

# The meaning and measure of inclusive growth in South Africa: In search of genuine economic transformation

Applying the Rockefeller 'Inclusive Economies' framework

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25<sup>th</sup> August 2017

# In search of genuine economic transformation

- After some discussion of inclusive vs. extractive institutions, and inclusive vs pro-poor growth, the paper arrives at the conclusion that inclusion is (a) holistic & multidimensional; (b) socio-political; and (c) process-oriented
- This is quite acceptable (also unremarkable), but the paper also usefully suggests that it would be useful to incorporate space, place & geography.
- In SA, the public debate has recently been `Inclusive economic growth' vs. `radical economic transformation'
- Race in South Africa - `who has access to the power and privileges of the city' (p14)
  - Cape Town appears more inclusive than Johannesburg because its average incomes are higher – but this is due to there being relatively more whites in Cape Town than in Johannesburg
    - So the Rockefeller framework should be applied by racial group?
    - Is race really determinant, as the paragraph suggests?
  - The income gap between white and African households has narrowed, but this has been undermined by the increasing inequality within race groups
    - cf women legislators in India who are usually higher-caste
  - Cape Town is the only metro where property prices are now as high as ten years ago (p20)
    - Why is that? What are the implications for inclusion?

# Applying the 'Inclusive Economies' indicator framework

- The framework is described as a 'useful provocation and entry point'
  - The indicators are usually (but not always) described in process terms ('reduction of inequality', or 'increasing good job opportunities')
- Yet the application of the framework in this paper is on the basis of snapshots only
  - (and the dates to which the data refer are not specified)
  - It would have been more useful to apply the framework repeatedly, over a long period (1996, 2001, 2006, 2011, 2016) or at least twice (2006, 2016)
- It would also have been useful to show the results for some other countries
  - e.g. a very inclusive economy and another very un-inclusive economy
  - also contrasting cities, towns, rural areas

# What is the metro/other urban /rural snapshot telling us?

- Rural areas are less inclusive than metro areas?
  - But former homelands are more equal (though poor)
- Should we really be seeking more inclusivity within each of these categories?
- Is it possible to achieve equal inclusiveness across the country (which is what seems to be implied by the paragraphs on page 8 and page 9)?
  - South Africa does indeed have a striking `spatial hierarchy', but surely this is characteristic of under-developed countries?
  - Without international comparators it is not clear that South Africa is especially unusual
- Should we even be trying to achieve equal inclusiveness across the country, or is part of the answer in fact rural-urban migration?
  - Migration to urban areas may already be undoing the national-level spatial legacy?
    - Migration and opportunities in the city (p10)

## Moving on from the framework . . .

- The more valuable policy-related points in the paper emerge not so much from the indicators in the framework, but from the other data and analyses.
- Spatial exclusion of the poor is a fundamental constraint in South Africa, as the paper (but not so much the framework) indicates
  - Urban spatial form appears to be keeping that exclusion in place within urban areas
    - Inclusive development in the metros (p13)
    - Access to basic services and housing (p18)
    - Exclusion from the productive economy (p24)
  - Support for small and informal enterprises (p27)

# Some key issues facing South Africa regarding inclusion

- How to overcome the structural (including spatial) constraints to inclusion
  - How to overcome official resistance to informality in housing and work
  - Improving access to the advantages of the city
- How to deal with the question of `township economies`?
  - by improving linkages between township entrepreneurs and mainstream businesses?
- How to build an effective state, and effective collaboration with other role-players
- How to overcome the political economy of our educational failure

## Some other details

- p1 - maybe our economic growth rates are simply too low to allow much progress on inclusiveness?
- p9 – in 2001, the number of people receiving social grants was one third of the number of people with jobs, but by 2016 more people were receiving grants than had jobs – but surely the grant regime was in its early days in 2001?
- p14 – the third largest city economy is eThekweni, Tshwane is fourth

Thank you