

INTERSEARCH
(Strategic Management
Intelligence)

Dr. J.A. du Plessis
P.O. Box 25587
Monument Park
Pretoria
South Africa 0105

Tel: (012) 460-6366
E-mail: insearch@mweb.co.za

**MANAGEMENT
BRIEFING**

January 2006

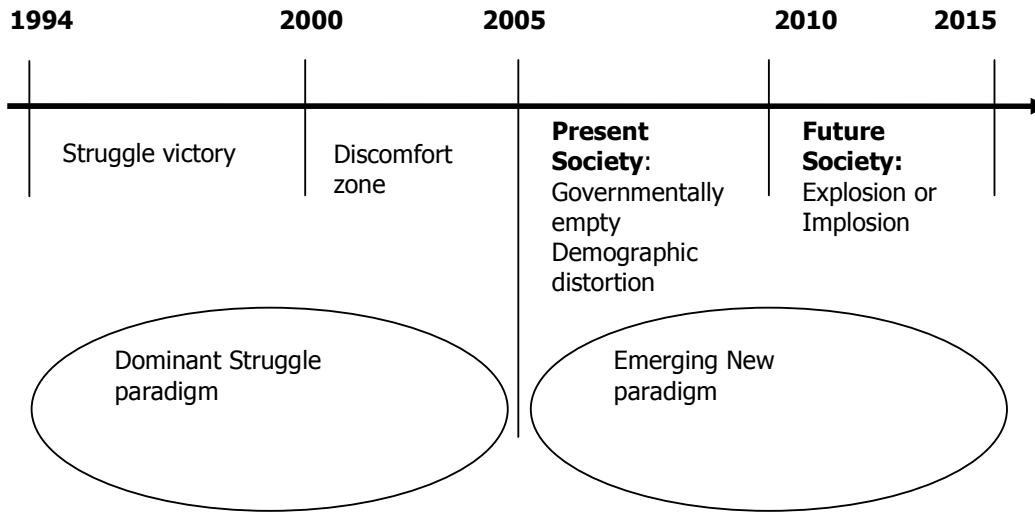
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- The **Management Briefing** is aimed at the top echelon of a company or organisation.
 - It identifies on a regular basis the issues and trends on the socio-political and security levels in Southern Africa of that specific month and their potential implications. These are issues and trends people on the executive level ought to take notice of.
 - It is not a news service, but an analytical tool to support the decision-making process. The report does not propagate a particular party political point of view. It's objective is not to oppose or antagonise, but to explain in order to facilitate understanding.
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SOUTH AFRICA: A TIME FOR NEW THINKING

- ❖ This presentation does not pretend to provide final answers or alternative scenarios for the next ten years. It attempts to perceive and read the future in terms of the present day situation in society. As the current situation in society is extremely complex and constantly changing, no final answers can even be contemplated. Planning for the future will demand a constant process of assessment and reassessment.
- ❖ With the election victory of April 1994, the ANC celebrated victory for a struggle that lasted over fifty years. In 2004 the ANC celebrated the first ten years of the new democracy in South Africa, with President Thabo Mbeki predicting that the next ten years would be even better.
- ❖ This analysis is about the phase from 2005 to 2015 – the second decade of democracy. Although Mbeki has indicated that the next decade will be a continuation of the previous decade, no new legislation will be needed and the implementation of government decisions will be strongly emphasised. The expectation has been created that this is the time for hands-on governing. However, the reality of present-day society bears something else. The next decade is expected to produce dramatic and comprehensive changes in society at large, very often far beyond the scope and capabilities of government.

TOWARDS A NEW WORLD



The diagram explains society in terms of a chronological flow of events from 1994 to 2015 with 2005 as a dividing line between two different worlds: two different paradigms or mindsets determining the very essence of the nature of society. A firm grasp of these paradigms is a prerequisite for the understanding of society and essential for any future planning.

The first decade from 1994 to 2004 was determined by the struggle paradigm. There is yet no definitive paradigm for the next decade. There are competing mindsets at work. Government is still proclaiming the struggle paradigm, but other powerful forces have settled in, such as globalisation, poverty, illiteracy and HIV/AIDS – society itself is in turmoil. The result is a very intense conflict of perceptions with no guaranteed outcome of any particular issue.

The First decade: 1994 – 2004

The first decade started off in 1994 with a consolidation of the struggle victory over apartheid. A sound understanding of this phase is important, for it determines some of the parameters for the expected performance of society from 2005 to 2015.

