



Policy: issues & actors

Vol 20 no 4

Affirmative Action and State Capacity in a Democratic South Africa

Omano Edigheji

Research Manager, Centre for Policy Studies

Centre for Policy Studies

Johannesburg

South Africa

February 2007

The Centre for Policy Studies is an independent research institution,
incorporated as an association not for gain under Section 21 of the
Companies Act.

Centre for Policy Studies
1st Floor
Rosepark South,
6 Sturdee Avenue,
Rosebank,
Johannesburg, South Africa

P O Box 1933
Parklands
2121
Johannesburg, South Africa

Tel +27 11 442-2666
Fax +27 11 442-2677
e-mail: portia@cps.org.za

www.cps.org.za

ISBN - 978-1-919708-78-2

This paper was presented at the 29-30 June 2006 CPS international seminar on 'IBSA Within a Changing Global Order: Regional and Human Security Dimensions' held in Johannesburg, South Africa. This was the inaugural session of the Ford Foundation funded project toward developing an IBSA (India-Brazil-South Africa) Civil Society Forum on Peace and Security. The papers in this series were delivered under the sub-themes: "Traditional and Non-traditional Threats in a Changing Global Order" and "IBSA Perspectives on Human Security."

TABLE OF CONTENTS

1. INTRODUCTION	1
2. DEFINITIONS: STATE CAPACITY AND AFFIRMATIVE ACTION	1
3. AFFIRMATIVE ACTION AND STATE CAPACITY: A CRITICAL EXAMINATION	2
4. CONCLUSION	11
5. REFERENCES	12

1. INTRODUCTION

Twelve years after multiparty, non-racial and non-sexist democratic elections, many South Africans still have not come to terms with affirmative action (AA) in the public service and employment equity (EE) in both private and public sectors. This is because, some sections of our society either do not genuinely understand affirmative action and employment equity or they deliberately distort their goals to achieve certain social, political and economic objectives. In most cases the latter tends to be the case. In radio and Television talkshows, opinion pieces in newspapers and academic publications, there is talk about the negative impact of AA on state capacity. The deliberate distortions of the goals and impacts of AA and EE may not be unconnected to the need to preserve ill-gotten wealth and privilege. I say ill-gotten here because the international community declared apartheid a crime against humanity. Therefore, any gain derived from this crime was ill-gotten and not achieved through legitimate means.

This paper will focus on affirmative action in the public service. It is divided into three sections. The first section briefly defines the concepts of affirmative action and state capacity. It also sets the goals of the former. The second section reviews the evidence. The last section provides some concluding remarks.

2. DEFINITIONS: STATE CAPACITY AND AFFIRMATIVE ACTION

This section will attempt to define the two concepts, state capacity and affirmative action, as well as highlight some of the justifications for the latter. Suffice it to say that the discussion in this section is not in any way exhaustive.

State capacity in this context can be defined as the ability of the state to act authoritatively to transform the structural basis of the economy to achieve economic growth, reduce poverty and income and wealth inequalities. In other words state capacity here implies the capacity of the state to foster inclusive development, including enhancing the human capabilities of all citizens. Inclusiveness and social justice is, therefore, central to this conception.

Affirmative Action can be defined as corrective measures to ensure representation of all races, genders and people with disabilities in the public service. Affirmative action in the Employment Equity Bill is defined as “measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer (RSA, 1998a: 1). With respect to the public service, affirmative action is “defined “as ...corrective steps which must be taken in order that those who have been historically disadvantaged by unfair discrimination are able to derive full benefit from equitable employment environment” (RSA, 1998b: 9).

The introduction of affirmative action (and employment equity in the private sector) was against the background of apartheid labour market policies that restricted access to skilled work for blacks, people with disabilities and women. This exclusion was exacerbated by inadequate education and training as well as limited employment opportunities, especially for blacks in the public sector. Another reason for the introduction of affirmative action was the democratic government's inheritance of a state that was not an effective and efficient instrument for "delivering equitable services to all citizens and of driving the country's economic and social development" (RSA, 1998b: 8). This, the White Paper argues, was because of "ineffectiveness, unfair discrimination and division on the basis of race and gender, and which virtually excluded people with disabilities" (RSA, 1998b: 8). This eroded the legitimacy and credibility of the public service in the eyes of most South Africans. Left on its own, the public service labour market was incapable of resolving these problems. As some commentators have observed,

Many of the previous discriminatory policies, which resulted in the current inequities in the labour market, tend to be self-perpetuating. A good example is the past differences in black and white education. Persons with poor education are often unable to secure sufficient resources to ensure a good education for their children. The children are then, in turn, unable to provide their own offspring with an education that would allow social and economic advancement **including the public sector labour market**. (Thompson and Woolard, 2002: 2. emphasis mine)

Affirmative action was therefore introduced to achieve social justice and equity and to make the state efficient, effective and inclusive.

