



**RESPONSE TO**  
**“THE MEANING AND MEASURE OF INCLUSIVE GROWTH IN SOUTH AFRICA:  
IN SEARCH OF GENUINE ECONOMIC TRANSFORMATION”**

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ERLN is an initiative of



## OVERALL IMPRESSIONS

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- Overall, the report can be commended for providing an analysis of our South African context that problematizes the real challenges.
- Kudos for obtaining new evidence from National Income Dynamics Study on changes in income poverty among rural-to-urban migrants and doing own analysis using Stats SA data. These analyses provide important evidence to work with.
- Taking the role of urbanisation seriously as an opportunity for narrowing the country's spatial inequalities is an interesting contribution that the report contains.
- The title of the paper elicits interest: the meaning and measure of inclusive growth in South Africa: In search of genuine economic transformation. In terms of how the report speaks to this title, there is a pressing need for earnest debate about genuine economic transformation. The report skilfully acknowledges, yet does not delve into considerations of what a model of inclusive development might look like.

*“A shared vision for a more inclusive development path is urgent, but what might this look like, whose responsibility should it be, and what specifically could be done to shift the current trajectory?”*

## OVERALL IMPRESSIONS

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- The **South African economy is impacted by the global economy**, the global model of development and **globalisation**. The report does acknowledge this, but doesn't emphasize how much it impacts on us. In the academic literature, it is common for scholars to bemoan how development discourse has arrested and how a new model of development is needed, but then not to venture one. That line of discourse is frustrating, so the tack of focusing on the discourse that looks at **institutions**, and matters of **space, place and geography** as you have done is useful as it offers more options where local actors can use endogenous levers to try to make an impact, rather than focusing on exogenous factors that our outside of the locus of our control.
- Comment: besides institutions, space, place and geography, what about including considerations of **financing** and **culture change**? E.g. housing financing for affordable housing, considerations of municipal financing and how municipal funding models mean that larger metros have more revenue generation options.
- In terms of culture change: *Inclusion is therefore about social processes and dynamics of change, as well as outcomes. It recognises the importance of human agency in that people are essential agents of change and their 'bottom-up' practices can contribute to socio-economic development. It is inherently political and implies the exercise of power. This means asking questions about who is included and who is not, why this is the case, and what are the consequences?* The challenge is: how do you measure such attitudinal change? (Perception based studies?)

## COMMENT ON THE INDICATORS

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- Given the practicalities of obtaining data, there is a pragmatic need to balance what one is able to measure with what should be measured. Is there data that you really want to obtain and how can we support by starting to work towards that?
- Page 7: sustainability indices that are blank - how will you be treating these?
- Page 6: E1. World Bank ease of doing business score - is blank
- Page 29: suggests the need for an indicator regarding how new business formation and survival
- Page 30 : Workplace based initiatives – any way to measure this?
- Page 6: market transparency and information symmetry: cellphone ownership - what about cost of data by market segment (the poor pay more for data)?
- Page 7: I1. % completed secondary or tertiary education. Can it be separated?
- Page 7: K. Greater investments in environmental health and reduced natural resource usage.\* - Efficient water usage index?
- Page 7: N5. % victim of crime over last year - how does this get calculated?
- Gender related indicators – pay gap using SARS data?

# COMMENT ON THE INDICATORS

			Metros	Other Urban	Rural	SA
GROWING	G. Increasing good job and work opportunity	G1a. employment to population ratio	51.4	46.6	29.8	43.6
		G2b. unemployment rate (expanded)**	28.0	31.8	43.4	32.9
		G3. % below poverty line	46.6	54.1	81.8	60.5
	H. Improving material well-being.	H2. % ran out of money to buy food for 5+ days during the month	8.6	11.2	17.1	11.7
		H3. % living in informal dwellings	16.4	18.7	18.0	16.6
I. Economic transformation for the betterment of all	I1. % completed secondary or tertiary education	49.8	38.9	22.1	38.5	
SUSTAINABLE	J. Social and economic well-being is increasingly sustained over time.	J2. % change in households living in informal dwellings				
	K. Greater investments in environmental health and reduced natural resource usage.*	K1. Efficient energy usage index				
		K2. Blue drop drinking water score				
		K3. Green drop wastewater score				
	K4. CO2 emissions index					
STABLE	M. Public /private confidence & predict decisions	M2. % perceive their metro to be dealing with their problems	21.8	23.4	20.4	21.9
	N. Members of society are able to invest in their future	N1. % with bank account	65.0	62.8	39.5	55.8
		N2. % access to formal credit	17.2	13.8	4.4	11.9
		N5. % victim of crime over last year	8.8	8.0	5.1	7.5
	O. Economic resilience to shocks and stresses.	O1. % receiving government grant cash transfer	34.1	42.4	65.4	45.5
		O3a. % share employment in manufacturing***	14.7	12.2	7.4	12.5
O3b. % share employment in financial/business services		21.3	11.7	6.1	15.4	

How to populate this?

