

**A South African Developmental State? The Need to Overcome  
Incapacity and Pursue Embedded Autonomy in the 21<sup>st</sup> Century**

**and**

**On the Fringes: Housing Policy, Urban Slums and the Necessity  
for a New Direction in South Africa**

**by**

**Victoria (Tori) Wong**

B.A. (International Relations), University of British Columbia, 2015

Extended Essays Submitted in Partial Fulfillment of the  
Requirements for the Degree of  
Master of Arts

in the  
School for International Studies  
Faculty of Arts and Social Sciences

© Victoria (Tori) Wong 2018  
SIMON FRASER UNIVERSITY  
Spring 2018

Copyright in this work rests with the author. Please ensure that any reproduction  
or re-use is done in accordance with the relevant national copyright legislation

# Approval

**Name:** Victoria Wong  
**Degree:** Master of Arts  
**Title:** 1) A South African Developmental State? The Need to Overcome Incapacity and Pursue Embedded Autonomy in the 21<sup>st</sup> Century;  
2) On the Fringes: Housing Policy, Urban Slums and the Necessity for a New Direction in South Africa

**Examining Committee:** **Chair:** Christopher Gibson  
Assistant Professor

**Christopher Gibson**  
Senior Supervisor  
Assistant Professor

---

**Tamir Moustafa**  
Supervisor  
Professor

---

**Date Defended/Approved:** August 8, 2016

## Abstracts

### Essay 1: A South African Developmental State? The Need to Overcome Incapacity and Pursue Embedded Autonomy in the 21<sup>st</sup> Century

In the years leading up to and immediately following the African National Congress' landslide victory in the country's first truly democratic elections, much anticipation and hope about South Africa's future were held by all. However, despite its transition to democracy and departure from the institutionalized racism of apartheid in 1994, South Africa remains one of the most unequal societies in today's global system. This essay explores the applicability of the developmental state framework given South Africa's unique history and circumstances, considering arguments that assert South Africa can become a developmental state in spite of its deficiencies and arguments that argue against such assertions. This essay aligns with the former, arguing that while South Africa suffers extreme deficiencies that currently preclude it from becoming a 21<sup>st</sup> century developmental state, this does not mean that it can never become one.

**Keywords:** developmental state; South Africa; mineral-energy complex; embedded autonomy

### Essay 2: On the Fringes: Housing Policy, Urban Slums, and the Necessity for a New Direction in South Africa

The Universal Declaration of Human Rights (1948) enshrines the right to adequate housing, a concept that includes attributes such as security of tenure, protection from eviction, availability of services, and affordability. Since 1948, globalization and industrialization have ignited increasingly intense rural-to-urban migrations that strain cities' abilities to house people. In South Africa, urban slums are prominent features of cities like Cape Town, Johannesburg, and Durban. Since 1994, the African National Congress has battled to deliver housing to the poorest of South African citizens, but evidence shows that its efforts, mandated by national housing policies, are failing. This essay investigates this failure by examining the neoliberal underpinnings of South Africa's various housing policies and exploring the arguments of two camps in the literature – one that argues for greater inclusion of slum communities and one that argues for a more enabling policy environment. Through this exploration, the essay suggests that a combination of these two approaches presents the best suited housing strategy for South Africa moving forward.

**Keywords:** urban slums; housing provision; South Africa; participatory processes; enabling policy environment

# Acknowledgements

I would like to extend my warmest thanks to the professors and colleagues over the years that have inspired and guided me in my academic endeavours. I would like to thank Dr. Chris Gibson for the invaluable insight and guidance he gave me for this project. Thank you to the School of International Studies and my MAIS colleagues for the new lessons and immense support. Without you, this project would have never been possible. To my family, friends, and Megan – thank you for the encouragement and love during this difficult year, I can't express my appreciation for you enough. Mom, this was for you. You are everything. I miss you.

# Table of Contents

<b>Approval .....</b>	<b>ii</b>
<b>Abstracts .....</b>	<b>iii</b>
<b>Acknowledgements .....</b>	<b>iv</b>
<b>Table of Contents .....</b>	<b>v</b>
<b>List of Acronyms .....</b>	<b>vi</b>
<b>Essay 1: A South African Developmental State? The Need to Overcome Incapacity and Pursue Embedded Autonomy in the 21<sup>st</sup> Century .....</b>	<b>1</b>
<b>1. Introduction .....</b>	<b>1</b>
<b>2. Development and the New South Africa .....</b>	<b>2</b>
2.1 Defining Development .....	2
2.2 Leaving the Spectre of Apartheid Behind? South African Development since 1994 .....	2
<b>3. Developmental States, Then and Now .....</b>	<b>3</b>
3.1 Classical Developmental States .....	3
3.2 Contemporary Developmental States .....	6
<b>4. The Potential for a South African Developmental State.....</b>	<b>8</b>
4.1 The Mineral-Energy Complex as the Foundation for a Developmental State .....	8
4.2 Building State Capacity for a Developmental State.....	9
<b>5. ‘Insurmountable’ Obstacles to a Developmental State.....</b>	<b>11</b>
<b>6. Conclusion and Considerations.....</b>	<b>12</b>
6.1 Overcoming Incapacity .....	12
6.2 Fostering Embedded Autonomy .....	13
<b>References .....</b>	<b>15</b>
<b>Essay 2: On the Fringes: Housing Policy, Urban Slums, and the Necessity for a New Direction in South Africa .....</b>	<b>18</b>
<b>1. Introduction .....</b>	<b>18</b>
<b>2. Urban Slums in South Africa .....</b>	<b>19</b>
<b>3. South African State Approach(es) to Housing.....</b>	<b>20</b>
3.1 What is Housing? .....	20
3.2 South African Housing Policy: Background.....	20
3.3 Important Housing Documents .....	22
<b>4. Movement from Below? .....</b>	<b>23</b>
4.1 People-Centred and Rights-Based Participatory Processes .....	23
4.2 Dangers of Participatory Discourse .....	25
<b>5. Movement from Above?.....</b>	<b>26</b>
5.1 Policy Reform: Creating an Enabling Policy Environment .....	26
<b>6. Conclusion and Considerations.....</b>	<b>27</b>
6.1 Disoriented Governments.....	27
6.2 Excluded Communities .....	28
6.3 An Enabling South African Housing Policy? .....	29
<b>References .....</b>	<b>32</b>

# List of Acronyms

ANC	African National Congress
BNG	Breaking New Ground
GEAR	Growth, Employment, and Redistribution
MDG	Millennium Development Goals
MEC	Mineral-Energy Complex
RDP	Reconstruction and Development Program
SOE	State-Owned Enterprise
UISP	Upgrading Informal Settlements Program

# Essay 1: A South African Developmental State? The Need to Overcome Incapacity and Pursue Embedded Autonomy in the 21<sup>st</sup> Century

## 1. Introduction

In the years leading up to and immediately following the African National Congress' landslide victory in the country's first truly democratic elections, much anticipation and hope about South Africa's future were held by all, especially by those most heavily repressed by the apartheid regime. However, despite its transition to democracy and departure from the institutionalized racism of apartheid in 1994, South Africa remains one of the most unequal societies in today's global system. Indeed, its 2011 Gini coefficient of 0.62 not only indicates the country's disturbingly high inequality, but also suggests that the ANC-led (and dominated) South African state has not been able to successfully or systematically address legacies of inequality since the dismantlement of apartheid. In light of such shortcomings to transform the state into a more equitable society, the concept of the developmental state has gained traction in both policy and academic circles in South Africa, especially as the need to simultaneously redress inequality and develop becomes increasingly urgent.

This essay's objective is to explore the applicability of the developmental state framework in South Africa through an examination of the way scholars and development practitioners have approached the topic of the country's development impasse. For the purposes of this essay, I have organized the literature into three themes: past (classical) developmental states, present (contemporary) developmental states, and whether South Africa is or could be poised to become the latter. The last theme is broken down further into two analytical camps to reflect the nature of the debate: those that assert South Africa can become a developmental state and those that argue against such assertions. South Africa fought long and hard against institutionalized oppression to achieve democracy and has been struggling since then to establish a concrete and comprehensive development plan to address issues of extreme inequality and poverty. In light of South Africa's newest struggle and the success of the developmental state model in the 20<sup>th</sup> century, the urgency of the debate about the efficacy and applicability of this model is undeniable as the country continues to reel from deficiencies in its bureaucracy, health and education services, and housing provision.

After establishing a definition of the critical concept of development and how it has been variously defined historically, I delve into an overview of South Africa's performance regarding development since its democratic transition, paying particular attention to the formulation and reformulation of national policies that sought to address apartheid legacies of inequality. Section 3 explores historical developmental states, most notably the East Asian 'Tigers' before turning to the contemporary developmental state and how it differs from East Asian states in both its structure and goals. In Section 4, I explore the question of whether or not South Africa is able to become a contemporary developmental state in light of its particular context and institutions. Finally, I conclude the essay by evaluating both sides of the developmental state debate, arguing that those who believe in the possibility of a South African developmental state provide the most insightful analysis. Following these authors' lines of argument, I agree that while South Africa

suffers extreme deficiencies that currently preclude it from becoming a 21<sup>st</sup> century developmental state, this does not mean that it can never become one. Indeed, South Africa must find a way to resolve its internal issues if it seeks to establish a developmental state particular to its needs. In the concluding section, I highlight key concerns regarding South Africa's developmental state potential in light of its deficiencies and provide possible policy considerations as South Africa moves forward on its developmental path.

## **2. Development and the New South Africa**

### **2.1 Defining Development**

Since the Second World War, development came to the forefront of the global agenda as the two superpowers vied for the support of unaligned Third World states. These states were largely developing countries, many of whom were emerging from the chains of colonialism. Between 1945 and 1955, a new discourse of development took shape, dramatically changing relations between rich and poor countries in the post-war international system (Escobar, 1988). In this discourse, economic development, trade liberalization, and multilateral financial organizations (ie. the International Monetary Fund and World Bank) became key instruments in advancing development. Economic development, defined by the rich Western countries and international financial institutions and informed by Keynesianism and new growth theory, was comprised of poor countries saving and investing an adequate proportion of their income in order to develop (Escobar, 1988). Notably, such development plans and programs paid no attention to the specific economies of poor countries, assuming that blanket approaches formulated by outsiders would be sufficient to bring these societies up to speed with advanced industrialist countries.

More recently, development has become a concept that transcends economic development. This shift is visible in the movement of organizations like the United Nations towards viewing development as requiring more comprehensive and particular approaches tailored to countries' specific needs and contexts. In the 21<sup>st</sup> century, the global landscape has changed in such a way that economic development is necessary, but not sufficient for development as a whole. In light of this, the concept of 'social development' is helpful, explicitly defined here according to Amartya Sen's conceptualization. The Sen-ian definition of social development involves the expansion of instrumental freedoms and human capabilities, such as "political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security" (Sen, 1999, p. 10). Through the expansion of these freedoms, humans are better positioned to live the lives they have reason to value. Thus, while economic growth is still an important aspect of development in that higher levels of growth allow states to undertake certain developmental measures, there is a major difference between a country's GDP levels and the way in which this is distributed within the country (Haggard and Kaufman, 2009). As such, Sen's conceptualization is the strongest and clearest definition of social development because it makes intuitive sense that the only way that societies can develop is when its components – humans – escape the deprivations and unfreedoms that prevent them from living meaningful lives, and therefore from contributing meaningfully to society as a whole.