3. AFFIRMATIVE ACTION AND STATE CAPACITY: A CRITICAL EXAMINATION

In this section, some of the problems, including the low degree of capacity in the public service, that are attributed to the effects of affirmative action, are discussed. The aim is to put some of its critiques in context and understand the multifaceted nature of the capacity problem within the state since 1994. Though as we have seen above, affirmative action is defined in racial, gender and disability terms, the analysis that follows in this paper will focus on the racial component.

A number of radio callers, commentators, market analysts and scholars tend to equate affirmative action to the appointment of people who lack skills and knowledge for the positions they occupy. Some of these scholars include Cameron (1996) and Luiz (2002) who argued that appointments in the public services on the basis of affirmative action constrained the capacity of the state to provide services to the populace and effectively manage the economy. From this perspective, the lack or slow pace of service delivery in the democratic dispensation is attributed to lack of capacity, which is argued to be a byproduct

of the appointment of unqualified and unskilled people due to affirmative action. The argument goes that skilled and qualified whites are being overlooked in preference for unqualified and under-qualified blacks. It is further asserted that white employees are leaving the public service in droves because of affirmative action, and that job opportunities in the sector are closed to whites for the same reason. Unemployment and migration among the white population is largely blamed on affirmative action in the public service and employment equity in the private sector. For instance, critic Dan Roodt argued in a letter to *Business Day* that “affirmative action has always been an anti-white system” (Roodt, 2006). This is a view that seems to be shared by at least a section of the white community. According to one of South African leading commentators, Steven Friedman (2006), affirmative action “... sits alongside crime as the chief trigger for white apprehensions of doom”. Friedman surmised some of the other criticisms of affirmative action thus:

For most of the critics, the issue is simple: the new elite is looking after its own, pushing whites out of the economy, denuding business and government of skills and destroying standards as the competent give way to the politically favoured.

...Talk shows and dinner tables may be awash with stories of talented whites being driven out of the country by racial preference.

Often signs that government is not running as it should are taken as evidence that whites who knew how to do things have been replaced by blacks who don't.

It is important to interrogate some of these claims. It should be observed that there is no empirical basis for these claims and proponents of such views scarcely provide such evidence.

There are claims in certain quarters that whites are being driven out of the public service because of affirmative action. Taken to its logic conclusion, affirmative action will lead to a decline in white participation in the public sector labour market. If the number of white managers is taken as a unit of analysis, this claim is not supported by existing evidence. On the contrary, existing evidence suggests an absolute increase in the number of white managers in the public service from 14 738 in 1995 to 26 276 in 2001, an increase of 11 534 managers (Public Service Payroll Information quoted by Thompson and Woolard, 2002). In the same period, the numbers of African managers increased by 29 322, from 7 379 in 1995 to 36701 in 2001. Other racial groups also witnessed increases in the absolute number of managers. But this did not reveal the whole picture. When the percentage of white managers in the public service is contrasted with the percentage of white in the labour force, whites are still over-represented in managerial categories. In 2000, while whites represented only 12% of the economically active labour force, they made up 39% of managers in the public service. In same period, while Africans constituted 75% of the active labour force, African managers constituted 51% of public service managers. Taken to its logical conclusion, Africans are still under-represented in managerial positions in the public service while whites are over-represented. It, however, needs to be said that at senior management level, the

number of Africans increased from 1 148 in 1995 to 1 871 in 2001. In the same period, the number of white senior managers decreased by 167, from 2 161 in 1995 to 1 994 in 2001. But in relative terms, by 2001 whites constituted 46% of all senior managers, well above their share of the total population and above their share of the total labour force. By March 2005, whites represented 30% of senior management (Burger 2006), well above their relative number of the total population. So this trend has continued in the last five years, and there is no evidence to suggest that whites are under-represented at senior management-to-management levels in the public service. Even at the non-managerial categories, in 2000 white representation at 14% was slightly higher than their percentage of the economic active population (12%). Although, it is very likely that the total number of whites in the non-managerial positions may have declined way below their share of total labour force, such decline cannot be attributed solely to affirmative action.

