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Protest action in South Africa: Threat, or opportunity for reform? **1**

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Protest action in South Africa: Threat, or opportunity for reform?

Violent anti-government protest action in South Africa has increased dramatically in recent months. So much so that business, diplomatic, and government leaders are repeatedly asking the IRR what the demonstrations mean for the country's future. In this paper, we identify the scale of protest action, the reasons for it, and the policy reforms needed to restore stability. The demonstrations are not simply a response to failed service delivery. Rather, they reflect two decades of misguided policy making, which is strangling the economy and holding back investment, growth, and jobs. Policy reform is thus the only way out. Without such reform, the scale and intensity of the demonstrations will increase.

The scale of protest action

Data from the South African police (published in our most recent *South Africa Survey*) shows that the country is averaging around four to five violent anti-government protests a day. Last week the police said Gauteng alone had experienced more than 500 protests since the beginning of 2014, of which over 100 had turned violent. A research group, Municipal IQ, has also tracked a sharp increase in protest action over the past five years. While exact numbers are difficult to determine, there is no doubt that South Africa is experiencing significant levels of protest action. The country seems to be witnessing the development of a protest movement of poor communities expressing anger and frustration at the performance of the Government.

Corroborating trends

The rise in demonstrations has not occurred in isolation from

other trends. The protests follow a trend of declining voter turnout, as well as a number of opinion polls indicating that popular confidence in the Government and the ruling party is decreasing. As South Africa enters its third decade of democracy, people seem to be losing confidence in democratic institutions — and turning to public protest as a way of drawing the Government's attention to their grievances.

What is causing the protests?

The protests are often described as 'service delivery protests', but this is something of a misnomer. Erratic water supply, electricity disconnections, poorly built RDP houses, and instances of sewerage flowing through the streets may all spark protests, of course. However, there is a distinction to be drawn between the immediate sparks that set off demonstrations and the deeper reason for the protests. This deeper reason is rooted in very high levels of youth unemployment and the dependency on the State that the ruling African National Congress (ANC) has fostered. The upshot is that many communities lack the self-reliance that comes from private sector jobs and income — and have become dependent on the Government to improve their standards of living.

A crisis of rising expectations is the primary driver of protest action.

The ANC is partly correct in saying that the protests reflect the Government's successes in service delivery. As the organisation says, if the State builds houses for one part of a community, other people in that community will want the same benefit — and might turn to protest action to compel the State to extend its largesse to them as well. There is merit in this argument, and it deserves to be taken seriously.

Many observers think it ironic that the rise of the protest movement has coincided with a decade of unprecedented improvements in the living standards of all South Africans. As the IRR has repeatedly pointed out, it is not true that service delivery has failed, or that South Africans have seen no improvement in their living standards since 1994. Popular dissatisfaction with the Government is increasing despite such improvements — which has led us to develop our *theory of rising expectations*.

According to this theory, rising living standards generate expectations of further improvements in people's quality of life. However, South Africa, these improvements have been driven mainly by the redistribution of existing wealth under service delivery and welfare programmes. Improvements have not been the product of investment-led economic growth and job creation. As a result, South Africa has experienced an unusual coincidence of increasing living standards and increasing unemployment. Current government policy is creating high expectations of yet more improvements in living standards, but it is not encouraging investment, growth, or the generation of new jobs. Instead, with unemployment remaining very high — especially among the country's youth — jobless people look to the State to fulfil their expectations, while the Government is unable to meet the scale of need.