The election victory in April 1994 was much more than a political victory, for it established a completely new ideological and political paradigm according to which South Africa was to be governed. This new paradigm involved the following:

- **The new democracy established the principle of black majority rule.**

This implied the fundamental transfer of society in the first decade according to the guiding principle that all public institutions should reflect the (racial) composition of society. This was reflected in the new constitution of 1996 and also introduced a new definition of race. Whites were considered white, but blacks also included Indians and Coloureds.

The major objective after 1994 was to rid society of the remnants of apartheid and to restore the values of the past.

- **The precarious relation between state and party.**

The ANC entered the election of 1994 as a liberation movement and not as a political party. The relationship between state and party has produced tension ever since.

The ANC participated in the struggle under the banner "the people shall govern". However, in this process, the ANC also projected itself as the "sole and legitimate representative of the people". To the present, the ANC has been "opposition unfriendly" and the main function of the state is to serve the interests of the party. From this stems the current governing style in which "ANC cadres" are deployed throughout the public service to enforce party policies, regardless of the levels of competence of public officials – one of the major reasons for the current crisis in the public service.

The country has been quietly moving – despite three very successful elections - in the direction of a one-party state. The emergence of this new mindset is clearly seen in the ANC's *Towards a Ten Year Review* that "was overseen by a steering group of Ministers" and appeared under the name of the Policy Co-ordination and Advisory Services (PCAS) in the Presidency.

- **Unchallenged moral authority.**

The decade long struggle against apartheid provided the ANC with an unchallenged moral authority. The ANC struggle became a "just cause" while, at one stage, apartheid was even labelled as a "crime against humanity".

The ANC not only fostered this dichotomy between good and evil/just and unjust, but also used it to its own political advantage as it had become comfortable in determining and controlling the qualification between good and bad in society. Mbeki himself has become very adept at this and whites in the political opposition and whites in general are very often taken back to their apartheid roots, which keeps them quiet and paralysed. The ultimate convincing argument in parliament very often culminates in an appeal to the legacy of apartheid. Whether it is present-day corruption, Aids, poverty or poor school results, it has always been possible to explain them in terms of apartheid.

Mbeki's definition of present-day society in terms of whites (rich) and blacks (poor) is well known and serves as a basis for policy formulation for the future.

The impact of this on normal political dialogue and rational decision-making is devastating, particularly when Mbeki uses his weekly newsletter on the Web to define the agenda of the day (the latest ANC thinking) and to destroy the unfaithful as undemocratic and disloyal. His comments on the Web have become some kind of *presidential fiat* – it exposes the truth of the day and does not tolerate any deviation.

- **Source of unassailable knowledge.**

During the struggle against apartheid, the ANC positioned itself as the only viable source of information about the destruction of the apartheid system. It provided at that point in time – during the Cold War – an acceptable alternative in terms of ideological, political and economical thinking. The ANC was, in fact, holding the key to freedom and democracy – and there were no other spare keys!

When apartheid collapsed, the ANC remained the only organisation with international standing and domestic support – it had superior knowledge about

reconstructing an unjust society. In addition, this also reverts to the ANC's historical socialist roots where "scientific socialism" was considered the ultimate source of truth and wisdom. It was a doctrine that left very little room for ideological diversity or political opposition.

- **Construction of a new society**

This perceptual paradigm of the struggle became the guideline for the reconstruction of society after 1994 – in political terms known as the *fundamental transfer of society*. The first target was the public sector where the composition of the service had to reflect the (racial) composition of society.

By 2000 this objective had been achieved. Large numbers of highly qualified whites left the public service. They were either coaxed into early retirement at 55, confronted with no career opportunities, or relocated next to the broom cupboard with tea and the morning newspaper as the highlight of the day. The reality was that qualified whites left the public service in droves.

A discomfort zone

The transformation of the public service was, in terms of the constitutional requirements, a resounding success. However, the functional capability of the service moved into a discomfort zone. By 2000 the ANC leadership started showing signs of discomfort with the performance of government. Everything was in place, but very little was working! According to the struggle mindset, this was not supposed to happen. Apparently there was a misperception, nurtured over many years, that an election victory would also guarantee access to good governance – which was not the case.