Factors such as the reform/restructuring of the state, including the merger of racially-based departments to make them more efficient and capable of driving social and economic reforms, also resulted in the loss of some skilled white workers. In particular, a number of skilled workers, mostly whites, took voluntarily left the public services by taking severance packages. This, however, created space for the democratic state to recruit a technocratic elite with which it shared a joint project of national transformation. This was imperative, given that the democratic state inherited a technocratic elite with which it shared no common ideology or vision of national transformation. As international experience shows, a symbiotic relationship between the technocratic and political elites is a necessary condition for development. The Asian NICs are apt examples in this regard (Johnson, 1987). The point, therefore, was that some senior bureaucrats from the apartheid era were relieved of their duties in order to make the state act as a coherent and efficient entity.

The claim that affirmative action has resulted in white migration from South Africa might be only part of the story. By so doing, it ignores some of the pull and push factors that have accounted for white migration since 1994. Following the democratic elections in 1994, a number of white South Africans migrated for fear that the new South Africa would implode and was likely to become a basket case like some of the other countries in Africa. Afro-pessimism is, therefore, an important explanatory variable for the migration of a number of whites. It is probable that many in this group will readily point to the increasing crime rate as one of the push factors. Others migrated because of pull factors, including job opportunities overseas. Globalisation has resulted in competition for skilled workers, especially those Manuel Castells (1998) refers to as “programmable workers”. In this category are the IT specialists, financial experts, doctors, nurses, engineers etc and other knowledge workers such as teachers. This is unlike those Castells refers to as generic workers, mostly clerical workers and artisans. South African workers, including white workers, are not immune from this bifurcation. The result is that some white programmable workers have migrated, as part of the global trend to take up better job opportunities in other countries, although the same cannot be said for their generic counterparts. The point, therefore, is that some whites have migrated to take up better employment opportunities in

other countries. To ignore these facts and attribute all white migration to affirmative action is an incomplete account of the developments being discussed.

The redress measures initiated in the democratic dispensation have not been at the expense of any community, white or black. As an illustration, employment equity notwithstanding, whites continued to dominate executive and management positions in the private sector: for example, by 2002, whites occupied 68% of top management positions in the private sector with white males and females accounting for 51% and 17% respectively (Commission of Employment Equity, (2002/3). As shown above, whites are still over-represented in senior management positions in the public service in spite of the implementation of affirmative action.

The capacity problem may not be due to affirmative action *per se* but rather to the fact that the South African education system has not been restructured in order to provide the knowledge and skills required in our new democracy, which will allow citizens to be active agents of social change but at the same time provide the skills necessary to make the economy globally competitive. The country's educational system is primarily focused on producing skilled labour for formal sector big enterprises. It does this rather badly, but this is an issue that is beyond the scope of this paper. The point is that the system does not even pretend to produce 'entrepreneurially' skilled persons and technocratic elite for the public sector. To overcome this problem, South Africa could draw some lessons from Malaysia, a country with which it shares certain characteristics. Similar lessons could be drawn from the East Asian countries of Korea and Singapore. In these countries, the (higher) education system equipped students with knowledge and skills to function as both employees and employers. Importantly, graduates from their higher education institutions were equipped to start and run their own enterprises. To ensure that there were competent people in the state bureaucracy, the state invested enormously in higher education. For example, the Malaysian state increased the level of scholarships for the indigenous Malays to study for higher degrees in some of the best universities in the world. These graduates returned to take up employment in the public service. In Korea, a designated University, the Korean National University, was established to among other things, produce the cream of the senior bureaucrats for the state. This created an *esprit de corps* that contributed to the efficiency of the Korean state as well as enabled it to act as a coherent collective actor that was able to define its development goals, formulate and implement policies to achieve such goals. Senior French bureaucrats were also graduates from a national institution established by the government. Entrance to such institutions is very competitive and restricted. That the South African state has not designated any university to produce its cream of senior officials might be ignoring an important factor that could enhance its capacity.