Notes: \*Indices under 'sustainability' could not be populated due to the spatial categorization used

# COMMENT ON THE INDICATORS

Table 1: Rockefeller Inclusive Economies Framework: Spatial Typology

			Metros	Other Urban	Rural	SA
EQUITABLE	A. Upward Mobility for all	A4. % enrollment in early childhood development	82.1	71.0	66.3	72.8
	B. Reduction of inequality	B2. % below 50 percent of median per capita household income	29.1	26.2	14.1	19.0
	C. Equal access to public goods and ecosystem services	C1. % access to flushing toilet	84.9	82.9	10.5	63.4
		C2. % access to piped water on premises	88.6	88.6	38.3	74.4
		C3a. % electricity for lighting	92.3	91.9	85.3	90.2
		C3b. % electricity for cooking	92.7	91.5	69.2	85.8
		C4a. % completion of primary school year-on-year (2002 cohort)	78.8	68.2	60.1	67.7
		C4b. % completion of secondary school year-on-year (1997 cohort)	48.6	34.2	21.0	33.8
	C6. % travel time 60+ min to work	43.6	24.5	29.4	35.1	
PARTICIPATORY	D. People are able to access and participate in markets as workers, consumers, and business owners.	D1. Labour force participation rate (%)	69.0	61.6	40.3	58.3
		D2. % workforce informal	24.5	31.2	43.9	30.4
		D4. Household income per capita per month (2011 prices)	4 049	2 658	934	2 264
	E. Market transparency and information symmetry.	E1. World Bank ease of doing business score	[REDACTED]			
		F1. % cellphone ownership	92.9	91.6	91.4	92.1
		F2. % usage of internet	14.9	10.9	4.9	11.0

# WHICH ACTORS: WHO CAN CHAMPION INCLUSIVE GROWTH?

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- The **weakening of the sovereignty of the state** within the context in which globalisation has brought about global production networks and concentration in the form of large firms that operate over the borders of nation states has an impact on the ability of the state to act. Can a weakened state play the role of correcting where the market doesn't do so? For example the cost to communicate is high in South Africa. How likely is it that the **Competition Commission** will be able to reduce the **cost of data** in South Africa. This situation creates a digital divide that is important to address if we want an inclusive economy. We are seeing firms taking the fines and continuing their anti-competitive behaviour. One facet of globalisation is that it has had an impact of undermining the competitive principle capitalism and introducing oligopolist behaviour.
- Who is the **intended audience** of the report? Is it written with government officials in mind? Who will use the indicators? Do the indicators have a life beyond this report? Is there an online platform that will ensure that they are updated? Role of civil society? Academia?
- The report could delve a bit more into the **role of business** and partnerships (pg 29). The UN has made a distinct choice to emphasize partnership with business. This shift was to acknowledge that there are many entrepreneurs and business owners who have a social conscience. Can the report explore the role of business in promoting inclusive growth? What kind of trust is needed for business to invest its cash reserves?

# THE ROLE OF STATE INSTITUTIONS

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- The trend of proliferating state institutions with overlapping mandates in South Africa is a wasteful and concerning trend worth mentioning. This probably arises when an institution doesn't do what it is meant to and so another institution is established rather than trying to address the shortcomings in the original institution. We need effective institutions focused on implementing with excellence.
- If institutions are responsible for supporting the realisation of human rights, how does one monitor inclusive growth outcomes per institution?

