pp. 546-562.

Tapscott, C., 2000. Intergovernmental Relations in South Africa: The Challenges of Co-operative Government. *Public Administration and Development,* 20(Public Admin. Dev. 20), pp. 119-128.

The Constitution of the Republic of South Africa, 1996. As adopted on 8 May 1996 and amended on 11 October 1996 by the Constitutional Assembly. Act 108 of 1996.

Thomas A. Koelble, A. S., 2014. Decentralization in Post-Apartheid South Africa. *Regional & Federal Studies,* 24(5), pp. 607-623.

Tia Linda Zuze, M. L. N. B., 2009. The Demand for Tertiary Education in South Africa. *Southern Africa Labour and Developemnt Research Unit.*

UKEssays.com, 2018. The Effects of Apartheid On South African Education Politics Essay. *UKEssays.*

UKEssays. November 2018. The Effects Of Apartheid On South African Education Politics Essay. [online]. Available from: https://www.ukessays.com/essays/politics/the-effects-of-apartheid-on-south-african-education-politics-essay.php?vref=1 [Accessed 5 January 2020].

Weingast, B. R., 2013. Second Generation Fiscal Federalism: Political Aspects of Decentralisation and Economic Development. *World Development,* Volume 53, pp. 14-25.

Woolman, S., 2009. L'etat, C'est Moi: Why provincial Intra-governmental disputes in South Africa remain ungoverned by the final constitution and the Intergovernmental Relations Framework Act - and how we can best resolve them. *Law, Democracy & Development,* pp. 62-75.