But the problem of capacity is further compounded by the high turnover rate of senior public officials (including blacks). A number of factors account for this development. First, the democratic state is being restructured along the New Public Management (NPM) lines, which among other things requires that civil servants are employed on performance-based contracts rather than the long career tenure that characterised the traditional public

service. As a result, there has been a high turnover rate in the public service. As they leave for the private sector, the experience acquired in their years of service is lost to the public service. A related point is that some senior black officials see the public service as a training ground for better jobs in the private sector. Hence, immediately they acquire the necessary skills and gain sufficient exposure, they move to the private sector as top executives (in already established businesses or formed BEE companies). This is how the Deputy Secretary General of the South African Communist Party and Member of the National Executive Committee (NEC) of the African National Congress (ANC), Jeremy Cronin MP, (2005: 20) puts it:

...the present trajectory of BEE policies is gravely undermining the capacity and coherence of the new state cadre. BEE targets and score-cards imposed on the private sector now require very significant numbers of new senior black managers. A large number of these appointments have (and will increasingly) come from the new cadre in the state. The public sector has recruited tens of thousands of young black graduates, who have begun to acquire public sector managerial and sector specific experience. However, there are extremely high levels of turn-over among this cadre. There is much upwardly-mobile job-hopping within the public sector, but increasingly this cadre is being poached whole-sale by the private sector and our own policies are encouraging this.

In all of this, the state is the loser. Furthermore, the job-hopping, within the public service (as in the private sector) by black senior public servants is another problem as it undermines the efficacy of the state. Thus rather than focus on specific tasks, some black managers are preoccupied with searching for the next senior position that is advertised. To stem this tide, at least in the short-run, it might be useful for government to introduce a system whereby senior public officials serve for a minimum timeframe before they can move to another job within the public service.

However, it would be incorrect to see this solely as the quest for better pay by black managers. Part of the explanation might be the absence of intangible rewards, as was the case in Malaysia and South Korea where the civil service was prestige-laden. Being a member of a prestigious civil service was an extrinsic motivation for civil servants in those countries. But in South Africa, the democratic state is constantly derided as being incompetent, corrupt and ineffective. There are some justifications for these criticisms, including the slow pace of delivery of basic services to the poor, the rise in poverty and widening income gap within the black community. It is also important to note that given the scarcity of skilled black people, it is not surprising that those with skills in the public sector are attracted by the private sector.

Another possible reason for the higher turnover rate of black senior managers in the public service might not be unconnected with criticisms of corruption and incompetence. Some may have elected to leave the public service for fear of being stroked with the same brush and being perceived as corrupt and incompetent. Partly because of this tendency, the

South African civil service does not have the prestige of its counterparts in East Asia, for example. There are a number of likely factors for this development, including the demonisation of the state by free-market ideologues that want the market to operate without any form of state regulation. But across the globe, there is increasing recognition, even by institutions such as the World Bank, that the state has an important role to play not only in the process of poverty reduction but also in fostering economic growth. In fact, there is a growing recognition that an effective market needs an effective state, a fact that is lost to some in South Africa.

Evidence of corruption may exist and the public service is not as efficient as some other states that have been able to transform their economies and engineer remarkable economic growth with equity and substantially reduce the levels of poverty and unemployment. In this respect, there is much more the democratic state still needs to do. Towards this end, enhancing its capacity is therefore of fundamental importance. The perceived increase in corruption might actually be explained by the fact that compared to the apartheid era, the democratic government has put more systems in place to fight corruption (such as the Public Finance Management Act) resulting in more people being arrested and prosecuted. But it also needs to be said that perhaps some of the criticisms about the democratic state being corrupt and incompetent may be an indirect way of some in the white community saying that blacks cannot govern. Charges of high levels of corruption may, therefore, be driven by Afro-pessimism and the need to paint the “natives” as corrupt. The former was partly the reason for the speculative attack on the Rand in 2001/2 in the guise of the crisis in Zimbabwe. As we have seen subsequently, the Rand has appreciated in spite of the continuing crisis in Zimbabwe.

