



## Democracy and Rural Development in Post-apartheid South Africa

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**Abstract.** The research addresses the contentious link between democracy and sustainable rural economic development in post-apartheid South Africa. Historically, in 1994, the democratic state in South Africa inherited a legacy of high economic inequality between the urban areas (*first* economy) and rural areas (*second* economy). Fifteen years into democracy: about 65% of the 48 million South Africans live in the rural areas; and 75% of the rural residents still survive under extreme poverty and are disconnected from the first economy. This paper argues that lack of entrepreneurial skills and knowledge keeps the rural residents out of the *first* national economy.

**Keywords:** Rural development, Democracy, Post-apartheid economy

### 1 Introduction

This discourse analyses the nexus between democracy and rural development in the post-apartheid South Africa. The country suffered over 350 years of colonialism; this historical epoch created and sustained a dual economy in the country. Aliber (2005: 3) succinctly describes the two economies as, “. . . on one hand, there was a globally integrated world of production, exchange and consumption (largely urban), and on the other, a constrained world of informality, poverty and marginalization (largely rural). . .” In 1994, a racially-based system of political power was transformed into a non-racial democracy; and the country achieved macro-economic stability through both monetary and fiscal austerity. However, South Africa still faces a high level of development

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disparity between the urban areas and the rural areas. The paper participates in the debate on what makes for stable democracies. The discourse claims that human capital is imperative to stable democracy and sustainable rural development. By definition, human capital refers to a set of job-related skills and competencies that a person acquires through education and training. Shertzer & Stone (1971) correctly regard human capital as a priceless asset for sustainable democracy and development. Because *human capital* is a function of *education and training*, the discourse uses the two concepts interchangeably.

## 2 Conceptual and Theoretical Framework

In the current discourse, *democracy* is conceptualised as a form of government where a constitution guarantees basic personal and political rights. It extends beyond competitive struggle for people's votes, pluralistic political party system and use of ballot box. Rather, it relates to people's right to recognition (Matlosa, Elklit & Chiroro, 2007; Halperin, 2005) and advancement in economic, social, cultural and political spheres. The paper conceptualizes *development* as improvement in global quality of human life. In its generic sense, development is a multi-dimensional process through which a society gradually improves in terms of its income and material possessions (Kothari, 1993). Since the main goal of development is to eradicate poverty, the study uses the terms development and poverty reduction interchangeably.

There is no consensus on whether democracy promotes development or if indeed it is development that promotes democracy. In terms of order Mesquita & Downs (2005) in concurrence with Siegle, Weinstein & Halperin (2004) put democracy first and development later; and this order sustained development in most parts of Europe and America. However, Lipset (1959) and Almond & Verba (1963) and Moore (1966) claim that development is a precondition for democracy: indeed in the 1980s and 1990s, China, Japan and Asian Tigers (Taiwan, South Korea, Singapore and Hong Kong) attained accelerated development under non-democratic rule. Empirical studies have also failed to agree on the nexus between democracy and development. For instance, studies by Preworski & Limongi (1993) and Preworski, Alvarez, Cheibub & Limongi (2000) and Selgson (2003) are agonistic; they concluded that people do not know if indeed democracy promotes or hinders development. A study by Sirowy & Inkeles (1991) found a negative relationship between the two concepts. However, Campos' (1994) study, in which the discourse is grounded, concluded that democracy and development are two sides of the same coin.

### 3 Democracy –Rural Development nexus in South Africa

The current rural poverty (underdevelopment) crisis in South Africa is typically a democracy and economy question, which has its roots in the history of the country. In the 17<sup>th</sup> century, a mode of exploitation evolved in the country where blacks were forced to eke a living in small geographical enclaves called reserves (rural areas). Ownership of production factors such as land was highly skewed in favour of whites (for whom urban areas were created). According to Coetzee et al (2001), the disparity in land holdings was legalized by the Glen Grey Act of 1894, the Natives Land Act of 1913 and the Native Trust and Land Act of 1936. In 1994, the country transformed itself into a democracy, but the shackles of rural underdevelopment still exist. Trialogue (2008:159) succinctly describes the post-apartheid situation in South Africa's rural economy as,

...in the context of widespread poverty and structural unemployment, hunger and malnutrition are persistent challenges for the country's millions of citizens who subsist below the so-called breadline. Depleted land resources in rural communities have placed enormous pressure on the country's rural sector . . . More recently; food price hikes and the looming global food crisis have placed enormous stress on an already fragile situation. The vast majority of the rural residents spend more than 50% of their income on food, which means that it is the poor that are hardest hit by escalating food prices.