### **2.2 Leaving the Spectre of Apartheid Behind? South African Development since 1994**

South Africa has an extensive and complicated history of racial discrimination that has heavily impacted its developmental trajectory since 1994. During the apartheid era (1948-1994)

institutionalized racism separated white and black South Africans in nearly every conceivable way, from policies barring black South Africans from the same access and quality of education as their white counterparts to setting aside separate living areas in cities and rural areas and revoking South African citizenships. In the eyes of the apartheid regime, black South Africans were a cheap labour source, and as such there existed no justifiable reason for them to be educated beyond training for menial jobs. This deeply divided society has understandably rendered South Africa's developmental path a difficult one, as subsequent democratic governments have been faced with crises at every turn, from managing the economy to redressing massive inequalities created by the apartheid regime.

In 1994, the ANC launched the Reconstruction and Development Program (RDP), a redistribution-oriented policy that sought to simultaneously “steer the mixed economy down a new economic growth path” and create a strong and balanced economy which would alleviate inequality (Seekings, 2015, p. 3). Through RDP, the ANC would shape South Africa's development by: providing modern infrastructure and services to its people, reforming the distribution of land, and strategically intervening in the economy (ibid). After two years, the RDP was phased out and replaced by the Growth, Employment, and Redistribution (GEAR) program. More neoliberally-focused, GEAR sought to privatize state assets and establish close relationships between the state and market actors (Andreasson, 2010). Despite having ‘redistribution’ in its name, GEAR focused primarily on matters pertaining to investment and economic growth rather than social welfare (ibid.). Indeed, development efforts were carried out unevenly, with the Mandela and Mbeki governments aiming to consolidate the state and deracialize labour market and social policies as well as corporate ownership through the Black Economic Empowerment program (Seekings, 2015). Over 20 years since the democratic transition, South Africa has failed to consolidate or build sufficient state capacity and continues to struggle to provide quality education and health services to its citizens (ibid.).

### **3. Developmental States, Then and Now**

This section explores the concepts of ‘classical’ developmental states, or those states that undertook a developmental path in the 20<sup>th</sup> century, and ‘contemporary’ developmental states, or a 21<sup>st</sup> century conception of the classical developmental state. Particular attention will be paid to major theories underpinning each respective developmental states’ establishment and functioning; key attributes, characteristics, and goals; and specific case study examples. The objective of this section is to give a sense of the literature on developmental states and how their conceptualization has shifted in accordance with new understandings of development and how to best achieve it.

#### **3.1 Classical Developmental States**

During the 20<sup>th</sup> century, ‘development’ entailed economic transformation through industrialization. Though economic transformation used to be viewed as a mechanism through which states funded and sustained war efforts, this conceptualization changed as states’ political legitimacy and domestic order came to depend more on economic strength (Evans, 1995). Thus, it became important for states to be involved in their economies. The classical developmental state is most associated with the rise of the East Asian ‘Tigers’, or the countries of Japan, South Korea, Singapore, and Taiwan.

A major economic theory informing the concept of the developmental state is Ricardian trade theory, which stipulates that all states are better off if they engage in specialized production of goods and trade with others rather than produce everything for themselves. The idea of specialization is based on the notion of capitalizing on one's comparative advantage, or producing what a country is best at in comparison to everything else given one's factor/resource endowments. Evans (1995) refers to pursuing one's comparative advantage as occupying product "niches" in the global economy (p. 7). However, as Evans contends, traditional Ricardian trade theory posed problems for countries who sought to develop in the late 20<sup>th</sup> century. Combined with Immanuel Wallerstein's world systems theory, poor peripheral countries were attempting to develop in a global system where core countries already occupied the most rewarding product niches and were thus relegated to "undesirable" ones (ibid.). The issue then becomes how poor countries can develop if they occupy less rewarding niches (ibid.). While traditionalists argue that the international division of labour is a "structural imperative" and ignoring comparative advantage is wasteful, this argument no longer holds water in a world dominated by complex manufactured goods rather than raw materials (ibid.). In other words, in the late 20<sup>th</sup> century, it was more difficult to predict what a country would be best at producing by only looking at its resource endowments. Thus, countries can develop not by pursuing the comparative advantages that Ricardian theory ascribes, but rather by constructing new ones and moving up the value chain to occupy more rewarding niches. To do so, the efficacy of state institutions plays an important role in influencing what countries end up producing, which in turn affects how a country industrializes and develops (Evans, 1995; Kohli, 2004).

With the state situated as a prominent actor steering industrialization, its structure and power arrangements are critical for successful development. Many authors have explored the impacts of state involvement in economic transformation and cases in which varied state involvement yielded varied results (Evans, 1995; Chibber, 2003; Kohli, 2004). For these authors, the creation of efficient and effective states (developmental states) logically preceded successful development, suggesting that the installment of developmental states was crucial for the development of East Asia in the late 20<sup>th</sup> century.

The classical developmental state had a near-exclusive, singular focus on high economic growth (Burger, 2014; Johnson, 1982; Kohli, 2004). Many East Asian countries pursued high growth through export-led industrialization strategies involving protectionism against foreign imports and state support of domestic industries. Chang (2003) goes to great lengths to convince his readers that advanced industrialized countries have 'kicked away the ladder' on which they climbed to their current global positions in order to prevent developing countries from catching up and argues in favour of protectionist policies as a means of developing. Indeed, protectionism (also referred to as the infant industry argument) is a strategy that dependency theorists advocate for present developing countries. Protectionism allows for the formation of what Evans calls "greenhouses", which are rules that protect infant firms that would not survive facing free trade competition (Evans, 1995, p. 100). Through policies that limit imports and restrict foreign investment, greenhouse environments protect firms or industries who are then able to develop to a point where they can compete in global markets.

Another key element of the classical developmental state involves the configuration of state-society relations. Evans' 'embedded autonomy' features prominently in numerous studies

of development, including those of East Asian developmental states (Chibber, 2003; Johnson, 1982; Kohli, 2004; Marais, 2011). Embedded autonomy builds off of Max Weber's understanding of what a bureaucracy should be, how it should act, and the idea that differences in state structure produces differences in developmental efficacy. For a state to be developmental, its bureaucracy should hire through meritocratic recruitment, as opposed to nepotistic hiring, to ensure that it has the most qualified candidates possible in addition to offering long-term careers (Evans, 1995). Combined, this creates a sense of corporate coherence and loyalty within the bureaucracy that enables bureaucrats to be 'autonomous' from societal pressures and work towards collective interests (Evans 1995). On the other hand, the bureaucracy should not be too insulated from society because (economic) development requires alliances between the public and private sector, therefore the state needs to be 'embedded' into society to negotiate goals and policies with it (ibid.). It is of paramount importance that autonomy and embeddedness are combined, as a solely autonomous state risks lacking qualified bureaucrats and an inability to implement policies in society while a solely embedded state risks being unable to "[transcend] the individual interests" of society (ibid.). However, a caveat needs to be made: while Evans argues that embedded autonomy is an integral component of developmental states, the success of the latter in achieving development goals "threatens the stability of state-society relations that made success possible in the first place" (Evans, 1995, p. 228). For example, the chaebol (capitalist class) in Korea were protected by the state until they became strong enough to build their own ties with global capital, rendering state protection less useful as a tool to control society. Thus, a more "politically robust" and encompassing embedded autonomy that extends beyond private capital to include more societal actors may provide greater stability (Evans, 1995, p. 228).

Lastly, 20<sup>th</sup> century developmental states tended to be authoritarian in nature (Marais, 2011, p. 340; Chang, 2010). A large reason for a right-wing, repressive state was to ensure a level of stability in the country so that national economic development projects would not be undermined (Burger, 2014). As we will see in the example of Korea below, right-wing governments were critically important in engaging with and disciplining private capital in order to steer economic development projects.

South Korea did not become developmental until Park Chung-Hee came to power in 1960, whose national priorities were to restore political order and promote economic growth. The state was very right-wing, with Park having constructed a "militarized, top-down, repressive, growth-oriented state" that disciplined the labour force, created the Korean Central Intelligence Agency as a security apparatus and granted it unlimited powers, repressed political opposition, and imposed the state's will on the society as a whole (Kohli, 2004). However, embedded autonomy of the state played an important role in Korea, who possessed competent bureaucracies due to Park's overhaul of the system and the hiring of well-educated, professional bureaucrats (ibid.; Chibber, 2003). As Chibber (2003) points out, Park's regime was not dominant over the capitalist class and did not force it to adopt export-led industrialization (ELI), but it rather had a consensual relationship with capital due to the latter's enthusiasm for state help in pursuing ELI that emerged from a growing alliance between Korean and Japanese capitalists. While an alliance with Japan would give Korea access to new markets and the opportunity to produce and export higher-value goods (ie. textiles, clothing), thus enabling Korea to move up the value chain

into more “rewarding niches”, the state had to intervene and ensure that Japan did not take advantage of Korean capital (Chibber, 2003, p. 74).

### **3.2 Contemporary Developmental States**

At the turn of the millennium, development came to mean much more than economic development, including the development and improvement of health, education, and political access. With this shift in understanding development, the 21<sup>st</sup> century contemporary developmental state is conceptually different from that of East Asia in the 20<sup>th</sup> century.

An important theory informing this conceptualization of the developmental state is Amartya Sen’s (1999) capabilities approach to development, used widely in a number of notable development studies (Haggard and Kaufman, 2009; McGuire, 2010). The capabilities approach emphasizes the expansion of freedom/capabilities of humans, which Sen views as the means and end of development (Sen, 1999). This means that expanding freedom is not only the goal of development, it is also the method by which development is achieved. Sen defines five types of freedom: 1) political freedom, 2) economic facilities, 3) social opportunities, 4) transparency guarantees, and 5) protective security (ibid.). To expand freedom, says Sen, ‘unfreedoms’ like poverty, tyranny, or systemic deprivation need to be removed, and there is common agreement that doing so is possible through such means as investing in health and education (ibid.). Additionally, a combination of Sen’s capabilities approach with two other strands of development theory, new growth theory and institutionalism, further accentuates the importance of expanding human capabilities. New growth theory saw a shift in importance from physical capital to human capital and ideas in the 1980s; while manufacturing remains an important economic sector, it is the service sector that most determines societal well-being (Evans, 2010). Furthermore, institutionalism asserts that societal institutions fostering investment and innovation (ie. expanding human capabilities) better explain differences in national incomes than classical economic theories of resource endowments (ibid.). Thus, it is evident that human development is central to development projects in the 21<sup>st</sup> century.

As with the 20<sup>th</sup> century developmental states, the structure of the 21<sup>st</sup> century developmental state is important. Combining the three theories above, the agenda for the 21<sup>st</sup> century developmental state is clear: expanding economic growth requires an expansion of access to ideas, increasing effective utilization of these ideas, and generating new ideas that are specifically suited to a country’s circumstances (Evans, 2010). If we are to accept that contemporary developmental states must be tailored to specific country circumstances, then transplanting the 20<sup>th</sup> century model is an impossibility (Chang, 2010; Evans, 2010; Marais, 2011). This argument cannot be understated: it is impossible for present developing countries to adopt the East Asian model and expect the same ‘miraculous’ results because the global landscape has shifted and disallows the same outcome. Namely, East Asia received much support from the United States in the latter’s fight against the spread of communism during the Cold War; due to their proximity to communist China, it was imperative for the U.S. that East Asia lean towards capitalism. In present times, the geopolitics have changed, meaning that support for developing countries has changed in nature and urgency. Additionally, as opposed to East Asian developmental states whose legitimacy was derived from economic performance, contemporary developmental state legitimacy comes from its performance in social welfare, meaning that the state must do more than ensure a strong economy (Chang, 2010) Thus, while

the 20<sup>th</sup> century model provides important foundations and pillars for the 21<sup>st</sup> century developmental state, differences in context need to be recognized in order for development to be successful.