To be sure, corruption is unacceptable and is criminal. It impedes a country's development and takes resources away from the poor to the rich and thus increases income and wealth inequalities. It is, therefore, no surprise that the Nordic countries that have the lowest rates of corruption are the most egalitarian in the world. In general, corruption/rent-seeking has negative social and economic consequences, including impeding the capacity of the state to deliver services to the populace, especially the poor. We have seen how corruption has destroyed the Nigerian state, constraining its ability to enhance the productive capacity of the economy and provide basic social services to its citizens. It is estimated that since the 1960s, over \$2 trillion dollars have been stolen by public officials (senior bureaucrats, military rulers and elected officials) from the public coffers. This has adverse consequences for the Nigerian polity and economy, a pitfall that the South African state needs to avoid.

The point is that corruption is not peculiar to South African (or African) public officials and civil servants. It seems to be the tragedy of modern public service, especially in a world that is driven by materialism. The campaigns for the 2006 midterm elections in the United States (US) are characterised by allegations of corruption, especially against the Republican Party. In the United Kingdom (UK), the cash-for-peerages scandal has engulfed British politics. It is alleged that political honours, including appointments into the House of Lords,

were made to people who made donations to senior political figures and the two main political parties. This came to light when it was discovered that four businesspersons made secret loans of about four-and-half million pounds to the Labour Party and in return were rewarded by nominations as peers. Prime Minister Tony Blair, former leader of the Conservative Party (Tory), Michael Howard, was among the 51 people - including two cabinet ministers - being questioned by the police in connection with the cash-for-honours scandal. Three arrests have been made thus far including Labour Party's chief fundraiser, Lord Levy.

In the South African case, one thing of concern is that some have used corruption as an excuse to project the country in a bad light internationally. And we are constantly reminded that corruption in the public service will discourage investment. But no one, including those that made such projections, have said that corruption in the US and UK will discourage foreign investors or lead to capital flight in these countries. Some of these people will readily invest in the UK and US in spite of corruption (At the time of writing the former CEO of Enron, Mr. Jeff Skilling, had just been sentenced to 24 years imprisonment for one of the biggest corporate corruption scandals in US history). Instances of corruption in these countries have not led to speculative attack on their currencies or international campaigns against further investment. The rise in corruption in China has not discouraged western investors from investing in that country. There lies the difference with the South African case.

Certainly corruption is condemnable and all efforts should be made to eradicate it from South African society. But it is counterproductive for the "market" to discourage investment in South Africa or advocate capital flight because of perceived corrupt practices by the "natives" who run the state. Suffice it to say that there is unlikely to be corruption in the public sector without the culpability of the white-dominated private sector. Therefore, the perceived high rate of corruption within the South African state is a serious indictment of the private sector. Just recently, anti-corruption watchdog, Transparency International (2006), rated South African businesses as the sixth worst among businesses in 30 leading exporting countries that are more likely to give bribes in order to get business in foreign countries. Corruption, therefore, is not a "natives" problem, wherein blacks are assumed to have a genetic predisposition towards corruption. The public and private sectors need to join hands in an attempt to root out corruption.

It is interesting to note that similar charges as those being made against the South African state were levelled against the developmental states of Asia, including South Korea, Singapore and Malaysia, by Western scholars and media. They labelled these countries as having crony capitalism. But some foremost political economists on Asia have drawn our attention to the fact that rent-seeking, which is a major feature of capitalist economies, may not necessarily impede investment. K.S Jomo, one of Malaysia's most authoritative political economists and currently Under Secretary of the United Nations points out that:

Rent transfers may well contribute to, rather than undermine, further investments in the national economy since rentiers can usually count on further advantages from such investments. If capital flight is thus discouraged, the greater concentration of wealth associated with such rentier activity may actually have the consequence of raising corporate savings, thus accelerated capital accumulation, growth and structural changes (1996: 12).

Similarly, Aoki *et al.* (1996:14) have persuasively argued that “if policy-induced rents are provided on the condition of fulfilment of an objective criterion, they may induce private agents to supply more goods that are undersupplied in the competitive process”. Elsewhere, I observed that:

In fact, policy-induced rents that are transparently distributed are likely to force private agents to act to further the development objectives of the state. Put differently, transparently state-induced rents force private agents to work towards the goals defined by the state. These points are important lessons that we need to be cognizant of in South Africa’s attempt to promote a black business class. A pertinent question to ask is whether or not the South African state is setting performance criteria for the emerging black business class, aimed at reducing inefficiency and wastage by black firms while at the same time rewarding those that meet set targets. The carrot and stick approach to rent distribution, therefore, requires greater attention as part of the state efforts to promote black business. (Edigheji, 2006: 49).