# RECOMMENDATIONS RELATING TO PARTICULAR PARTS OF THE REPORT

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- To contextualize, may want to include growth rates in South Africa over time and at a more disaggregated level. CSIR's regional spatial profiler might be of help.
- It is noted that township economies is a relatively new policy thrust (page 28). Could that be expounded upon and possibly given its own paragraph. Does the notion of promoting township economies belong in the same context / paragraph as informality?
- Role of intergovernmental relations in terms of achieving success or causing frustration (page 21). For example when speaking about the amount of time spent commuting to work, in Cape Town, some of challenge is caused by trains not running on time and this is having a knock on effect in driving worsening congestion on the roads. The city is not able to impact on how Metrorail trains are being run by Prasa.
- One of the recommendations in the report is to support the start-up and growth of small enterprises (page 30). If we acknowledge that concentration in firms means that small businesses find it really tough to compete and enter into markets, then we can look to practical policy options such as requirements for supplier development programmes to integrate smaller firms into supply chains and requiring malls to make space for traders.

# DEALING WITH STRUCTURAL INJUSTICE ENTAILED IN SOCIAL EXCLUSION

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- *“It requires deconstructing active forms of discrimination, such as inequality before the law, while also recognising passive forms of discrimination, such as unequal access to schools and healthcare, or even unrealistic norms and standards set by governments which serve to perpetuate poverty and exclusion”.*
- Comment: There’s a very pervasive consideration of reproduction of social exclusion and discrimination through social mores and institutional practices. How does one measure / study that?
- *“Inclusion incorporates the concept of justice or fairness, not only through rights as they appear on paper, but also as they operate in the real world and whether or not people have recourse for being excluded.”*
- Comment: The transition from nationalism under Apartheid to constitutionalism brought with it the promise of progressive achievement of human rights. Some authors have pointed out how fast and vast the amount of policy and legislative change that occurred since 1994 has been. State institutions are charged with supporting citizens to realise these rights. There is an expectation gap in terms of what is written on paper and making that happen.
- Comment: Could be useful to explore rights discourse relating to first, second and third generation (blue, red and green) rights. As well as Iris Marion Young's writings on responsibility for justice when dealing with structural injustice.

# LET'S HAVE THE TOUGH CONVERSATIONS

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- The report speaks to the following:

*“Changing the country’s development path necessitates challenging vested interests and altering social outcomes, which is bound to provoke controversy and resistance.”*

If we’re intent on genuine economic transformation, we have to have this conversation.

- In the report, the question is posed: *“Can a more all-encompassing definition of the society be envisioned that builds on its established capabilities, while incorporating and integrating other diverse groups and communities into its structures and institutions to create something new and distinctive? This is clearly part of the challenge for countries in transition from bitter and divided pasts, such as South Africa.”*

Excellent question that requires further conversation.

- The report speaks to supporting the rental sector (page 22) - How do you encourage property developers to develop more rental stock? Particularly affordable inner city housing.
- *“If inclusive cities embody the UN commitment then reaching out to the most vulnerable groups and supporting shack communities and aspiring migrants should be a priority.”* How practically? Can we have this conversation?

# LET'S HAVE THE TOUGH CONVERSATIONS

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- *“Within the ruling party, a popular thrust is to use the state’s massive spending on procurement to favour black businesses, yet this requires flouting the rules and often undermines the delivery of responsive public services.”*
- The issue of the 1994 transition being an incomplete transition. The machinery of the state was transformed, but as the title of the report suggests, we need genuine economic transformation. Eventually we have to deal with that.
- *“The constitutional settlement was supposed to provide a framework through which social transformation would be achieved by creating new institutions and guaranteeing important socio-economic rights and freedoms. State capture of institutions and provoking race issues distracts from socio-economic rights and freedoms that institutions are meant to champion being eroded by capturing those institutions.”*
- On the proliferation of indicators and on indicators: indicators are helpful in that they give an evidence base from which to work. BUT, data is impersonal. When I look at figures regarding homelessness, it is different than when I come across someone in the street and listen to their story. We cannot become disaffected or focus our efforts on the fetish of counting and monitoring, but must address the real challenges that we see reflected in the data.



**THANK YOU**

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# COSMETIC FEEDBACK

Extract from text	Suggestion
Page 23: Braamfontein and Maboneng	Elaborate for those who don't know about what has been achieved in Braamfontein and Maboneng
Page 4: Rockefeller defines an inclusive economy as ...	Rockefeller Foundation?
Page 4: increasing good job and work opportunity	Opportunities?
Page 5: It should be noted that inclusive growth does not cover all the desirable dimensions of development. For example, it neglects important objectives such as social protection, economic resilience and environmental sustainability.	Do you mean definitionally or in relation to the Rockefeller indicators? Didn't quite follow this, because there are some environmental sustainability indicators in the report.