Other (seldom diagnosed) contributing factors

We agree with the ANC that a crisis of rising expectations is the primary driver of protest action, but many other factors also play a role. These include:

- the breakdown of services, particularly water, which is often a function of affirmative action and cadre deployment at local government level. This point is not mentioned nearly often enough — although the term ‘capacity constraints’ is now in effect a code for affirmative action. Until analysts are willing to overcome their self-imposed political correctness in identifying the root causes of delivery failures, those failures are unlikely to be overcome;
- factionalism and jockeying for position within the ANC, particularly at this time when parliamentary and provincial lists are being drawn up and contenders want to show their support on the ground;
- the fracturing of the ANC itself, with the breaking away of the Economic Freedom Fighters (EFF), along with the splintering of the Congress of South African Trade Unions (Cosatu) and the growth of non-Cosatu unions, such as the Association of Mining and Construction Union (Amcu). With the growth rate declining, various left wing and radical agitators, both within and outside the ANC, may see protest action as a means to weaken the economy further and then sharpen anger over the alleged failures of the market system. It is also possible that the Left, led by the EFF and the National Union of Metalworkers of South Africa (Numsa), is using the protests to help weaken the ANC which, in its view, has been dallying with neo-liberalism since 1994 and continues to do so via its support for the National Development Plan;
- attempts by the ANC to make the Western Cape “ungovernable” (the key factor in the protests there), which have promoted the spread of protest action to other regions of the country and backfired on the ruling party;
- the ANC’s decision at its Mangaung national conference to re-affirm mass action as a key pillar of its current strategy and tactics, which is also backfiring on the organisation as much of this mass action has come to be directed against the Government;
- years of ANC rhetoric about the need for ‘revolutions’, ‘second transitions’, the overthrow of market systems, and punitive action against the ‘criminal’ private sector, which is now helping to inspire an upsurge in demonstrations. The irony, however, is that much of this anger is now directed at the ANC itself. For many years, protesters have been urged to stand up in revolt — but now that they are in fact rising up, they are literally coming up against the guns of the very State that encouraged their revolt. No doubt the sense of popular betrayal here will drive further antagonism against the Government;
- a lack of political choice within the country, which is largely a product of the ANC’s having greatly weakened its black opposition in the Inkatha Freedom Party and the Black Consciousness movement before the first all-race election in 1994. As a result, there is still no credible black rival to the ANC. Hence, the idea that dissatisfied people should use their votes to signal their anger against the ANC is not a realistic option — and helps explain why so many voters choose to vent their frustration through violent demonstrations instead of via the ballot box;

Attempts to make the Western Cape “ungovernable” have promoted the spread of demonstrations.

- the Government's mistake in 'rewarding' violence by increasing its efforts to deliver in areas where protests have involved arson attacks, such as the burning down of libraries. People thus believe that the best way to get the State to respond is to burn and destroy. And to keep children out of school, as that also puts pressure on the authorities;
- poor policing by a police service seemingly unable to contain protest actions and create an environment conducive to peaceful demonstration. The Marikana massacre and other allegedly unwarranted deaths at police hands have also fuelled anger against the police, and helped turn police officers and police stations into targets for attack. Once the police are themselves under attack, they have the right to use force in self-defence — but such action can ratchet up conflict yet further.

Better service delivery is not the answer

In the light of these factors, it makes little sense to argue (as many analysts suggest) that service delivery must improve and that South Africa will then experience a concomitant decline in protest action. Even if delivery does improve, this will simply drive new expectations that will not be met unless many more people are able to find jobs and the income they need to advance their own lives. With factionalism within the ANC and its allies also on the rise, a surge in private sector employment is now the best means to scale back South Africa's protest movement. Once many more people have jobs, this will break their dependency on the State — and help defuse anger at a Government unable to deliver sufficiently to them.

Many of the Government's policies are hostile to investment and entrepreneurship.

However, jobs will not increase unless South Africa is able to attract higher levels of direct investment leading to more rapid rates of economic growth. On this point, the IRR is at one with the authors of the National Development Plan in noting that a minimum rate of economic growth of 5% a year is vital to generating the jobs required. If that rate of growth is not reached and sustained, it will not be possible to reduce our current unemployment levels.

A contradiction in policy and a dangerous stalemate

A major policy contradiction stands in the way of this acceleration in the growth rate. On the one hand, the Government admits that South Africa urgently needs direct investment and rapid growth. On the other hand, however, many of the Government's policies are hostile to investment and entrepreneurship.