Of import, therefore, is the degree of corruption. Where there is a high level of corruption, as there are in predatory states, it is likely to impede the development process. But South Africa is not near a predatory state. It has more features of a democratic developmental state than a predatory state. Hence I have labelled it as an “emerging democratic developmental state” (Edigheji, 2006). And as the quotations by Jomo and Aoki *et al.*, show, the transparent distribution of rent, that is clear and open incentives, by the state and where the recipients are made to meet certain targets, could enhance rather than impede development and investment. In other words, certain types of rents could be market-enhancing as was the case in the Asian developmental states.

At this juncture, it is important to note existing evidence does not support the generalization of incompetence by the democratic state. Evidence suggests that pockets of efficiency exist within the democratic state. These include ESKOM, which is generally commended as an efficient public utility (although a significant section of people still do not have access to electricity). Even among and within municipalities there are pockets of efficiency. Just last year, Steven Friedman drew attention to the professionalism and efficiency with which the Johannesburg Municipal Council’s Customers Service Centre, attend to citizens. Friedman notes:

But, if the rates hall was once a trial by ordeal, my recent experience suggests it is that no longer. Visitors are greeted by friendly and efficient officials, given the necessary forms and then handed a numbered slip of paper, colour-coded according to their business there.

They are directed to a hall with plenty of seating and, within a few minutes, their number is called and they are escorted to a desk behind which sits another polite official who serves them promptly and pleasantly. My visit, to open an electricity account, took about 20 minutes.

Two examples of efficiency within the public service are the National Treasury and the South African Revenue Services (SARS). The Treasury has been able to formulate and implement a stabilisation policy, Growth Employment and Redistribution (GEAR), that has saved the country from some of the shocks in the global economy since 1997, including the Asian financial crisis. Its “sound” management has put the economy on a growth path. Recall that the democratic state inherited an economy that was in recession. In general, the management of the economy engenders stability and predictability. But what is surprising is that in spite of South Africa’s favourable rating by both national and international rating agencies, the level of private sector investment remained low by international standards. As an example, by 2003, private sector fixed capital formation accounted for about 13% of Gross Domestic Product (GDP). Similarly, SARS revenue collection capacity has increased. Consequently, there is greater tax compliance by citizens, which has enabled SARS to surpass its revenue collection targets in the last couple of years. It is, therefore, not surprising that, it has earned the respect of the tax-payers. These have resulted in an expansionary fiscal policy in the last couple of years - this trend is likely to continue given government commitments. But the impacts of these have been limited because of lack of capacity by delivering ministries, namely Health, Education, Social Development, Housing, etc., as well as most municipalities, to spend their budgets. Hence, year in and year out, a considerable amount of funds allocated for social services are unspent. Under-spending, which is a result of lack of capacity within the social cluster ministries and municipalities are some of the key challenges facing the democratic government. This has contributed to the inability of the state to speed the pace of delivery of basic social services. It is, therefore, no surprise that in spite of the achievements of the democratic dispensation, which include the construction of over 2 million low cost housing units, provision of free water to the poor and increased connectivity of electricity, there remain huge backlogs in almost all areas of the social services sector. For example, the housing backlog is estimated at 2.4 million houses (Sisulu, 2006).

There is also lack of capacity within the Security and Justice clusters. Inadequately trained and ill-equipped police officers and prosecutors and insufficient judicial officials are also some of the problems that are currently experienced in South Africa. This is in context of a high crime rate, which needs to be understood within the context of the militarization of the Southern African region as a result of conflicts and the legacies of apartheid that destroyed the social fabric, especially of black families, and the dehumanization of peoples’ lives, both blacks and whites. These are coupled with high rates of poverty and unemployment. These create a fertile ground for the high crime rate in the country. This is not to excuse the high crime rate in the country. That there are

18 000 murders annually when South Africa is not in a war, is certainly unacceptable. The high level of crime and poverty deprive South Africans from enjoying the freedom that could have accompanied the democratic order. Both of these call for urgent attention by enhancing the capacity of the criminal justice system and the delivery capacity of the social services cluster. However, to blame the lack of capacity within the criminal justice system and social cluster solely on AA, to a large degree, misses the point.