A central concern with expanding capabilities means that state institutions responsible for the provision of collective goods like education and health, as well as the administrative capacity to ensure effective delivery, are imperative (Evans, 2010). Embedded autonomy is a fundamental aspect of the East Asian developmental states that many authors agree remains crucial to the 21<sup>st</sup> century model (ibid.; Andreasson, 2010; Butler, 2010; Chang, 2010; Saloojee, 2011; Moses, 2010). While industrial growth can be achieved by aligning with a narrow group of private capital, the delivery of capability expanding services involves much deeper interventions that require a competent bureaucracy and broader societal embeddedness to access information on collective preferences (Heller and Evans, 2015). Without such a degree of embeddedness, societal preferences for education, health, or other means of human development will be unknown to the state, resulting in inefficient investment (Andreasson, 2010; Heller and Evans, 2015).

To ensure that societal preferences are known, responded to, and co-produced between state and society, the former should be democratically aligned. As opposed to the authoritarian nature of the 20<sup>th</sup> century model, proponents of the 21<sup>st</sup> century developmental state argue that democracy and democratic dialogue are essential because expanding human capabilities requires input from society itself (Evans, 2010; Heller and Evans, 2015; Sen, 1999). Indeed, without input from society, it is impossible to know what societal preferences are and how to best address them. However, it is important to be aware of the inherent messiness of democracy, particularly in the kind of direct-democracy that Sen argues is essential to expanding capabilities. In fact, Sen does not offer advice on how direct democracy will operate in regards to capabilities expansion; while the idea of the state listening to its citizens' needs seems like an admirable developmental strategy, how can we ensure that everyone's voices are heard equally? A developmental state must address this issue if it seeks to expand human capabilities. Furthermore, Heller and Evans (2015) state that effective electoral competition is essential to democracy and critical for civil society to keep political and economic elites in check by voicing popular interests. Without democracy, civil society has no legal political channels through which it can challenge the status quo.

An example of a contemporary developmental state is Brazil. Under Luiz Inácio Lula da Silva, Brazil placed innovation at the centre of its 2003 industrial policy, *Política Industrial, Tecnológica, e de Comércio Exterior* (PITCE) and focused on moving the economy towards knowledge-intensive sectors (Burger, 2014). Five years later, *Política de Desenvolvimento Produtivo* (PDP) replaced PITCE and supported strategic heavy industries (ie. mining, steel, biofuel) in order for Brazil to become a global leader in these industries (ibid.). In the social welfare realm, Brazil has invested significantly in health and education with a focus on innovation; combined with its industrial policy, Brazil has focused on the “improvement of short- and long-term human development, productivity, and competitiveness” (ibid., p. 165). Moreover, Brazil has favourable state-society relations where decentralized democracy allows a relatively strong, autonomous civil society to affect policymaking through participatory structures (Heller and Evans, 2015).

## **4. The Potential for a South African Developmental State**

### **4.1 The Mineral-Energy Complex as the Foundation for a Developmental State**

Many scholars have recognized the dominance of the mineral-energy-complex (MEC) in the South African economy and it has gained some attention for the potential role it can play in the country's development agenda. In the late 1800s, discovery of significant mineral deposits led the then-British colony to undergo a Mineral Revolution, producing a massive amount of wealth that continues today. The MEC refers to the "integral partnership" between the South African state and private sector capital involving connections between activities in the mining and energy industries (Fine, 2010, p. 174). Key documents, such as the Mineral and Petroleum Resources Act and the RDP, acknowledge the importance of the MEC and mineral resources and the need to engage with them for development purposes (Jourdan, 2014). Key themes in these documents related to developmental strategies include an understanding that minerals belong to the nation's wealth, the idea that the nation should receive an equitable share of that wealth, and that the mining industry should be integrated into the rest of the economy through processing and manufacturing practices (ibid.). Through a brief overview of the MEC at present and the potential benefits of using the MEC to diversify the South African economy, I will explore the viability of relying on the MEC for establishing a developmental state.

During the 1990s and the transition to democracy, South Africa adopted neoliberal policies that led to an overreliance on mineral resources and a lack of diversity in downstream (ie. processing and manufacturing) and upstream (ie. inputs) sectors relating to minerals (Jourdan, 2014). In general, Southern African countries tend to rely too much on their extractive industries and consequently face an urgent need to diversify their economies, create employment, and improve their skills base (Lawrence, 2010). By relying too much on minerals and failing to pursue diversification, the South African economy continues to be vulnerable to price shocks in the world market and remains unutilized for development purposes. Diversifying need not only refer to diversifying the mineral sector beyond the extraction and export of ores, but also beyond the mineral sector itself. For example, rents procured from the profitable mineral sector can be invested in infrastructure that other sectors, such as agriculture, cannot afford due to lower returns but which have a much higher socioeconomic impact (Jourdan, 2014). Thus, South Africa has strong incentives to diversify if it desires to simultaneously experience economic growth and establish a developmental state.

To counteract a heavy reliance on minerals, South Africa can diversify its economy by "optimizing linkages" within the resource sector between upstream, downstream, and sidestream industries (ibid., p. 110). According to Jourdan, doing so would lead to diversification over time as human resource and skills development occurs to maintain competitiveness, develop the economy as a whole, and allow South Africa to produce new goods and services. Key to understanding a transformation from mineral dependence towards a diversified economy is Ramos' four phases of resource linkage evolution:

1. Minerals are extracted and processed very little before export; inputs for extraction are imported
2. Mineral processing occurs before export; lower-technology inputs are produced locally, protected from imports through import-substitution industrialization

3. Initial export of goods and services established under phase two; engineering services increasingly based on local knowledge and resources are processed into higher-value goods
4. Export of a wide range of resource goods and services; local inputs become increasingly more complex (Jourdan, 2014)

Through the above steps, the South African economy can move from exporting minimally processed resources to exporting goods and services that are more complex, sophisticated, and valuable through the simultaneous development of its skills base. This is directly related to Evans' (1995) conception of moving up value chains to occupy rewarding niches. However, we cannot expect the optimization of linkages to occur naturally through market forces (Jourdan, 2014.); left to its own devices, the mineral industry would continue to export few manufactured goods and sell the main mineral inputs of iron, steel, and polymer at monopoly prices to local processors, in effect choking off the already underdeveloped manufacturing sector (ibid.). Thus, the role of the developmental state must be to intervene in the economy to foster an optimization of linkages in the resource sector. Among other interventions, the developmental state could invest in research on the level and quality of mineral resources, invest in human resources development and research and development in the sector, introduce locally competitive pricing of minerals to encourage downstream processing, and establish taxes on crude mineral exports that could have been processed domestically (ibid.). The effects of such interventions would benefit the domestic economy immensely by ensuring the state receives equitable compensation for the use of mineral deposits, promoting skills development, and the creation of jobs through the encouragement of local manufacturing and processing.

However, there are clear obstacles to setting up a developmental state using the MEC as a foundation. Despite beliefs that South Africa is well-poised to become a developmental state, the state must be able to “navigate the competing interest groups”, or possess a high enough degree of embedded autonomy, to implement a developmental agenda (Jourdan, 2014, p. 109). Unfortunately, reminiscent of the *chaebol* in South Korea, the powerful MEC conglomerates possess “unusually globalized links” that impacts the ability of the South African state to pursue developmental objectives without facing opposition from the capitalist class (Jourdan, 2014, p. 113; Lawrence, 2013, p. 50). At present, the state has not been able to harness the interests of the MEC conglomerates for its development agenda; instead, these conglomerates have “successfully pressed for their own strategy of corporate globalization and financialization and...the export of their domestic resources and control” (Fine, 2010, p. 175). Thus, far from Evans' notion of embedded autonomy, the South African state has been unsuccessful in convincing private capital to commit to a national development agenda, resulting in the subordination of “broader economic and social interventions” to conglomerate interests (ibid.).

#### **4.2 Building State Capacity for a Developmental State**

When it comes to development, whether defined as economic transformation or broader human capabilities development, the capacity of state institutions is central to success (Butler, 2010; Evans, 2010; Marais, 2011; Saloojee, 2011). From the discussion in Section 3.2, we know that knowledge and ideas are incredibly important to development in the 21<sup>st</sup> century, not only for the advancement of technology and the maintenance of economic competitiveness, but also for ensuring a highly efficient state bureaucracy. Thus, it makes intuitive sense to examine the

current capacity of South African institutions. Potential avenues for improving South African capacity are explored in Section 5.1.

While some authors agree that South Africa has some degree of state capacity, there is a consensus that this is not sufficient for a developmental state at present. Indeed, Chang discusses the ANC's strong party base that allows it to implement policy more effectively than other parties would as well as various state-owned enterprises (SOEs), like the Development Bank of South Africa, that can be utilized for developmental projects and to support state threats to move ahead with such projects to coerce the private sector to commit to national development (Chang, 2010). However, the state as a whole presents an obstacle to improving the economy and social well-being in South Africa, although some of these weaknesses are "unavoidable legacies" of the apartheid era (Butler, 2011, p. 25, 26). Natrass and Seekings (1998) acknowledge a lack of capacity to coordinate and deliver at all levels of government that is the consequence of the messy political transition to democracy and a lack of an educated workforce. In the following paragraphs, I examine in more detail issues of corruption, accountability, and a lack of human resources.

As a number of authors have pointed out, South Africa experiences serious difficulties in state capacity. Commonly cited instances are the electricity shortages across the country that have not only affected ordinary consumers, but also MEC producers (Fine, 2010; Marais, 2011). In particular, Ben Fine (2010) argues that a developmental state would have the foresight to prevent low electricity reserves by investing in new capacity, demonstrating that South Africa is not currently a developmental state. A number of factors could help explain this general lack of capacity. First is what Seidman Makgetla (2011) calls "politics of inaction", which involves an inability of the state to identify and address priority issues amongst different constituent interests, resulting in attempts to satisfy all interests and in the end benefitting nobody (p. 240). Second is the presence of corruption in the bureaucracy; legislation to curb corruption are "wilfully disregarded" by bureaucrats who commit "substantial financial misconducts" with little consequence (Butler, 2010, p. 194). The potential for corruption is high given the lack of embedded autonomy in South Africa, with bureaucrats having close relationships with private capital and powerful MEC conglomerates restricting the ability of the state to pursue development (Chang, 2010; Marais, 2011; Saloojee, 2011). Third is the issue of accountability (Natrass and Seekings, 1998; Seidman Makgetla, 2011). In addition to corruption, state accountability is undermined by elements of authoritarianism that remain from the apartheid era and the centralized nature of the South African state, such as the sole authority of the President in appointing cabinet ministers, the sole authority of cabinet ministers in their departments, and "fairly draconian secrecy requirements" of departments on their officials (Seidman Makgetla, 2011, p. 248).

Lastly, the dearth of human resources in South Africa is one of its largest setbacks considering the importance of knowledge and ideas in 21<sup>st</sup> century development. Due to an unusually high turnover rate of public officials and a lack of proper training and merit-based recruitment, the state is unable to reproduce and maintain the required skills needed to run a developmental state (Butler, 2010; Butler, 2011; Marais, 2011; Saloojee, 2011). For example, the health sector faces a major crisis in terms of human resources, parts of the criminal system suffer from scarce skills, and the public service often performs poorly. Without a bureaucracy and

public service that is skilled enough to carry out state activities effectively as well as the absence of state accountability, it is unlikely that we will see South Africa function efficiently, let alone become a developmental state if these issues are not corrected.