Such hostility is increasingly evident in threats to intellectual property rights, a new expropriation bill, proposed sweeping changes to mining law, the mooted investment bill, the tightening up of employment equity and black economic empowerment (BEE) rules, changes to labour laws, the proposed gender equity bill, and various other attempts to regulate entrepreneurship. The upshot is that government policy is increasingly impeding direct investment across all sectors of South Africa's economy.

A dangerous stalemate has thus arisen. Poor communities take to the streets to fight the State, which uses the police to fight back — but refuses to introduce the policy reforms

necessary to draw in the investment that will break the stand-off. The IRR has a list of the names of more than 60 people killed by the police in engagements of this kind over the past three years. Our list is almost certainly incomplete and the real total could be multiples of the number we have. So long as the current stand-off continues, the number of demonstrators killed by the police will surely grow.

Protests may escalate

The protest action already evident could also rapidly spiral out of control. The police clearly lack the resources, skills, training, and equipment needed to contain current demonstrations. By their own admission, they are already feeling overwhelmed by the scale of protest action.

There is thus a major risk that South Africa could witness another massacre, in which poorly equipped and trained policemen shoot a number of protestors dead in a single incident. Spiralling tensions could also be fuelled by a sustained period of high inflation, which would bring about a commensurate decline in the real value of welfare grants and reduce the living standards of millions of poor households.

Either of these developments could prompt a further upsurge in violence in impoverished areas across the country. Such events could follow the pattern of the 2008 xenophobic riots, which spread across South Africa in a matter of days and required military intervention to end.

However, a crisis of such dimensions might be useful in one respect — it might break the Government's intransigence and apparent inertia on implementing policy reform.

**Necessary reforms
must focus on
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Policy reforms to halt the protests

Necessary reforms must focus on deregulating the economy to remove constraints on investment. Changes must include the reworking of employment equity and BEE rules, the freeing up of the labour market, and the consolidation of property rights, coupled with measures to improve education and help the poor to get ahead (for greater detail, see the 12-point policy turnaround plan on the IRR website, as published in our policy bulletin, @Liberty). The entire body of empowerment policy will have to be turned on its head to focus on the inputs necessary to empower poor people, and abandon its current fixation with measuring outcomes that will always be inadequate.

Support for policy reform

Policy reform will need the proactive support of the business community. At present, rather than addressing the core reforms necessary to double levels of economic growth, many in the private sector find it easier to seek concessions for their industries in direct private negotiations with the Government. Many also try to demonstrate their commitment to the country, and the Government's social justice goals, by investing in important but small-scale social projects that cannot begin to change the policy environment.

There are many countries in which such an approach might be appropriate. However, in South Africa's case, they amount to playing for time as the outlook for the economy darkens. As we

have often said, business leaders need to expand the scope of their social investment initiatives to include support for vital policy change as well.

The public support of business leaders for reform is essential, for it will help strengthen the position of reform-minded leaders in Government. It will also help demonstrate a wide-ranging public endorsement of the need for positive change. There are government leaders and officials in the civil service who see the need for reform and are open to the idea of it. However, if business remains largely silent on policy issues, these leaders in the State are left isolated. They are also deprived of the arguments and public support they need to drive the reform process forward.

The opportunity to help bring about positive policy change has rarely been better since the transition years of the 1990s. As the Government comes under greater pressure, its appetite for policy reform is likely to improve. This creates an important opportunity, which needs to be exploited to the full to help the Government turn the country around and put South Africa on the path to prosperity.

A Government with few choices

The economic reforms we propose will no doubt be denigrated as too 'conservative' by the Government and many in civil society. Ultimately, however, the ruling party will have no choice but to implement them. As revenues decline and popular demands accelerate, South Africa will have to draw in the direct investment vital to rapid economic growth and the generation of new jobs. If this does not occur, the ANC will inevitably face political defeat.

Those who oppose these essential reforms, even from the best of intentions, are effectively holding the economy hostage. They are also contributing to protest action, violence, and instability. Moreover, it is this opposition to reform that is the primary obstacle standing between the poor and their prospects of a better life.

Those who oppose essential reforms are contributing to protest action, violence, and instability.

— Frans Cronje

Cronje is CEO designate of the IRR