The current discourse holds that true democracy may not thrive in a society where economic policies marginalize and brutalize the vast majority of the population. In this regard, former president Thabo Mbeki's reintroduction of the First and Second Economy in South Africa in 2004 is controversial. According to Aliber (2005:16) Mbeki, in a speech to Parliament in May 2004 said, "At the core of our response to . . . poverty and underdevelopment . . . rests the first and second economy . . . encourage the growth and development of the *first economy*, . . . increasing its ability to create jobs and address the challenges of the *second economy* . . ."

Notably, some effort has been made to address the plight of the rural communities in South Africa. For instance, upon attaining political independence in 1994, the democratic regime adopted a social policy that was bent on reducing rural poverty. The policy was informed by the empowerment approaches to rural development. The major instruments that attended to the rural development initiatives were the Reconstruction and Development Programme (RDP), Growth Employment and Redistribution (GEAR), Black Economic Empowerment and Broad Based Black Economic Empowerment. According to Ellis & Biggs, (2001) in concurrence with Ellis (2000), it was through these instruments that the post-apartheid state in South Africa tried to design and implement programmes that were intended to redress past and

present inequalities between the rural economy and the urban economy. Despite all these strategies, rural underdevelopment still defaces the country. The failure of the programmes (Buthelezi, 2008; Zondi, 2008) is attributable to their having been built within an unclear government ideology. For instance, the programmes carried a combination of socialist and capitalist principles in that they encouraged redistribution of national resources at the same time upholding private property rights in the spirit of reconciliation. There is no compatibility between the two principles; true democracy and development can only come about through affirmative action.

The discourse hails the Ministry of Rural Development and Land Reform's objective of redistributing 30 percent of the arable land to the land hungry members of the economy by 2014. However, it is not land alone that can kick start sustainable rural development in South Africa; human capital development is equally important. In fact, no amount of financial and technological support will surpass the need for human capital in the fight against rural underdevelopment in the country. In 2000, the President Mugabe regime revolutionised land redistribution in Zimbabwe under unclear policy framework, which triggered a severe economic and political recession in the country (Chimhowu, 2006).

#### **4 Human Capital and Rural Development**

According to Mallinson (1998) and Okon & Anderson (1984), to know what we want from education and training, we must know what we want in general. South Africa aspires to achieve stable democracy and sustainable rural development; and so the human capital system in the country should reflect that aspiration. By definition, human capital refers to the reserve of competences, knowledge and personality attributes embodied in the ability to work in the interest of development. Human capital is associated with prolific writers such as Jean Baptiste Say (1821), Adam Smith (1776), and Sir William Petty (1691) who correctly concluded that education and training are critical to development. Apparently, one of the basic tenets of the human capital theory is that (Stuart Mill, 1909; Henry Sidgwick, 1901; William Roscher, 1878) human beings are an investment that generates a return ([www.litigationanalytics.com/history-ascended](http://www.litigationanalytics.com/history-ascended) on 31/07/10).

Seemingly, the Asian Tigers' long term development is founded on their commitment to educate and upgrade the skills of their people. Regrettably, the education and training system in South Africa is not yet performing at the level required to create meaningful opportunities for the learners to produce the skills required for effective rural development. In this regard, Trialogue (2008:158)

write; “Improving the human capital landscape is one of the country’s most pressing challenges (especially in the rural areas). Millions of South Africans struggle to eke out a living in contexts of extreme deprivation and adversity. In most cases, the . . . poor are unable to access basic services... thus cycles of poverty and exclusion are perpetuated”. It is doubtful if sustainable democracy can survive under such conditions. As a matter of fact, the human capital theory does not claim that democratic governments are not fragile; on the contrary, all political governments are fragile. According to Gasiorowisk (1996), political stability is by no means the norm in political history. Notwithstanding the above view by Gasiorowisk, democratic regimes are more stable than autocratic ones (Machiavelli, 1970); and this so despite the fact that authoritarian governments are more likely to replace each other.