### **5. ‘Insurmountable’ Obstacles to a Developmental State**

On the other end of the potential for a South African developmental state debate are those who acknowledge the above issues with capacity but do not believe that South Africa is able to overcome them in a way that makes a national developmental state possible. Indeed, the “malaise” that undercuts the potential for a developmental state infiltrates all levels of government and several institutions that are centrally important, namely in the education, health, and criminal justice systems (Marais, 2011, p. 352). Patrick Bond (2008) understands South Africa’s use of ‘developmental state’ to mean a “combination of macroeconomic neoliberalism and unsustainable megaproject development, dressed up with rather tokenistic social welfare policy and rhetorical support for a more coherent industrial policy” (p. 8). As a result of South Africa’s neoliberal turn since transitioning to democracy, the country has suffered tremendously in terms of high unemployment rates, unaffordable housing, poor service provision, a degenerating health system, and rising income inequality (ibid.). Rather than taking measures to reform state institutions to establish a developmental state, South Africa has poured money into “megaprojects” (ie. the Coega industrial zone complex) intended to create jobs and increase trade and investment. While at first glance a beneficial undertaking, the Coega megaproject gave enormous tax breaks to corporations and would have created immense environmental costs (ibid.). Bond strongly asserts that this investment would have been put to better use had it been given directly to the people occupying the lowest sectors of society and argues that the developmental state works in the interests of foreign capital, “worsen[ing] the plight” of the poor (ibid., p. 23). For Bond, South Africa is spiralling out of control, playing into the hands of foreign capital while its people continue to suffer immensely.

Hein Marais also supports the idea of promoting development at more local levels. While also critical of the idea of the developmental state, Marais paints less of a bleak picture for South Africa. Despite believing that South Africa is unable to become a developmental state, Marais concedes that this does not rule out “less grandiose development feats” such as those that have taken place in Porto Alegre, Brazil and Kerala, India (Marais, 2011, p. 354). In these subnational regions, participatory processes that decentralize power from the national to local levels have been at the centre of development projects. While challenging status quo power relations, participatory processes in these places seem to replicate the ‘grand’ ideas of the developmental state on a much smaller scale. For example, Kerala’s success is due in part to a strong civil society gaining influence in political and economic institutions, operating with a degree of embedded autonomy (Marais, 2011). Through this embedded autonomy and a dynamic of learning from each other associated with participatory processes, both state and society took steps together towards state reform and have been able to pursue development successfully, albeit in a localized manner.

While references to Porto Alegre and Kerala are excellent examples of how well development can unfold in a localized fashion, neither Marais nor Bond consider the institutional environment that would allow such development to take place. While both authors are supportive of delivering resources more directly to people who need them, they do not suggest how this will

be achieved in a productive and effective manner. It is one thing to suggest a different development path, but it is unconvincing to do so without suggesting how to undertake this path. For example, both Porto Alegre and Kerala involved participatory processes in which civil society engaged with the state at local levels, but the relationship between civil society and the state in South Africa is characterized by hostility and distrust that suggests the same dynamic is unlikely. This oversight severely undercuts their arguments. Indeed, while Bond might be correct in asserting that the South African state is “worsening the plight of the poor” (2008, p. 23) and that its use of the term ‘developmental state’ has not translated into institutional reform, his failure to provide any suggestions for how to achieve an environment in which development can successfully unfold causes his argument to appear as simply harsh criticism that does little to move the conversation forward.

## **6. Conclusion and Considerations**

This essay has so far introduced the developmental state and the likelihood of South Africa becoming one in the near future. In this concluding section, I reiterate key issues that present significant obstacles to a South African developmental state and the problems they create for development. The first issue is that of the lack of capacity within the bureaucracy, public service, and economy. The second issue pertains to the troubled relationship between the South African state and society, more specifically in regards to its close relationship with private capital and exclusion of civil society. In our discussion of the 21<sup>st</sup> century developmental state at the outset of this essay, a well-educated and professional bureaucracy and embedded autonomy are essential for the establishment of a developmental state. In light of the absence of these features, I consider whether it is possible for South Africa to reconfigure itself in order to pursue a developmental agenda.

### **6.1 Overcoming Incapacity**

From Section 4.1.2, it is evident that South Africa’s bureaucracy currently lacks the requisite capacity to be a developmental state. Issues abound from corruption to a lack of accountability, and this is partially due in part to the lack of embedded autonomy (discussed in Section 5.2). Despite the ANC having a strong mass party base and several strong SOEs to support it, the government has not been able to establish a developmental state.

If it seeks to become one, then South Africa must build its capacity in a way that is conducive to a developmental state’s formation. To combat political corruption, accountability mechanisms should be established to promote embedded autonomy and accountability to South African citizens (Butler, 2011). While elections are usually understood as a means of keeping politicians accountable, the lack of a strong opposition to the ANC in South African politics renders them fairly weak. Instead, the media and non-governmental organizations have a heightened importance in monitoring political performance and providing external oversight in lieu of institutionalized political mechanisms to do so (*ibid.*). In terms of improving accountability in service delivery, the state should more meaningfully devolve power by directing resources to participatory processes and empowering communities (Seidman Makgetla, 2011). As per Marais’ suggestion that subnational participatory processes might be South Africa’s path to development, devolving power and resources to local communities is more likely to ensure that those who are most in need are able to access capability-expanding resources and services. Not only might this improve the general efficiency of service delivery

and other localized developmental projects, it would also allow the national government to focus more attention on pursuing more macro development projects like economic growth.

Second, the severe lack of human resources and skills base will surely pose significant problems for South Africa moving forward; as an increasingly knowledge-driven economy, South Africa needs to “correct deficiencies” by “constantly upgrading” its education and training systems and ensure that its bureaucracy is well-educated by universalizing training across the country (Butler, 2010, p. 190; Seidman Makgetla, 2011, p. 250). Indeed, South Africa’s education and health sectors’ continuous crises of scarcity in human resources will only work to further perpetuate a poor skills base and poor capacity of the state, public service, and economy. As such, it is evident that South Africa needs to reform its education and training systems; it is essential not only to maintain competitiveness in the global economy, but also to ensure a competent bureaucracy that can keep the country running smoothly.

Finally, it has been evident that South Africa’s failure to prioritize issues and coordinate different levels of government has resulted in breakdowns in capacity and efficiency. Despite provinces being somewhat autonomous, they must work within national policies and are responsible for dealing with local municipalities (Turok, 2010). The requirements of provincial governments as stipulated by national legislation, in addition to the uneven nature of economic conditions between provinces, has resulted in overlap between national, provincial, and local levels of government and an absence of a consolidated growth plan for the country that limit South Africa’s abilities to pursue a developmental state (Turok, 2010). Thus, clearly defined mandates and adequate resources for different government departments and tiers should encourage the prioritization of tasks, ensure effective resource allocation, and encourage different bodies to work in cooperation for long-term development goals that are in the national interest.

## **6.2 Fostering Embedded Autonomy**

In developmental literature, it is well acknowledged that state-society relations are critical to pursuing developmental agendas. The classical developmental states established links with private capital because the latter were essential to the promotion of economic growth. On one hand this embedded autonomy allowed the state to discipline capital and ensure that it committed to the cause of national development, while on the other hand it benefitted capital by permitting it to ‘do business’ under protection from international competition. For 21<sup>st</sup> century developmental states, embedded autonomy is just as important, although it must expand beyond the private sector to include civil society.

The relationship between private capital and the South African state is troubling. Indeed, having such close relations with business runs the risk of the state being singularly concerned with the vested interests of elite capitalists instead of the country as a whole. In light of this, it is clear that South Africa needs to reconfigure its relations with business in addition to forming a broader embedded autonomy to include civil society. Although 21<sup>st</sup> century development places much emphasis on expanding human capabilities, economic growth still remains an important factor as it funds national development projects. The MEC has the potential to be a strong development partner for South Africa – not only can the mineral sector be optimized to raise productivity, diversify the economy, and support low-return sectors with high social impact, but

it could also provide the state with the resources and backing it needs to threaten other private capitalists into complying with national development projects. In spite of these long-term developmental benefits, the MEC and private capital in general are resistant to a developmental agenda. In regards to the establishment of a developmental state, concerns have been raised about the closeness of business and politics. For example, much attention has been paid to recent allegations of ‘state capture’ by the Guptas, one of the most powerful families in South Africa who do business in key sectors like minerals and weapons manufacturing (York, 2016). The Guptas have close connections to President Jacob Zuma and several state agencies and have been said to influence the appointment of cabinet ministers, allegations that raise questions about the ethics of close ties with business.

As such, the state should be primarily concerned with collective interests rather than those of the narrow elite while pursuing more collaborative links with the business to promote development as this sector is a core driver of employment creation and economic growth (Saloojee, 2011). However, state institutions are not set up in a way that allows civil society to participate effectively. Under the apartheid era, oppositional civic organizations and social movements were heavily repressed leading to a great amount of distrust between civil society and the government in present times (Marais, 2011). When the ANC emerged victorious in 1994 with Nelson Mandela at the helm, many social movements were absorbed or co-opted by the state under the perception that there was no longer a need to fight the state in the democratic era. When organizations do emerge that are oppositional to the state, such as Abahlali baseMjondolo in Durban, the state often refuses to listen. Thus, in order to support developmental aims, the relationship between state and civil society needs to change in such a way that the latter have the space, freedom, and support to challenge and check the state.

In this essay, I have provided a comprehensive overview of the role of developmental states, both historically and in the 21<sup>st</sup> century. As conceptualizations of development have shifted from a purely economic basis to one that is more encompassing and considerate of human capabilities, so has the conceptualization of the developmental state. This means that transplanting the classical developmental state model into present-day South Africa would not only be ill-advised, it is impossible to do so and expect the same results as the East Asian ‘Tigers’. As South Africa has an incredibly unique history due to the apartheid regime and its predecessors, the country’s path to development must be tailored specifically to its particular historical legacies and social context. While it is overwhelmingly obvious that South Africa has many developmental issues, I agree with the literature arguing in favour of the 21<sup>st</sup> century developmental state model. This model, if tailored specifically to South Africa’s deficiencies and taking into account its unique history, would aid the country in prioritizing and pursuing development goals. However, this will not be an easy road; moving forward, South Africa must take measures to overcome the obstacles of capacity and state-society relations in order to establish a functioning, developmental state that is centrally concerned with the welfare of all of its citizens in addition to its economic performance. Whether or not the state will be able to reign in private capital is a major concern and remains to be seen.

## References

- Andreasson, Stefan. (2010). *Africa's development impasse: rethinking the political economy of transformation*. London: Zed Books.
- Bond, Patrick. (2008). South Africa's 'developmental state' distraction. *Mediations* 24(1), 8-27.
- Burger, Philippe. (2013). Facing the conundrum: how useful is the 'developmental state' concept in South Africa? *South African Journal of Economics* 82(2), 159-180.
- Butler, Anthony. (2011). State capacity and political accountability in post-apartheid South Africa. In Daniel Plaatjies (Ed.), *Future Inheritance: Building State Capacity in Democratic South Africa* (pp. 25-39). Auckland Park: Jacana Media.
- Butler, Anthony. (2010). Consolidation first: institutional reform priorities in the creation of a developmental state in South Africa. In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 183-201). Cape Town: HSRC Press.
- Chang, Ha-Joon. (2003). *Kicking away the ladder: development strategy in historical perspective*. London: Anthem Press.
- Chang, Ha-Joon. How to 'do' a developmental state: political, organizational, and human resource requirements for the developmental state." In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 82-96). Cape Town: HSRC Press.
- Chibber, Vivek. (2003). *Locked in place: state-building and late industrialization in India*. Princeton, N.J.: Princeton University Press.
- Escobar, Arturo. (1988). Power and visibility: development and the invention and management of the third world. *Cultural Anthropology* 3(4), 428-443.
- Evans, Peter. (1995). *Embedded autonomy: states and industrial transformation*. Princeton: Princeton University Press.
- Evans, Peter. (2010). Constructing the 21<sup>st</sup> century developmental state: potentialities and pitfalls. In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 37-58). Cape Town: HSRC Press.
- Evans, Peter and Patrick Heller. (2015). Human development, state transformation and the politics of the developmental state. In Stephan Leibfried, Evelyne Huber, Matthew Lange, Jonah D. Levy, and John D. Stephens (Eds.), *The Oxford Transformations of the State*. Oxford: Oxford University Press.