After his first year in office Mbeki commented in a newspaper interview that "we spent a lot of time in the first five years on matters which related to policy formulations ... we brought in new people who could discuss policy and reflect new thinking. *But now when you come to the implementation stage, you do not have the capacity to actually do the implementation*". (The Star. June 14, 2000 – Italics added)

In spite of this crucial observation, the situation was not rectified. On the contrary, Government continued with an accelerated process of transformation. By 2006 the situation in the public sector has deteriorated to such an extent that a complete functional break-down has become a possibility. There are, at present, some 1,1 million public servants employed by Government. These people include teachers, health workers, soldiers, policemen. They are the people who are supposed to keep the wheels of government turning.

From this total of 1,1 million about 2% are managers while 50% of the employees are labelled as "lower-skilled", 40% as "semi-skilled" and 8% as "highly skilled". This leaves the public service with 990 000 employees who are either "lower-skilled" or "semi-skilled". (Min Fraser-Moleketi: Parliamentary Briefing. 15 February 2005.) Of 284 municipalities some 136 need "various levels of support from national government". In other words, they do not have the capabilities to meet their functional obligations to the public. In the provinces and local government, good governance is slowly grinding to a halt. With the quality and capabilities of the present public service, Government will be unlikely to meet the demands of the future.

By 2005 transformation was firmly in place, but it came at the cost of a loss of expertise. The lack of expertise can also be explained in terms of an increase in mismanagement and the emergence of dysfunctional systems. The net result is a deterioration of the quality of life.

Reaction of the Whites

By 2000 the Whites, and particularly the Afrikaner who had lost his political power, had moved into a discomfort zone. The political optimism that was so typical of 1994 – “let us make it work” - was gone. They had experienced a gradual deterioration of the quality of life that had not been part of their expectations in 1994. This was not supposed to happen.

A strange phenomenon is occurring. As the brick walls and electric fencing for personal protection around homes go higher and higher, open criticism of Government’s inability to provide services has all but disappeared. Criticism of Government has become a private affair, low keyed and very often expressed in jokes on the Internet and cell phones. A few letters of complaint appear from readers in the Afrikaans newspapers and criticism in the editorials has very often been so delicately framed that a new art form is in the making – how to criticise without making waves! From this side, Mbeki does not have to fear any substantial resistance!

With the transformation of the public service many qualified Afrikaners retired – to such an extent that retirement villages, or security complexes as they are called, contain some of the highest per capita expertise in the country. The retirement of expertise in South Africa has become an economic growth industry in itself – for now!

Afrikaners who could not retire are now faced with a completely new environment. They show signs of political withdrawal and have become apolitical with very little enthusiasm – if any – for any political activity. They have become disillusioned. In retrospect, they now doubt the capabilities of white politicians in 1994 during the negotiation process and, in anticipation, they see no meaningful solutions coming from the present government for dealing with future challenges such as education, health, security and HIV/AIDS.

Afrikaners have become sceptical. Most of them have family or children abroad on a semi-permanent or permanent basis. As a result, a whole new way of inter-personal communication has evolved, which was completely absent before 2000. Visiting children tell of a new world of opportunities where foreign governments and the private sector are willing to pay good money for qualified people who are willing to work hard. Visiting parents, for the first time, realise that they have become accustomed to an abnormal society. Previously they had not recognised the steel tunnels they were living in.

A senior minister recently complained that whites did not attend official public meetings. They rather go to the Menlyn shopping centre in Pretoria than to the Union Buildings on public holidays. He is absolutely correct, but his reasoning is mistaken. They do not avoid public meetings for “racist reasons”; they have moved on into the world of globalisation. Many Afrikaners have started a process of virtual migration: the Windows logo on the computer stirs more personal sentiment than the official coat-of-arms at the Union Buildings. The webcam on the computer has become the gateway to family abroad and the Internet is replacing the traditional informative role of the political party. Presently they are boxed-in by political rhetoric and governing incompetence and they are eagerly looking for a way out – to some new kind of liberation! It is expected that the escape into globalisation will continue.

The second decade: 2005 – 2015

There is no common or determining paradigm for the second decade. It rather is a situation of different competing mindsets. The struggle paradigm is still expected to play a role, but so is

globalisation, HIV/AIDS, poverty and illiteracy. The important issue to grasp is that these new mindsets did not originate in the first decade within the struggle paradigm. They maintain an independent position and have their own internal dynamics; they are not the result of a political process.

What is evolving in the second decade is, therefore, not a mere continuation of the first decade, as suggested by Mbeki – this is something entirely new. By 2006 society at large has started to move beyond politics to something new of which the broad outlines are only now becoming visible.