It however, needs to be pointed out that perception of inefficiency or lack of capacity may be because the democratic state lack the resources, human and material, to meet all the myriad needs and demands thrown up by democracy that the apartheid state did not have to deal with, especially a public service that cater for the needs of all South Africans. This, rather than AA, is at the heart of the perceived low degree of state capacity for redress since 1994.

4. CONCLUSION

In this paper, I suggest that critics of affirmative action wrongly attribute most of the problems experienced by the democratic state to Affirmative Action (AA). These critics attribute emigration of whites, corruption and the low degree of state capacity to AA. The paper has shown that to attribute the low capacity solely to AA ignores the multiple factors that constrain the capacity of the democratic state to provide efficient services to citizens. The capacity problem notwithstanding, the state has achieved some remarkable successes - including putting the economy on a growth path and extending basic services to a greater number of South Africans than the apartheid regime. In fact, the provision of about 2 million houses in the last twelve years is remarkable by developing country standards. Much more still needs to be done to extend basic services to all citizens, reduce poverty, achieve higher rates of growth and reduce the crime rate. All of these call for increasing the capacity of the state by, among other things, transforming the higher education system to enable it to produce the personnel required to run the public service efficiently. In order to address the problem of job-hopping, it is necessary to specify a minimum timeframe for which a public servant can serve in one job before moving to another job in the public service as a short-term solution. Training more people, especially blacks, women and people with disabilities is necessary to address the capacity problem in the long run. It will also help to remove the current stigma of the public service as incompetent and corrupt. The state also needs to increase the number and levels of scholarships for blacks, women and people with disabilities.

5. REFERENCES

Aoki, Masahiko; Murdock, Kevin and Okuno-Fujiwara, Masahiro (1996) "Beyond the East Asian Miracle: Inducing the Market-Enhancing View" in Aoki, M; Kim, H and Okuno-Fujiwara, M (eds) *The Role of Government in East Asian Economic Development: Comparative Institutional Analysis*. Oxford: Clarendon Press

Burger, D (2006), *South Africa Yearbook 2005/06*. Pretoria, Government Communication and Information System.

Cameron, Robert (1996) "The reconstruction and development programme", in Faure, Murray and Lane, Jan-Erik (eds), *South Africa: Designing New Political Institutions*. London: Sage Publications.

Castells, Manuel (1998) *End of Millennium*. Massachusetts and Oxford: Blackwell Publishers.

Commission for Employment Equity (2002/3) *Employment Equity Report*.

Cronin, Jeremy (2005) "The people shall govern - class struggles and the post-1994 state in South Africa" (Unpublished)

Edigheji, Omano (2006) "The Emerging South African Democratic Developmental State and the People's Contract". Centre for Policy Studies. Unpublished paper. July.

Friedman, Steven (2006) "Foes of affirmative action fail to see it's not all black and white". *BusinessDay*. October 18. *BusinessDay*. November 23.

Friedman, Steven (2005) "Highs, lows of service delivery points to vital matter of will".

Johnson, Chalmers (1987) "Political Institutions and Economic Performance: The Government-Business Relationship, South Korea and Taiwan", in Deyo, Fedric (ed) *The Political Economy of the New Asian Industrialism*. Ithaca and London: Cornell University Press.

Jomo, K. S (1996) "Lessons from Growth and Structural Change in the Second-tier South East Asian Newly Industrialized Countries". Geneva: UNCTAD.

Luiz, John M (2002) "South African state capacity and post-apartheid economic reconstruction". *International Journal of Social Economics*. Vol.29, No. 8. p594 - 614.

Roodt, Dan (2006) *Business Day*. October 20. <http://businessday.co.za/Articles/TarkArticle.aspx?ID=2300364>

Republic of South Africa (1998a) *Employment Equity Bill*.

Republic of South Africa (1998b) *White Paper: Affirmative Action in the Public Service*. *Government Gazette*. Vol. 394, No. 18800. April.

Sisulu, Lindiwe (2006) "Keynote Address by the Minister of Housing at the First Annual Govan Mbeki Housing Awards". Centre Court, Emperor Place, Johannesburg. 27 October.

Thompson, Keith and Woolard, Ingrid (2002) Achieving Employment Equity in the Public Service: a study of changes between 1995 and 2001. Development Policy Research Unit. Working Paper 02/61. January

Transparency International (2006) Bribe Payers Index (BPI) 2006: Analysis Report. October 4.