## **5 Benefits of Human Capital**

Empirical studies have been conducted to establish the rate of return to human capital. Most such studies demonstrated that human capital influences development (Becker, 1964; Cohn & Addison, 1998; Psacharopoulos, 1985) by enhancing people’s future income and by increasing their life time earnings.

It is time the state revamped the skills base of the rural areas, in line with the resource bases of the specific communities. For instance, the Amathole Mountain range in Amathole District in the Eastern Cape Province (the poorest province in the country) provides huge opportunities for the eco-tourism industry. What is required is to train and retrain the rural residents to exploit the opportunities that are offered by the scenery in the district. Seemingly, work cooperatives provide a better medium for effective exploitation of the natural resource for livelihoods. A work cooperative is (Philip, 2003) an autonomous association of persons united voluntarily to meet their common socio-economic and cultural needs through a jointly-owned and democratically controlled enterprise. In previous (Van der Walt, 2005) South Africa, attempts to organize people into work cooperatives have often failed mainly because of the lack of management experience and knowledge. South Africa may have much to learn from the rural Kerala State in India.

The state, with a population of over 31m people, is one of the most densely populated rural communities in the world. Despite the high population, it has registered impressive development strides over years. Kerala has probably the largest worker co-operative in the world, the Kerala Dinesh Beedi Co-operative, producing traditional ‘beedi’ cigarettes, with 32,000 worker-members in 1995, and 326 work-centres. In 2000, local ‘neighbourhood groups’ started to put in place a localized version of the Grameen Bank

approach, and to save for the purpose of building up local capital at village level. A survey of 798 NHG's in 2001 found that 17,000 women had saved \$6.94 each, or \$117,980, for use as capital in productive activities. In . . . Mararikulam eight villages are participating in local soap producing co-operatives, with the assistance of the Integrated Rural Technology Centre in Kerala. In 2003, an ambitious agenda of promoting local production activity has been initiated, that envisages rural industrial parks and common facilities centres in each village, run as co-operatives (Ortmann & King, 2007).

Notably, stable human capital is very basic and crucial for social, economical and technological development of the rural areas. However, in South Africa, there is a high level of capital flight from the rural areas (Ndulu, 2004), mainly because the formal education and training system in the country is alien to sustainable rural development. The current education and training curriculum puts emphasis on skills and competencies that foster the development of the first economy. Put differently, there is a type of 'brain drain' in which the alert and privileged youths of the villages are given access to education and training which equips them for an economy that does not exist in the rural areas. According to Ayandele (1974), the products of such a human capital scheme became estranged from their original environment. Contemporary educators and policy makers in the country are faced with the gruelling task of devising a human capital programme that is dovetailed to meet the developmental needs of the rural economy in South Africa.

The HIV/AIDS pandemic is a threat to sustainable democracy-development nexus in South Africa. The country's human capital programme should also attend to the HIV/AIDS pandemic, which according to Whiteside (2008) makes a bad situation worse. According to CIA World Fact book (2009), South Africa has the highest HIV/AIDS prevalence in the world, with 5.7million people living with the condition. The pandemic affects rural productivity and savings because it affects the most productive and reproductive component of the rural population. With regards to savings: the cost of health care and funeral expenses often erode community savings and livestock such as cattle; all these assets require medium to long term investments. According to Guerny's (2002) study, medical treatment and mourning costs together exceed three times the average annual income of an average rural household. One prominent impact of HIV/AIDS on rural development (for instance through agriculture) is that it may force farmers to shift to less labour intensive crops or reduce the acreage under cropping; the downsizing of farm activity may translate into depressed output, which will also affect revenue and food security.

A sustainable democracy-rural development oriented human capital development strategy should place emphasis on research. Research empowers the rural residents to participate fully in the second economy. Apparently, studies (Farrington & Martin, 1988) have shown that locals are rarely involved

in researches on issues that are akin to their development. For instance, hand ploughs are produced and marketed with no consultation with the users (farmers). Participatory research, in which poor people play a role in setting the research agenda has the potential to make research more effective in empowering the rural residents in South Africa. It provides them with the skills needed to solve many of their own problems. Notably, using participatory research to promote rural empowerment requires working with communities that are skilled in working together; and so South Africa's human capital development programme should also emphasize on problem solving and conflict management for rural development. In this regard Kerr & Kolavalli (1999:137-138) have this to contribute, "participatory research should go hand-in-hand with participatory community development . . . can help improve access to credit and markets...can teach local people the skills they need to organize themselves, analyze and solve problems as a group, and resolve conflicts (Kerr & Kolavalli, 1999).