- Fine, Ben. (2010). Can South Africa be a developmental state? In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 169-182). Cape Town: HSRC Press.
- Haggard, Stephan and Robert R. Kaufman. (2008). *Development, democracy, and welfare states: Latin America, East Asia, and Eastern Europe*. Princeton: Princeton University Press.
- Johnson, Chalmers. (1982). MITI and the Japanese miracle: the growth of industrial policy, 1925-1975. Stanford: Stanford University Press.
- Jourdan, Paul. (2014). The optimisation of the developmental impact of South Africa's mineral assets for building a democratic developmental state. *Mineral Economics* 26, 107-126.
- Kohli, Atul. (2004). *State-directed development: political power and industrialization in the global periphery*. Cambridge, UK: Cambridge University Press.
- Kriekhaus, Jonathan. (2002). Reconceptualizing the developmental state: public savings and economic growth." *World Development* 30(10), 1697-1712.
- Lawrence, Andrew. (2013). Neoliberalism, mineral resource governance, and developmental states: South Africa in comparative perspective. In Jewellord Nem Singh and France Bourgoignie (Eds.), *Resource Governance and Developmental States in the Global South* (pp. 40-60). Basingstoke: Palgrave Macmillan.
- Luiz, John M. (2011). State models, capacity and economic policy in modern South Africa. In Daniel Plaatjies (Ed.), *Future Inheritance: Building State Capacity in Democratic South Africa* (pp. 131-148). Auckland Park: Jacana Media.
- Marais, Hein. (2011). *South Africa pushed to the limit: the political economy of change*. London: Zed Books.
- McGuire, James W. (2010). *Wealth, health, and democracy in East Asia and Latin America*. New York: Cambridge University Press.
- Moses, Jonathon W. (2010). Foiling the resource curse: wealth, equality, oil and the Norwegian state. In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 126-145). Cape Town: HSRC Press.
- Nattrass, Nicoli and Jeremy Seekings. (1998). Democratic institutions and development in post-apartheid South Africa." In Mark Robinson and Gordon White (Eds.), *The Democratic Developmental State: Politics and Institutional Design* (pp. 215-244). Oxford University Press.
- Saloojee, Anver and Essop Pahad. (2011). The bureaucratic, flexible, and democratic developmental state: lessons for South Africa. In Daniel Plaatjies (Ed.), *Future*

*Inheritance: Building State Capacity in Democratic South Africa* (pp. 1-24). Auckland Park: Jacana Media.

# Essay 2: On the Fringes: Housing Policy, Urban Slums, and the Necessity for a New Direction in South Africa

## 1. Introduction

The Universal Declaration of Human Rights (1948) enshrines the right to adequate housing, a concept that includes attributes such as security of tenure, protection from eviction, availability of services, and affordability. In the years since 1948, globalization and industrialization have ignited increasingly intense rural-to-urban migrations, as the global economy moved away from agricultural and towards manufacturing sectors which are concentrated in urban areas. These migrations create tensions between municipalities' abilities to absorb such influx (ie. house them adequately) and migrants' desires to live and find work in urban centres. Unsurprisingly, cities struggling to handle intense urbanization are often sites of high income inequality levels. Informal settlements, also known as slums, embody this inequality as migrants attempt to insert themselves into the city by occupying land (often illegally) and creating their own housing structures that fail to meet UN standards for adequate housing.

South Africa is an example of one such country in the Global South that continues to face difficulties in providing adequate housing to its increasingly urbanized population. A middle-income country with a relatively strong economy, South Africa's cities, such as Cape Town and Johannesburg, are marred with sprawling slums that exist in stark contrast to opulence and privilege in the same city limits. The country's history of urban slums dates back to the apartheid era, when black South Africans, the regime's cheap labour source, occupied dilapidated and inadequate housing within the cities they worked in. With its democratic transition in 1994, the new ANC-led government sought to redress the massive inequalities resulting from its predecessor's reign, including the prevalence of informal settlements in major cities. Yet, South Africa has largely failed in this endeavour, as informal settlements have grown since 1994 despite various national policies in place intended for the opposite outcome.

This essay seeks to establish a broad sense of how scholars and activists understand the ways in which South Africa has attempted to temper and redress the prevalence of slums in its cities as well as the efficacy of such policies and their appropriateness to South Africa's circumstances. South Africa's unique history plays an important role in the existence and proliferation of slums, which the literature regarding housing policies in general and that of South Africa in particular is acutely aware of. For this essay, I have divided the literature into three themes: South Africa's policies regarding housing; arguments for more participatory processes in housing policy; and arguments for shifts in the policy environment itself. The latter two themes demonstrate the two sides of the debate within South African housing discourse, how scholars understand the failings of past and present housing policies, and the two major ways in which they believe the country could (or should) approach the issue at hand. Given the high rates of inequality, inadequate housing provision, and unsuccessful redress of apartheid legacies leading to these issues, this debate has the potential to forge a new path for South Africa that may not only provide better-suited solutions to its urban housing crises, but may also contribute to efforts to reduce overall poverty.

Following this introduction is a foundational overview of South Africa's history of slums and their relationship to inequality historically and presently. In Section 3, I define housing and its importance before delving into South Africa's housing policy, the theoretical and developmental underpinnings driving it, and its failure to achieve its stated goal of providing adequate housing for its citizens. Section 4 explores the arguments in favour of a more participatory discourse regarding housing policy, with scholars primarily advocating for people-centred and rights-based approaches. In turn, Section 5 looks to arguments for a more general policy-oriented discourse, with shifts pertaining to the overall policy environment and approaches to housing. I conclude the essay by addressing key concerns presented in the housing debate, arguing that an approach combining participatory and enabling policy elements presents the best analysis of South Africa's urban housing crisis and the most suitable policy considerations for South Africa moving forward.

## **2. Urban Slums in South Africa**

South Africa occupies a "middle-income country" (MIC) position within the international system. The World Bank defines MICs as those whose per capita Gross National Income (GNI) is between USD 1026 and 12 475 (World Bank, *Brazil*, 2016). Combined, MICs generate a third of global Gross National Product (GDP) while making up 73% of the world's poor. This contrast gives an indication of the distribution of wealth in these countries. Indeed, South Africa has one of the highest levels of inequality out of all MICs. In South Africa, the statistics tell an incredibly unequal story: absolute poverty has fallen over time, yet the top 20% of the population routinely takes between 64% and 71% of national income – this gives South Africa a Gini coefficient of 0.63 based on 2011 statistics (World Bank, *South Africa*, 2016). With such a stark contrast between the top and bottom quintiles, it follows that a large proportion of South Africa's population lives on minimal resources, including that of inadequate housing.

South Africa's tumultuous history plays an important role in the existence of urban slums today. As a result of numerous policies institutionalizing discriminatory land policies, the demographic distribution throughout the country shows the highly unequal nature of South Africa. Namely, cities continue to reflect apartheid spatiality, with affluent white citizens in city cores and poorer black citizens in the periphery (Mitlin and Mogaladi, 2013). This spatiality dates back to early legislation, like the Native Lands Act (1913) which reserved 92% of land for the white minority and 8% for the black majority (Huchzermeyer, 2002). This law became the foundation for further land segregation during the apartheid era and had direct impacts on the shape that cities would take (ibid.). From the 1930s and 1940s, people moved en masse to cities in response to the drive for industrialization. Since land and land development were highly segregated in both rural and urban areas, large concentrations of informal settlements sprang up in city peripheries since legislation restricted non-white settlement to certain urban areas (ibid.). These areas became even more concentrated when the apartheid government relaxed the restrictive pass laws system to facilitate urbanization in order to respond to increasing labour demands (ibid.). Thus, as a result of historical and continuing high levels of urbanization and high inequality levels, South African cities are becoming increasingly concentrated with those living in poverty. In these cities, the poor are often unable to access formal housing, leading them to find shelter through other means such as in migrant workers' hostels, overcrowded and decrepit township housing, or informal settlements.

### **3. South African State Approach(es) to Housing**

#### **3.1 What is Housing?**

As stated at the outset of this essay, housing (or adequate housing) is an enshrined human right. In the 1990s, the right to housing gained significant traction and the topic of adequate housing remains a hotly contested debate with UN-Habitat projecting that 3 billion people will need adequate housing and access to services by 2030 (UN Habitat, 2012) In the most rudimentary sense, housing pertains to shelter that provides security of tenure, protection from eviction, reasonably close proximity to available services (Davy and Pellissery, 2013; UN Habitat, 2009). Thus, adequate housing is not simply a structure with four walls and a roof; adequate housing should also avoid overcrowding, as this has negative impacts on both physical and mental health (OECD, 2016). Another important aspect is that such housing should be affordable, as it is low-income groups who are most represented in informal settlements because they are pushed out of or prevented from accessing formal housing markets.

From almost every conceivable angle, adequate housing can be considered an important aspect of development. Patrick Bond (2000) asserts that regardless of whether you examine the issue from a bottom-up or top-down perspective, housing is the most important social policy to “get right” (p. 122). Indeed, adequate housing is so important that many understand it to be a critical basic need because of the tremendous impacts it has on many other aspects of life and the “enjoyment of all economic, social, and cultural rights” (Mubangizi, 2008, p. 131). In terms of materiality, housing provides security and facilitates access to basic services and livelihoods – without houses, slum residents live precarious, unstable lives that are not conducive to personal or social well-being. Symbolically, houses “[offer] a confirmation of citizenship with associated rights and freedoms” (Mitlin and Mogaladi, 2013, p. 6). In general, housing is very much linked with larger issues of poverty and inequality, both of which are rampant in South Africa (Mubangizi, 2008). Consequently, there is a strong relationship between the prevalence of inadequate housing and that of other development indicators like health. For example, the lack of affordable housing is a critical problem for people living with HIV/AIDS, whose incomes (if any) must also support increased health costs. In a more general sense, inadequate housing in the form of overcrowding or an absence of sanitation services increases the likelihood of adverse health. Evidently, the impact that housing has on other development issues is significant, demonstrating that it is indeed a crucial aspect of development policy to “get right”, as Bond succinctly states. Thus, it is undeniable that the formulation of an effective a housing policy is critically important for influencing the improvement, or decline, in other development realms.

#### **3.2 South African Housing Policy: Background**

Housing policy in South Africa has maintained general continuity with policies that emerged after the country’s transition to democracy in 1994. This continuity is the prominence of neoliberal ideology in informing housing policy. Because neoliberalism favours free markets with few barriers, it inevitably favours the interests of those with the most market access, namely the private sector. As such, it is highly unlikely that the housing policy will work in the interests of those who live in informal settlements because this demographic often lacks market access as well as the the economic and political power to influence policy as much as private interests. Adequate housing is conceptualized as a human right, but it is difficult to guarantee this right when housing is subject to neoliberal policy. Although there are also social democratic and corporatist elements in the policy, such as the goal of achieving universalized housing,

neoliberalism features most prominently and consistently (Venter et. al, 2015). This section will delve into South African housing policy by exploring the neoliberal influence on its formation, its legislative foundations, and the drive to eradicate informal settlements as a key element of housing strategy.