Present society: governmentally empty and demographic distorted

A description of society at large at the beginning of 2006 is quite a challenge, for one is dealing with new concepts that were basically absent in the previous decade. Robert Rotberg of Harvard's Kennedy School introduced a useful concept in this regard in the explanation of a new kind of society when he wrote that failed states are "incapable of projecting power and asserting authority within their own borders, leaving their territories governmentally empty." (*Foreign Affairs* in *Financial Times*. London. Friday March 7, 2003)

The essence of this phenomenon has to be understood: *governmentally empty* does not imply that a country has been invaded by a foreign power or lost some of its territory to a rebel group. A government that cannot project power has become unable to exert its range of public functions to the population as stipulated in the constitution. Government is still very much present and visible in society, but its functional output has become inactive – functional decay has set in.

When this happens, the very existence of the government itself eventually comes into question. Governmentally empty implies that government officials are in place, but functional output is either bad or completely absent.

In practical terms it implies, for example, the formal presence (a government department) of an official police force, but police stations do not have enough equipment, vehicles or manpower. Very often there is not enough fuel, spare parts are lacking or police pay for repairs out of their own pockets.

There are official signs along the highways that warn against hi-jacking, car theft or that tyres could be stolen if one would dare park alongside the road. The chief of police warned that they could not protect shopping centres during the festive season. If the public venture into these areas, they cannot be expected to be protected by the police.

Formal structures are in place, but *functional decay* has damaged the delivery of services to the public – there is an absence of governing presence.

Unfortunately, there is enough evidence to conclude that the *core functions of government* in South Africa are already under severe pressure, to such an extent that a remedy seems impossible over the next five years – further deterioration of governing capabilities has basically become unavoidable.

It is not only law and order that seems governmentally empty. The same features can be witnessed with national defence (perhaps even worse than law and order); health services can no longer cope; education is already in a crisis and Internal Affairs seems to be at a total loss.

The decay of governing capabilities is accompanied by a demographic distortion of society, a phenomenon that is presently not clearly understood and still under the surface of society. According to the constitution, the population is the building block of society. The implication is that, whenever the population changes, everything else in society will change. The most popular perception is that, with the regular increase in

population, more people will be able to vote and the economy will be able to draw on more consumers.

At present, instability in the population composition is detected. The 2001 census counted close to 45 million people. Society at that stage was finely balanced with almost 50% of the population considered poor, illiteracy estimated at 48% of the broad population and 50% of the adult population. Unemployment, according to the broader definition, was beyond 41%.

This situation is now under pressure, mainly as a result of a demographic distortion of society due to HIV/AIDS. By the end of 2004 some 900 people were dying of HIV/AIDS every day and it is expected that this figure will increase every year until 2014. The annual testing for HIV-infection at pre-natal clinics country-wide in 2004 came up with a prevalence rate of 40,7% in Kwazulu-Natal, 33,1% in Gauteng, 30,8% in Mpumalanga and 29,5% in the Free State. In a very recent report late in 2005 by the SA Medical Research Council the prevalence rate for women in the Durban area in Kwazulu-Natal showed an infection rate of 50%. This has resulted in an abnormal society.

HIV/AIDS has been altering the demographic composition of society over the past ten years, because the wrong people have been dying. The SA Democratic Teachers Union recently indicated that they received about 16 death claims per week due to Aids – at a life average age of 38 years. The expected life average for adults in society is declining towards 40 years. With an expected ten years incubation period at present, people are getting sick before they can make any contribution to society.

This creates an entirely new situation in what could be expected from the population in future. HIV/AIDS in South Africa is largely perceived in terms of the number of infected people – close to 6,5 million – and the free distribution of ARV medicine to approximately 60 000 people at present. As cold statistical data these figures say nothing. Yet, the capability to treat only 60 000 people out of 6,5 million should have had the alarm bells ringing loud and clear. This clearly calls for a national emergency. The direct and, at this stage, unavoidable implication is that 6,5 million people of a population of 45 million plus, will die in the near future. In real life these people are teachers, soldiers, police, health workers, farm workers, industrial workers – and parents. The heart of society is ripped out and nobody seems to notice!

HIV/AIDS is destroying the human capital in society and it threatens the economy's competitive advantage. This is the real threat of HIV/AIDS to the ANC government and it will impact on every sector of society over the next decade. It will not even leave democracy untouched.

Future society: explosion or implosion?

The present imbalance in society between the incapability of Government and the demographic distortion of the population is bound to have an impact on future developments of society. The most likely outcome is instability and uncertainty with the weakening of certain structures, the collapse of others and, amazingly, consolidation and growth in certain sectors of society.