The South African rural development policy and practice has to reflect the diversity and complexity of the nexus between stable democracy and sustainable rural development. While human capital is the most important element in rural development, technological and financial support is increasing becoming critical in rural poverty reduction. Thus, rural development needs to be located in the context of politics and the state. Somebody has to determine that development is desirable and that a particular kind of development should be pursued and in a particular manner and it is the policy maker who has the right to do so. However, government alone cannot afford to empower the rural residents to meet their developmental needs. The need for all South Africans to play their part in this process is critical and increasingly the corporate sector is regarded as a key partner in fostering rural development. Assisting the vulnerable and marginalized members of the South African society is not only a moral obligation but one that will come to define the success or failure of the national democratic revolution and broad based transformation.

The business community in the country should be called upon to deepen its involvement and investment in human capital for rural development. The above view augurs well with Trialogue's (2009) assertion that corporate social investment (CSI) requires companies to spearhead rural development, but the business community cannot play a dominant role in rural development unless stimulated to do so by the state. As a matter of policy, the business fraternity could be motivated to inherit specific rural communities. Under such conditions, CSI and corporate social responsibility (CSR) would parade the financial and technological inputs required to support both human capital development and rural development programmes. In fact, the performance of the business community would be measured in terms of how well they uplift the lives of the rural areas using their financial, intellectual and technological

advancement. The paper is aware of Code 700 of the Black Economic Empowerment Codes of Good Practice, which requires companies to contribute 1 percent of their net profit after tax to the country's social-economic development initiatives. However, the percentage is rather too small considering the disparity between the first economy and the second economy. The percentage gives the impression that rural poverty elimination may not be government's major priority, which is a negation of the basic principles of true democracy. The business community, apart from funding the rural development project in South Africa, could also form producer cooperatives with the rural residents. The strategy would connect the rural economy to both the first economy and the global economy.

Stable democracy and sustainable rural development in the country also require guidance from the academic world. Ideally, education and training institutions are instruments for solving developmental ills. This perception justifies why these institutions attract human and non-human resources from their communities. Policy makers and academia need to forge strong political and economic ties. Such ties are likely to empower the academic world to institute problem solving researches, which will help the rural communities to work their way out of poverty. Currently, research funds that government avails to the academic institutions through the Research Support Grants and such other arms appears to be too little. Abrogating the funding of research to the private sector may not be the best option in fast tracking rural development in South Africa; it is usually the one who pays the piper who determines the tune.

Human capital as an agent of social economic development of the rural communities in South Africa is expected to produce people with the craft competency to eliminate rural poverty. Affirmative policies may provide the best vehicle for eliminating rural poverty. By definition, affirmative policies are enunciations and actions that seek to achieve social justice by removing the discriminatory policies that create and sustain unfair social inequality in the country. The affirmative action for the poor is unfairly opposed by Gwartney and McCaleb whose opinion is that the problem of poverty continues to fester not because we are failing to do enough for the poor, but because we are doing too much and that is counterproductive (Gwartney & McCaleb, 1985:15). The paper believes that government spending on rural education and training should be much higher in order to increase the pool of people who will participate in rural development. Access to education and training should be guided by an applicant's developmental needs and flair rather than putting bottlenecks for those who seek to access higher education. Currently, entry into tertiary education institutions in South Africa is too elitist in that it requires the applicant to have a full high school certificate; and yet the operational conditions in most schools in the country side make it difficult for students to succeed. In the interest of human capital development in the rural areas, higher



education institutions are called upon to popularize needs-based non-degree or non certificate bearing training programmes. That way, the school curriculum is likely to be more responsive to the developmental needs of the rural communities.

## 6 Conclusion

The key conclusion is that South Africa requires a rural development paradigm that provides a way out of the enslavement of grinding poverty, excruciating educational, scientific and technological backwardness and the perverse and immoral distribution of wealth, income and poverty. Human capital is one of the greatest legacies that South Africa can bequeath its rural citizenry. It is through a democratic education and training programme that many rural communities would realize incrementally, their development potential. Agreeably, such a programme will not result in a quick dramatic reduction of rural underdevelopment in the country. However, it will make an important contribution, and it will lay the basis for the longer term project of eliminating the second economy altogether.

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