Neoliberalism's heavy influence on South Africa's housing policy benefits actors possessing relative privilege and power. Once elected into power, the ANC adopted a "decidedly" neoliberal structural adjustment program in its 1996 Growth, Employment, and Redistribution (GEAR) policy, signalling an about turn in the ANC's pre-1994 redistributive aspirations and a turn towards aligning with global neoliberal ideas (Huchzermeyer, 2001). In the formation of South Africa's housing policy, a prominent stakeholder was the Urban Foundation (UF), a privately-funded think-tank and housing developer established by the Anglo American Corporation in the late 1970s (Bond, 2000; Gilbert, 2002; Huchzermeyer 2001; Phago, 2009). During the late apartheid era, the UF served as the main vehicle for imposing neoliberal policy in South African cities. An "influential mouthpiece" of the business sector, the UF consistently funded policy research on urbanization and promoted individualistic freehold title as a solution to an increasingly urgent housing crisis as urbanization strained cities (Huchzermeyer, 2001, p. 90, 92). When it eventually came time to deliberate on national housing policy in the democratic era, the UF's proposals were adopted, ultimately leading to the commodification of land and housing that turned both of these basic needs into luxuries for South Africa's poorest (Gilbert, 2002).

The influence of private sector interests in housing policy is most evident in the decision to use project-linked capital subsidies as the major financial mechanism to deliver housing. These are subsidies that entitle people to "standardized serviced plot[s] with freehold tenure and a core housing structure" (Huchzermeyer, 2003, p. 591). The capital subsidy amounts to approximately 15,000 rand (1282 CAD) and is available to low-income households. However, instead of being given directly to qualifying households who could use the resources to upgrade their current dwellings, the subsidy comes in the form of a subsidized housing unit built *for* subsidy recipients by commercial developers (Mitlin, 2004). Already, we can see a paternalistic, hierarchical dynamic between the state and informal settlement residents wherein the former dictates how housing provision will play out.

Many scholars have pointed out that the current housing policy and its neoliberal assumptions reinforce apartheid spatiality because low-income households seeking subsidized housing are predominantly non-white South Africans (Bradlow, Bolnick, and Shearing 2011; Ehebrecht, 2015; Miraftab, 2003; Mitlin, 2004; Pithouse, 2009). The capital subsidy keeps non-white South Africans disadvantaged and recreates apartheid spatiality because state subsidies are not enough on their own. Policymakers assumed that financial markets would play a bigger role in housing by providing households with loans to top up state subsidies, but in reality this sector has been reluctant (Mitlin and Mogaladi, 2013). Despite creating incentives for banks to give out 50,000 loans to low-income households, less than 20,000 were granted (Bond, 2000). Thus, housing delivery relies mostly on state subsidies alone, which has undermined the adequacy of dwellings as funds are released to developers that are interested in building as cheaply as possible. This means subsidized housing is built on cheap peripheral land that is undesirable and associated with increased costs for low-income households in the form of transportation to city

centres where most economic opportunities are located. For these reasons, many recipients of the capital subsidy opt to sell their subsidized units to move back to informal settlements, even if this means residing in backyard shacks (Ehebrecht, 2015; Mitlin 2004).

### **3.3 Important Housing Documents**

Three housing policy documents in South Africa are worth mentioning. First, the 1994 Housing White Paper (HWP) set a national housing target of one million houses in the new government's first term of five years and established a framework that would inform future housing policy decisions (Ehebrecht, 2015). While the HWP acknowledged that South Africa's communities needed to be integrated and close to economic opportunities and public goods, it also aligned with private stakeholders' interests by emphasizing security of tenure and suggesting the adoption of a capital subsidy program to fund housing delivery (ibid.; Phago, 2010). Before its demise in 1996, South Africa's 1994 Reconstruction and Development Program (RDP) incorporated the HWP's policy suggestions on housing into the country's wider development plan (ibid.). Second, the 1997 Housing Act translated the HWP's provisions into concrete legislation that replaced previous legislation on housing (ibid.). In addition to the HWP provisions, the Housing Act notes the importance of spatial integration, defines roles for different levels of government, and calls for the prioritization of the poor (South Africa, 1997). Through these policies, housing delivery accelerated, suggesting a strong belief that the solution to housing problems was to increase the available stock of houses.

Lastly, Breaking New Ground (BNG) emerged as a revision of the 1994 housing program and embodied a vision of sustainable housing provision (Ehebrecht, 2015). Because of the withdrawal of construction groups due to low profit margins of building subsidized housing, BNG called upon the private sector to play a more significant role in housing provision, namely in supporting construction capacity and the provision of housing finance (South Africa, 2004). Like its predecessors, BNG calls for spatial restructuring, but also the need to upgrade existing informal settlements through the Upgrading of Informal Settlements Programme (UISP) (Ehebrecht, 2015). The UISP, whose key principles included developing settlements with "minimal disruption of existing fragile community networks and support structures", was the main instrument to facilitate the new BNG approach to informal settlements (Ehebrecht, 2015, p. 76). This understanding by the national government of upgrading informal settlements is known as in situ upgrading, or upgrading that takes place on a site's original location. From the beginning, however, the UISP and entire notion of upgrading did not gain traction in South Africa, owing in large part to international agreements like the United Nations' Millennium Development Goals (MDGs).

The MDGs had important ramifications for South Africa. In particular, MDG Goal Seven Target 11 calls for a "significant improvement in the lives of at least 100 million slum dwellers" by 2020 (UN Millennium project, 2006, np.). This target was drawn from the 'Cities without Slums' campaign of Cities Alliance, a partnership between UN Habitat, the World Bank, and other global development partners (Huchzermeyer, 2011). Huchzermeyer criticizes Goal Seven Target 11 for being heavily influenced by the neoliberal consensus of the World Bank, evident in the strong relationship between Cities Alliance and the Private Sector Development branch of the World Bank (ibid.). Unsurprisingly, Cities Alliance advocates for the private sector, rather than community groups, to play key roles in slum improvement initiatives (ibid.). It is important to note the explicit contradiction between the social agenda of the MDGs and the economic

interests of the private sector – because slums are often located in areas that are ‘competitive’ in the land market, private interests in profits tend to trump the importance of improving the lives of informal settlement residents (ibid.). As such, it is unlikely that improvement initiatives will work in the latter’s interests.

With an understanding of ‘Cities without Slums’ that is heavily influenced by neoliberal private interests, MDG Goal Seven Target 11 “suggests treating ‘slums’ as if they were a disease” that needs to be eradicated (Huchzermeyer, 2011, p. 45). A consolidated effort in South Africa to eradicate informal settlements began in 2000, and whether it was through true belief or out of convenience, South Africa viewed MDG Goal Seven Target 11 as an obligation to achieve slum-free cities. To do so, South Africa adopted militarized measures to clear urban areas of undesired people and prevent further proliferation of informal settlements, as promises of upgrading inevitably attracted new people to settlements (ibid.; Ehebrect, 2015). With this in mind, how exactly did South Africa intend to fulfill Goal Seven Target 11, that of improving the lives of slum dwellers? The answer has largely been through eradication under the guise of upgrading. In the eyes of provincial and local governments, ‘upgrading’ is understood as the provision of subsidized housing units and simultaneous destruction of informal settlements (Huchzermeyer, 2011). This is rationalized by the argument that the poor can be brought closer to economic opportunities through new housing in improved locations and access to transportation, but as we have seen above, low-income housing is rarely ideally located (ibid.). However, though the national BNG policy (2004) supports the eradication of informal settlements, this is articulated as in situ upgrading of existing settlements through the UISP with relocation as a last resort (South Africa, 2004). It is thus evident that provincial and local governments’ actions towards informal settlements align with national policy neither in the definition of upgrading nor the implementation of policies to improve informal settlements. This demonstrates that despite the UISP policy explicitly situating removal and relocation as a last resort, in situ upgrading is treated as the exception in dealing with informal settlements rather than the rule, doing very little in the process to actually improve lives.

#### **4. Movement from Below?**

As we have just seen above, housing policy in South Africa has been quite detrimental to people who live in informal settlements. Indeed, a general agreement about the failure of South Africa’s housing policy in light of its large-scale nature and generous funding indicates the extent of the policy’s inefficiency. While there is a general consensus in the literature that South Africa’s housing policy is failing, there is a debate about the possible alternatives for policy reform. This section explores the potential for a movement from below through more participatory approaches to housing policy in South Africa. In particular, I will examine the viability of people-centred and rights-based approaches.

##### **4.1 People-Centred and Rights-Based Participatory Processes**

People-centred development can be defined as ‘pro-poor’ approaches that situate public participation at the centre of development. For effective development strategies, the state must be more receptive to community participation and make such participation a requirement for development projects (Bradlow, Bolnick, and Shearing, 2011). While the People’s Housing Process (PHP) exists in South Africa, its efficacy in promoting meaningful community participation in housing processes is questionable (Mitlin, 2004). To counteract such little

participation, some authors advocate for the state to recognize the fact that communities already take housing matters into their own hands by devising solutions to problems specific to their local conditions. For example, in her criticism of the capital subsidy program, Mitlin points out that when the poor do not qualify for state subsidies, they undertake their own solutions and become the most “efficient actors in housing delivery” (Mitlin, 2004, p. 196).

Improvements in participation and efficacy in housing policy may be possible by providing more alternatives than the roll-out of subsidized housing units to replace informal settlements (Bradlow, Bolnick, and Shearing, 2011; Del Mistro and Hensher, 2009). Del Mistro and Hensher advocate for the use of the ‘stated choice method’ to develop housing alternatives through the inclusion of informal settlement communities’ opinions. In short, the stated choice method presents housing packages containing various levels of housing attributes (eg. timeliness of delivery, level of sanitation) to communities who then choose their preferred package (Del Mistro and Hensher, 2009). Based on microeconomic theories of consumer behaviour, the stated choice method allows us to better understand what housing attributes communities value, which in turn enables governments to formulate better housing policies (ibid.). In their study of the Sweet Homes informal settlement outside of Cape Town, the authors found that the most statistically significant attributes were in situ upgrading, upgrading from communal to in-house toilets, and that community preferences did not necessarily include the most expensive choices (ibid.). Moreover, as communities are unlikely to have the same preferences across the country, it is of vital importance to ensure that South Africa provides *options* for communities to choose from (ibid.). In light of this and the fact that subsidized housing in peripheral areas has not been successful in resolving South Africa’s housing crisis, it is evident that communities are the most qualified stakeholders in determining what housing approaches and packages best suit their circumstances.

A people-centred approach to development also requires a conceptual shift of housing delivery from large-scale roll-outs towards notions of incremental upgrading and community involvement beyond implementation processes. First and foremost, institutionalizing incremental approaches are better suited to community interests and would aid the South African state in reducing political instability; due to the poor record of housing delivery, popular protests driven by poverty, unemployment, and mistrust of the government have been common in South Africa and have the potential to escalate (Del Mistro and Hensher, 2009). By focusing on breadth/quality rather than on depth/quantity, the state can ensure that a higher number of people living in informal settlements experience incremental infrastructural upgrades rather than nothing at all (ibid.). Additionally, incrementalism better suits community interests because upgrades, as defined by UISP, avoid removal and relocation which often forms the locus of project activity. Secondly, some authors claim that incremental approaches already underway in informal settlements by communities should form an “alternative first principle” that can inform different kinds of state intervention (Bradlow, Bolnick, and Shearing, 2011, p. 267). Similar to the dynamic of the stated choice method above, community participation in scaling up and institutionalizing local processes of incremental upgrading would be a move towards a more effective national housing policy because these local modes of upgrading will be recognized as a legitimate housing strategy.