The present imbalance in society provides for two options in the next decade: the explosion of society and the possibility of an implosion.

An explosion of society implies the possibility of a fairly violent situation which could result in a civil war, a race confrontation between groups or the formation of rebel groups with a resulting revolution.

This is perhaps the option that is uppermost in the minds of South Africans. According to many white South Africans abroad, the possibility of a race war is still very close to the surface of their thinking.

Even Government considers the possibility of armed resistance from rebel groups in a very serious light – considering the never ending court cases in this regard. Government thinking is, to a large extent, still struggle dominated. If there is trouble, there has to be a conspiracy of some kind!

However, an explosion at present is perhaps the least likely alternative. An explosion demands certain capabilities in terms of equipment and human capital. If the current assessment is that 50% of patients in state hospitals are HIV-positive, where will the human capital come from for any prolonged resistance or conflict? In this regard, certain traditional basic assumptions about conflict in the future will have to be questioned. A violent explosion is difficult to emerge from a society that is consuming its own human resources.

An implosion of society in the next decade seems a much greater possibility for it refers to the functioning capability of the system under question as it reflects the absence of human capital. It is far more dangerous than an explosion for it exhausts the capabilities – expertise – of society. The eventual collapse that results from an implosion could be much more profound than that of a conflict.

The profile of society at large by 2010

The future of Government

- The decline of governing capabilities is expected to continue. No dramatic re-introduction of expertise in the public service is expected. The public service is the one sector where the struggle paradigm will control the future of delivery. The ANC will probably win the next democratic election in 2009, but it will not improve its governing capabilities.

The decline of governing capabilities is a result of the struggle paradigm introduced after 1994 that directly led to a loss of expertise. The future is no longer about the extent of an election victory, but a country's capabilities.

- Within the new emerging paradigm, it is doubtful whether the ANC government will be able to continue in its present form. The real challenge by 2009 will not be the possibility of a growing political opposition, but the possibility of internal system implosion. The threat to the ANC will not come from the outside, but from the inside. It will not be a person or group, but the paralysis of a system. This does not form part of the struggle mindset and will be extremely difficult for the present ANC leadership to handle. The ANC has created its own internal enemy. The struggle doctrine found its full meaning in the liberation of the people from colonialism and apartheid. There is a growing suspicion that the ANC is, as far as the future is concerned, running close on empty!
- The president gathers his ideas from the past: colonialism, apartheid, racism, exploitation, rich (whites) and poor (blacks). He has indicated time and again that these historical concepts ought to determine the way in which the future should be perceived.

New and powerful forces such as globalisation and HIV/AIDS, that deserve special attention in terms of strategic planning, are not part of his core thinking. The demographic distortion that had entered society by 2005 is not yet part of government thinking. This implies that the leadership is ill-prepared for 2010.

- Mbeki is a great ideas man, but he is no manager. The idea of a hands-on management style that was conveyed by the ANC around 2000 never materialised.
- If the present implosion of society continues uninterrupted, the very nature of democracy may be altered or compromised by 2010. The *inability of Government to deliver* in reaction to the *growing demands of the population* for services from government – particularly due to HIV/AIDS – may bring the democratic process itself into question. When people are called up to the vote, there is always the “*what do we vote for?*” question. If a government can no longer provide, the whole voting process becomes meaningless. The result could be a loss of credibility and legitimacy.
- The implosion of society could create a situation where it becomes extremely difficult to govern, not only for the ANC, but also for any other political party. An election victory by 2009 will not restore human capital to Government and society. What is distorted and disrupted by 2009 will remain so, regardless of the outcome of the election. A wide-spread paralysis of Government by 2010 seems a strange possibility.
- Therefore, the present political system has the potential to change after 2010. If the current distortion of society continues with the accompanying implosion, attention would have to shift to other driving forces in society – the emergence of interest groups. These groups reflect *high levels of expertise* and *low levels of exposure* to HIV-infection. They are not political, do not have any mass support, but have the one thing in common that would be of crucial importance by the turn of the decade – they would control expertise! This could be the beginning of privatising society where interest groups take up responsibility for the effective functioning of society where government capabilities cannot provide any more. In a way it could also prevent society from descending into wide-spread implosion. (The future of the private sector will be discussed in the next publication)
- By 2010 democracy in its present form just may have run its course and a new political agreement would be needed. This may provide for a strange new world, but it may just deliver enough functionality to provide a fresh start.