Some scholars also make a case for rights-based approaches that link development to social movements' demands for human rights and inclusion (Huchzermeyer, 2011). Marie Huchzermeyer (2011) heavily criticizes Shackdwellers International (SDI) whose people-centred development approach promotes a false dichotomy between women's-based organizations that save money and seek partnerships with the state and male-dominated organizations that do not save and engage in protest action. Since SDI seeks to partner with states, it refrains from endorsing movements that challenge the state (ibid.). The harm in this false duality is that actions like protesting or resistance to relocation are misperceived as demobilization or a lack of knowledge about the 'inferiority' of in situ upgrading, which in turn creates harmful stereotypes about people living in informal settlements and undermines the legitimacy of their grievances (Huchzermeyer, 2011; Pithouse, 2009). In reality, informal settlement communities are very aware of the unsuitability of current subsidized housing, expressing their demand for recognition and for in situ upgrading through protests and resistance to relocation. Furthermore, rights-based approaches do not necessarily exclude possibilities of working with the state (Huchzermeyer, 2011), but for this to be possible the state must first be prepared to take seriously the demands and grievances of informal settlement communities and refrain from an insistence to be the central authority on housing matters that directly affect them.

#### **4.2 Dangers of Participatory Discourse**

Although participatory processes are called for by South Africa's housing policy, communities participate very little, both in terms of the formation of housing policy and its implementation (Jenkins, 1999; Miraftab, 2003; Venter et. al, 2015). Paul Jenkins (1999) contends that the limited experience of the ANC in governing and incorporating community participation into government activities "led to great difficulties in defining the parameters for community decision-making as a key element of housing policy's implementation" (p. 439). Thus, while the housing policy calls for partnership between communities, private developers, and local governments in implementing housing policy, the ANC's inexperience and mounting pressure for rapid delivery of houses undermines more qualitative approaches to housing (Miraftab, 2003, p. 231-232).

Miraftab (2003) addresses a contradiction responsible for failed community participation – the housing policy tries to implement a people-centred policy through private developer-driven strategies. This means that the government situates private developers as the main actor in housing delivery, itself as a facilitating body, and assumes that communities would automatically participate on their own. The issue here involves the particular power relations between these three actors and the impact of such arrangements on policy efficacy; the relationship is a zero-sum game in which the private sector and government are not keen on relinquishing control to empower and involve communities (ibid.). Because communities are neither very involved in the formulation of housing policy nor at the centre of housing implementation, it is very difficult for them to enter equally into processes that are dictated by external actors and to feel like these processes will benefit them. Indeed, it is erroneous to assume that a relationship between the three actors would be one of cooperation and partnership by default; rather, this relationship requires structures that support community involvement in the housing process if housing policy is to benefit the poor.

## 5. Movement from Above?

The alternative to a housing approach that focuses on a movement based centrally on communities is one that is guided and informed by an ‘enabling’ housing policy. This does not necessarily mean an approach dictated by the national government and imposed on poor communities, but rather the creation of an approach that views the housing sector as a critical component of the larger economy and a need to enable it to work properly for everyone, including the poor, in order to achieve and maintain a healthy state.

### 5.1 Policy Reform: Creating an Enabling Policy Environment

In response to policymakers’ decisions to mandate state interventions into the housing market, Shlomo Angel’s *Housing Policy Matters* extensively discusses the importance of having an enabling housing policy environment. This means that state interventions and institutions involved in the housing sector need to operate in a way that enables the housing market to work properly. In the housing sector, markets fail because housing is regarded as a human right, but the market does not ensure that all people are housed sufficiently; the job of the state is to protect people against this market failure (Angel, 2000). Thus, housing should be viewed as a key economic sector that the state needs to manage and oversee (ibid.). While public assistance is indeed important, Angel argues that housing policy needs to support the overriding interests of a state, namely that of capital accumulation and economic growth (ibid.). An enabling housing policy environment, then, is one that “sets boundaries and gives support, but relinquishes control” (ibid., p. 12). Like Atul Kohli’s discussion of the developmental state, it is most important to examine the impacts of different kinds of state interventions rather than whether or not state intervention is good or bad.

Relationships between actors in the housing sector are important. In an enabling environment, minimal coordination is required although rules (eg. respecting property rights, parameters for resolving disputes) do need to be established in order for the market to work correctly (ibid.). Indeed, a market works inefficiently if a central authority, like the South African government, tries to coordinate every decision from above. The rules of the market should be fair, impersonal, and predictable so that actors are empowered to pursue their own goals with “maximum energy and creativity” without undermining those of their counterparts (ibid., p. 15). It is also worth noting that such rules must be tailored specifically to local contexts as the actors involved and their relationships with each other vary from place to place.

The role of cities in creating enabling housing policies is central as it is in these locations that inadequate housing manifests most visibly. Angel reveals that local governments are often subordinated to the national government by a perception that housing is a national concern (ibid.). However, local governments have an advantage in that they understand the local context, which should in theory produce more effective housing initiatives (ibid.). Yet, cities have their own concerns to tend to that can adversely affect informal settlement communities. For example, local governments are concerned with their cities’ economic growth and seek to increase investment and business to create jobs, enlarge their tax bases, and increase the value of property (ibid.). These goals often go hand-in-hand with the removal of dilapidated settlements and their residents that are an eyesore to the city as well as the prevention of low-income housing development (Angel, 2000). The explanation for cities’ aversion to the development of the aforementioned is that these are obstacles to the achievement of city goals like the creation of

beautiful cities that attract investment (ibid.). Thus, it is difficult in this context for informal settlement communities to make their voices heard by local governments that are more interested in achieving economic goals than undertaking housing policies that are less profitable.

Angel also explores whether or not housing subsidies are required for a government to correct market failures like unaffordable or substandard houses (Angel, 2000). While there are non-subsidy measures that can affect housing supply and demand, simply increasing the supply or demand does not mean that everyone will be able to afford adequate housing. Similar to a number of other authors, Angel agrees that issues of affordable housing and access to such housing are primarily issues of poverty and calls for measures to reduce poverty to address housing issues (ibid.; Del Mistro and Hensher, 2009; Mubangizi, 2008). In other words, it is foolish to believe that issues of housing can be resolved without reducing poverty – they must be tackled together. In this context, housing subsidies on both the supply and demand side are required to establish an enabling environment. On the supply side, subsidies should focus on home and neighbourhood improvements and renovations (ie. upgrading) instead of the production of new subsidized housing, which aligns with the arguments of people-centred approaches (ibid.). On the demand side, subsidies allow people to have more choices in housing and increase housing affordability by increasing the resources they have (ibid.). Thus, subsidies are not inherently damaging to an enabling housing environment; indeed, if subsidies are correctly targeted, there will be a more level playing field in which all housing actors can engage with each other equitably.

## **6. Conclusion and Considerations**

The preceding essay has discussed the importance of adequate housing and situated South Africa's housing policy since 1994 within the context of housing as a human right. From the discussion in Sections 4 and 5, it is evident that South Africa's housing policy is not working. In considering why South Africa ended up with the policy it has, Gilbert (2002) determines it failed to consult with countries with similar issues because a) South Africa's unique history meant that its cities were distinctive, leading policymakers to believe that they "could not do anything the same as the rest of the world"; and b) the pressure the ANC faced to redress various inequalities during the democratic transition left little time to deliberate more thoughtfully (p. 1921-1922). In light of what has already been done regarding housing, this concluding section argues that neither a participatory approach nor an enabling approach alone will provide South Africa with the tools it needs to address urban slums. In particular, I will address two major concerns regarding South Africa's housing policy, namely the lack of coordination between different tiers of government and the exclusion of communities from legislating and implementing housing policy, that South Africa needs to address first and foremost. Section 6.3 considers the potential of a combined participatory and enabling policy approach to more meaningfully and effectively address the persisting urban housing crisis.

### **6.1 Disoriented Governments**

While the South African government has a national housing policy, there does not appear to be much coordination between the national, provincial, and local governments when it comes to implementing the policy. Evidence of a lack of coordination is discussed in Section 3.3, particularly in the blatant disregard by provinces and municipalities to adhere to the UISP under

BNG policy, instead using ‘upgrading’ to mean removal and relocation of informal settlements to peripheral subsidized housing schemes.

In addition to contradictions in defining ‘upgrading’, there is the issue of accreditation. The BNG legislation introduced accreditation, a status that municipalities receive to carry out housing objectives if they are deemed to have the “capacity and competent financial systems” to do so (Phago, 2014, p. 57; South Africa, 2004, p. 31). By accrediting municipalities, roles of national and provincial governments gradually shift away from implementation towards policymaking and facilitation (South Africa, 2004). Under the 2009 Housing Code, a new vision of housing emphasized sustainable human settlements and the need to go beyond housing provision and provide ideal locations and economic and social infrastructure (South Africa, 2009). To achieve these aims, the Code viewed municipalities as central to streamlining national funding (Phago, 2014). Despite receiving resources directly from the national Treasury, municipal accreditation has not been successful due to differentiated capacities of municipalities across the country with a marked difference between urban and rural areas. These differing capacities means that only the most capable – usually urban municipalities – receive accreditation while rural municipalities do not, leading many to believe that the accreditation program reinforces “apartheid patterns of governance” (ibid., p. 59). Additionally, provinces generally resist municipal accreditation, leading to political infighting between government tiers that distracts from the goal of achieving sustainable, affordable, and adequate housing and results in ineffective interventions (Huchzermeyer, 2011).

## **6.2 Excluded Communities**

Evidently, the imposition of a top-down housing policy by the South African government has not yielded unambiguous success. Despite numerous housing documents calling for the inclusion of civil society through participatory processes in the formulation of housing initiatives, the structure of the housing policy does not support participation in practice. As stated in Section 4, communities have little influence in housing processes as powerful private developers’ drive to build subsidized housing as cheaply and quickly as possible leads to peripheral locations and the exclusion of community participation (Mitlin and Mogaladi, 2013). This poignantly demonstrates the dominance of private interests over public needs. Moreover, despite the PHP providing a platform for relatively equal participation, it continues to lack institutional support to have a marked effect on policymaking as government disinterest in certain community groups persists largely due to the fact that many communities protest to express their frustration.

In response to the failing housing policy, deteriorating delivery of services, and infringement on informal settlement residents’ rights and dignity, social movements are on the rise. Often, protests to current policy are framed as ‘service delivery protests’, in effect depoliticizing slum residents’ grievances and implying that their fight is solely for better service delivery. In reality, protests speak to notions of “the dignity of personhood, the virtue of honesty and integrity” and the intolerability of state disrespect towards people, their political intelligence, and their innovations (Pithouse, 2009, p. 251). Key demands of these social actors centre around the ‘right to the city’, involving slum residents’ rights to remain centrally located rather than be resettled elsewhere. Pithouse (2009) argues that the right to the city in South Africa is undermined through forced removals to peripheral areas, the demolition of shacks belonging

to people not on relocation lists, and a ban on developing existing shacks or building new ones; such action and policies shed light on how slum citizens' rights remain unfulfilled and in some cases directly infringed upon.

In order to claim their rights, social movements such as eThekweni-based *Abahlali baseMjondolo* (AbM) push for the right to the city through the repeal and reform of existing policies and through slum residents' rights to grassroots development in which their preferences are clearly heard (Pithouse, 2009). In AbM's eyes, the city of Durban is acting aggressively to remove citizens from their homes by developing new housing schemes in marginal areas instead of "complying with the existing legal framework" to provide these citizens with secure tenure and access to subsidies to improve their existing homes (Mitlin and Mogaladi, 2013, p. 24). To that end, a major goal of AbM is to "partner [with], not to fight" the government of Durban because they = acknowledge the importance of grassroots roles and working with the government in developing policies and projects that truly resonate with them (ibid., p. 25). However, it is important to note that the interactions between AbM and the state are not always cordial, and in fact are often violent and confrontational as slum dwellers struggle for their rights against an unfair policy framework that does not recognize their potential contributions. Currently, the South African state actively shuts out community groups like AbM unless they agree to join SDI, an organization with whom they partner with because of the latter's tendency to not challenge the state (Pithouse, 2009). Thus, community groups that do not readily agree with the state operate outside of formal politics, which inherently hinders them from engaging meaningfully with governments about housing policy reform.

### **6.3 An Enabling South African Housing Policy?**

From the discussion in Section 5.1, it is evident that South Africa does not currently have an enabling housing policy environment in place. Through its neoliberally-informed housing policy, the government views itself as directly responsible for meeting housing needs instead of overseeing the housing market to provide housing. During its election campaign, the ANC campaigned and won the national elections on a platform that placed the need to address poverty and inequality firmly at the centre of its agenda, indicating a central role for the national government in development strategies (Cheru, 2001). One only needs to look at housing documents to understand the extent to which the national government is involved in housing matters; for example, the BNG extensively discusses the logic behind the 2004 policy, instruments to achieve its goals, roles of various governments, and its financial mechanisms. In the 42-page document, it is clear that South Africa does not have an enabling housing policy environment that "sets boundaries and gives support, but relinquishes control" (Angel, 2000). Rather, South Africa engages in a top-down, privately-driven policy in which inefficient housing provision occurs.

However, is an enabling housing policy necessarily something that South Africa should have? Angel (2000) notes that specific contexts are important and that rules guiding the housing market should be tailored to local conditions. Owing to its violent history of apartheid, South Africa's circumstances are unique. Indeed, the apartheid regime's efforts to separate black and white South Africans in every conceivable way has had serious impacts on a democratic South Africa seeking to distinguish itself from its predecessor. The ANC inherited a country where white minority opulence stood in stark contrast to black majority poverty; the citizenry was

divided politically and spatially as the government undertook action to integrate former Bantustans and black urban neighbourhoods with the rest of the country. With the 1994 RDP and the national Truth and Reconciliation Commission (TRC) underway from 1996-1998, it was evident that the ANC held a tight grip on the country early on with the intent of guiding development and progress from Pretoria. For this reason, it is unlikely that a purely enabling housing policy, conceptualized by Angel as one that lets the market work on its own while providing certain kinds of subsidies to level the playing field, is a viable option in a country where the national government feels it is centrally responsible for redressing inequalities.

What, then, is South Africa to do? Is all lost when it comes to resolving housing issues in South Africa? Not necessarily, contrary to what current circumstances might suggest. Instead of a purely participatory or enabling housing approach, I argue that the most suitable answer lies in a hybrid of the two. Evidence presented in Section 4, such as Del Mistro and Hensher's housing packages survey, demonstrates the value of community participation and the strategies that informal settlement residents have devised on their own to address housing issues. Even in the case of rights-based approaches, social movements' engagement with protest action against the government's housing provision shows the frustration that these communities have with the current state of affairs. That these frustrations are not acknowledged as evidence of a problem in the current housing policy is an injustice and inevitably results in inefficient investment and housing provision. One of the best ways to address development issues like a lack of affordable housing involves a process of "co-production" between the state and society (Evans, 2010, p. 49). This gives the latter the opportunity to give input on an issue affecting them, which the government takes into consideration when deliberating on future policy and investment strategies. Yet, we know from the impotent PHP that community participation in South Africa, while nationally mandated in various housing documents, is not taken seriously by governments or private developers.

Because of South Africa's unique history and its high levels of inequality, it is unlikely that the government can enable the housing market to work correctly on its own. This leads me to conclude that a solely enabling policy will not work. If participatory processes should form the foundation of any housing policy, the government must alter the institutional environment so that it is enabling of community participation. First and foremost, South Africa needs to enforce compliance with the national policy to avoid infighting, such as that which occurs due to city accreditation, and to prevent provincial and municipal governments from interpreting the policy in ways that are harmful. For example, we know that the latter tiers of governments' understanding of 'upgrading' differs drastically from that laid out in the BNG document. This results in housing projects that uproot and displace slum residents and destroy their former dwellings along with their social networks (Huchzermeyer, 2011). By more clearly mandating the responsibilities of each government tier, South Africa will have a more streamlined approach to housing that avoids overlap between tiers and reduces inefficiency. Secondly, more emphasis needs to be placed on the role of community participation in housing delivery. Currently, private developers often decide to bypass community consultations in order to deliver subsidized housing more rapidly, leading to housing projects that do not suit communities' needs (Del Mistro and Hensher, 2009). Rather, participation should originate from communities themselves at the outset of any housing project and subordinate government and private interests to community goals to ensure that the needs of the latter are central (Miraftab, 2003). Not only does

this ensure that housing projects are less wasteful, it also increases the likelihood that informal settlement communities will receive the kind of housing and support they need rather than what the state thinks they need.

Third, a new housing policy should ensure that communities engage with the state and private developers in a more equal fashion. To do so, South Africa must adopt the principle of instating rules for actors in the housing market from Angel's conceptualization of the enabling policy environment to regulate actors' behaviour so that they are free to pursue their own goals, but not at the expense of others (Angel, 2000). By setting and enforcing rules to guide relationships between actors in the housing market, South Africa can better ensure that communities are viewed as important stakeholders and that their opinions are centrally important to a successful housing policy. One of these rules might be the mandated requirement for community participation for any housing project, a strategy that many scholars believe is a good way to guarantee communities' involvement (Bradlow, Bolnick, and Shearing, 2011). In making participation a prerequisite for any further action, the state is able to reign in private actors and subordinate their capital interests to those of the community. Another way to ensure a level playing field would be to take measures to increase community resources for housing initiatives (Miraftab, 2003). The current capital subsidy does not work since the funds are distributed to developers. This means that qualifying households are not receiving resources that they could use to upgrade their current dwellings, a much preferred option to the relocation and displacement that is happening. However, this does not mean that subsidies should be written off. In fact, an enabling housing policy should distribute particular subsidies on both the supply and demand sides. As mentioned in Section 5.1, supply-side subsidies should be geared towards upgrades rather than new subsidized housing while demand-side subsidies should allow people to afford a greater range of housing options (Angel, 2000). Both of these subsidies align with arguments of scholars in favour of participatory approaches, most notably Del Mistro and Hensher's advocacy of the stated choice method and incremental upgrading, demonstrating that an enabling policy approach is compatible with a participatory approach.

In this essay I have comprehensively synthesized the arguments pertaining to the South African housing policy debate and contextualized it within South Africa's housing performance since 1994. Because South Africa seeks to be a developed country, or at least perceived as one, it has eagerly aligned housing provision with conceptions of housing held by the international community. Namely, the United Nations' Millennium Development Goals' particular wording regarding the eradication of slums provided South Africa with the impetus it needed to pursue neoliberal housing policies that benefit the private sector rather than informal settlements themselves. The housing debate on the one hand reflects the disappointing results of South African housing policy and on the other demonstrates the imperative need to change directions. I have argued not for more participatory discourse nor more enabling discourse for a new housing policy, but rather for a combination of the two camps that emphasizes community participation as well as enabling these communities to participate equitably. This hybrid approach is best suited for South Africa as it takes into account community preferences in an environment where structures support and enforce compliance with participation from government and private actors, ensuring community interests are front and centre in such processes, where they should be.

## References

- Angel, Shlomo. (2000). *Housing policy matters: a global analysis*. Oxford: Oxford University Press.
- Baumann, Ted and Joel Bolnick and Diana Mitlin. (2004). The age of cities and organizations of the urban poor: the work of the South African Homeless People's Federation. In Diana Mitlin and David Satterthwaite (Eds.), *Empowering Squatter Citizen: Local Government, Civil Society, and Urban Poverty Reduction* (pp. 193-215). London: Earthscan.
- Bond, Patrick. (2000). *Elite transition: from apartheid to neoliberalism in South Africa*. London: Pluto Press.
- Bradlow, Benjamin and Joel Bolnick and Clifford Shearing. (2011). Housing, institutions, money: the failures and promise of human settlements policy and practice in South Africa. *Environment and Urbanization* 23(1), 267-275.
- Davy, Benjamin and Sony Pellissery. (2013). The citizenship promise (un)fulfilled: the right to housing in informal settings." *International Journal of Social Welfare* 22, S68-S84.
- Del Mistro, Romano and David A. Hensher. (2009). Upgrading informal settlements in South Africa: policy, rhetoric, and what residents really value." *Housing Studies* 24(3), 333-354.
- Ehebrecht, Daniel. (2015). *The challenge of informal settlement upgrading: Breaking New Ground in Hangberg, Cape Town?* Potsdam: Universitätsverlag Potsdam.
- Evans, Peter. (2010). Constructing the 21<sup>st</sup> century developmental state: potentialities and pitfalls." In Omano Edigheji (Ed.), *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges* (pp. 37-58). Cape Town: HSRC Press.
- Gilbert, Alan. (2002). 'Scan globally; reinvent locally': reflecting on the origins of South Africa's capital housing subsidy policy. *Urban Studies* 39(10), 1911-1933.
- Huchzermeyer, Marie. (2011). *Cities with slums: from informal settlement eradication to a right to the city in Africa*. Cape Town: University of Cape Town Press.
- Huchzermeyer, Marie. (2003). A legacy of control? The capital subsidy for housing, and informal settlement intervention in South Africa. *International Journal of Urban and Regional Research* 27(3), 591-612.
- Huchzermeyer, Marie. (2001). Housing for the poor? Negotiated housing policy in South Africa. *Habitat International* 25, 303-331.
- Jenkins, Paul. (1999). Difficulties encountered in community-involvement in delivery under the new South African housing policy. *Habitat International* 23(4), 431-446.

- Miraftab, Faranak. (2003). The perils of participatory discourse: housing policy in postapartheid South Africa. *Journal of Planning Education and Research* 22, 226-239.
- Mitlin, Diana and Jan Mogaladi. (2013). Social movements and the struggle for shelter: A case study of eThekweni (Durban). *Progress in Planning* 84, 1-39.
- Mubangizi, John C. (2008). Protecting human rights amidst poverty and inequality: the South African post-apartheid experience on the right of access to housing. *African Journal of Legal Studies* 2, 130-146.
- Organization for Economic Cooperation and Development. (nd). Better Life Index. Web.
- Phago, Kedibone. (2014). Intergovernmental relations and housing policy implementation in South Africa. *Politeia* 33(2), 48-62.
- Phago, Kedibone. (2010). The development of housing policy in South Africa. *Politeia* 29(3), 88-106.
- Pithouse, Richard. (2009). Abahlali baseMjondolo and the struggle for the city in Durban, South Africa. *Cidades* 6(9), 241-270.
- South Africa. (1997). *Housing Act*. Department of Human Settlements. Web.
- South Africa. (2004). *Breaking New Ground: A Comprehensive Plan for the Development of Integrated Sustainable Human Settlements*. Department of Human Settlements. Web.
- South Africa. (2009). *National Housing Policy and Subsidy Programmes*. Department of Human Settlements. Web.
- Venter, Anita and Lochner Marais and Joris Hoekstra and Jan Cloete. (2015). Reinterpreting South African housing policy through welfare state theory. *Housing, Theory, and Society* 32(3), 346-366.
- UN Habitat. (2009). The right to adequate housing. Fact Sheet. Office of the United Nations High Commissioner for Human Rights. Geneva, Switzerland. Web.
- UN Habitat. (2012). Housing and slum upgrading. Web.
- UN Millennium Project. (2006). Goals, targets, and indicators. Web.
- World Bank. (2016). Brazil. Web.
- World Bank. (2016). South Africa. Web.