

South Africa

Public services: transformation or stasis

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Although the South African state has shifted away from uncritical promotion of neo-liberal public management, the government continues to mesh limited welfarism with market-driven reforms. It has tried to use service delivery to win political loyalty, but this strategy has largely backfired. There is growing public awareness that the current failures and inequities in access to public services can no longer be blamed on the legacy of apartheid.

The public sector in South Africa includes every sphere of government, the various organs of the state, its boards and public enterprises. Beyond this bureaucratic definition of the public sector, the concept of what ought to be 'public' and 'private' – and the values attached to these notions – is very political. Different societies delineate this boundary in different ways. Public services tend to be those services designated public by the community of users, and have important implications for citizenship. Theorists continue to debate whether *"collective needs are objectively in contradiction to the logic of commercial development"* (Andre Gorz, cited in Katznelson and Kesselman 1979:205) or whether public goods are ever *"free from the influences of market control, private finance and private producers"* (Forest, 1993:179). The debate in recent years, however, has shifted to good governance and its use and abuse as a political conditionality for aid and foreign investment for third world countries (Baylies, 2004). For many in social movements and especially the feminist movement, a wider definition of the public domain is preferred because it goes against the grain of neo-liberalism and shifts social power towards collective rationality. Against the prevailing notion that the private sector is inherently able to do a better job

delivering public services, South African trade unions and social movements have defended direct provision of services by the state (even if such delivery has flaws).

It is important to give a brief historical contextualisation of the new South African public sector. Since 1994, South Africa has adopted an expanded notion of the 'public sphere.' South Africa's new constitution includes social and economic rights as fundamental rights backed up by the state. The ruling African National Congress (ANC) inherited a fragmented, racialised state which provided quality public goods and services primarily for a privileged white minority. Separate bureaucracies and institutions based on 'races' and 'ethnic groups' had been created from the fifties. White people dominated at the management level of state administration, which in 1994 was 85 percent white and three percent female (RSA, 1995). On the other hand, most black people sought to evade the state and officialdom. Those who did collaborate politically or who worked for the security and police services were regarded as apartheid agents. Public services formed part of the control mechanisms for dominating the majority black population. Secrecy and extreme state coercion became the norm, especially under the states of emergency of the 1980s. Disenfranchised communities,

to the extent that they were served, received very poor services.

The post-1994 unitary state (led by the ANC) therefore had a very difficult transformative task. It set out to change this apartheid legacy but made several compromises in 1992/93. One was the 'sunset clause', whereby old order civil servants would enjoy job security under a new democratic government. The other was the adoption of neo-liberal principles in reforming the public sector. Nevertheless, inscribed in the new constitution in South Africa was a core commitment to overcoming racial inequalities and any unaccountable, unrepresentative and systemic racial biases in the provision of public services and in employment in the civil service. The idea of a developmental state was adopted with a focus on overcoming poverty and a strong commitment to socio-economic development, but this did not mesh well with the neo-liberal strategies of fiscal austerity and cutbacks adopted after 1994.

Functions were divided between three spheres of the state. The national state's exclusive functions would include national defence, the criminal justice system (safety and security, courts), higher education, water and energy resources, and administrative functions (home affairs, and the collection of national taxes). Provincial states' functions were defined as provincial roads, ambulance services and provincial planning alongside numerous concurrent functions. In 2004/05, this accounted for 57.3 percent of total government expenditure. Municipalities were made responsible for both concurrent and exclusive functions, specifically the provision of water, electricity, refuse removal, municipal infrastructure and emergency services. Over a period of six years, 284 non-racial, democratically elected municipalities emerged from the 840 that had existed previously.

Municipalities generate most of their funds through recovering the costs of local services from users and by charging property rates. Only 10 percent of their budgeted income comes from the central state, through what is called 'equitable share' and 'conditional grants.' Between 1995 and 1999, the National Treasury cut funds going to local government, but this trend has now been reversed. Looking back, as President Mbeki put it, "*then the call was for downsizing, now we are right-sizing*" (cited in *South African Labour Bulletin*, 2005:5).

Despite increased flows of funds into local state coffers, the central state has been very troubled by the ongoing crisis in cost recovery because "*the efficacy of own*

revenue collection in some municipalities remains low, often resulting in deficits at the end of the financial year." Furthermore, "*the deviations between budgeted and actual revenue in the local government sphere are a concern.*" The latter relates mainly to massive capital budget under-spending by major and medium-sized municipalities on key service delivery priorities such as housing, water and so on (National Treasury, 2005a).

One of the key responses of the central state in 2005 to failures to improve service delivery was to push for greater centralisation. First, social security functions have been scaled up from provincial to national level; and responsibility for electricity distribution is being shifted from municipalities to much larger commercial entities called regional electricity distributors, fuelling fears of major losses in municipal revenue sources (SAIRR, 2001:55). Second, the new Public Management Finance Act imposes stringent administrative, financial and governance requirements and allows provinces to take over ailing municipalities. Third, the Municipal Employees Bill seeks to give the central state much greater powers over the deployment of local municipal personnel so as to ensure, for example, that experienced staff can be sent to weak municipalities. Bringing local government employees under the control of public services regulations (currently local government has its own unions and wage bargaining system) is also being contemplated. The general effect of these changes is to give the national state much more leverage over lower levels of the state.

The privatisation of state-owned enterprises (SOEs) in South Africa was promoted in the mid nineties by the old government. The ANC only achieved partial privatisation by 2002, with enthusiasm abating since. Whilst the state says privatisation is inevitable, it is in no hurry to privatise given recent successful turnarounds in several SOEs. Eskom (the Electricity Supply Commission), for example, paid the state ZAR 1.6 billion (USD 263 million) and the national airline made hefty profits in 2004 (*Sunday Times*, 10 July 2005). Eskom and Transnet (the railway company) are central to the government's recently announced five-year public works programme, a ZAR 130 billion investment plan.

New principles: People First, Batho Pele

Section 195 of Chapter Ten of the new Constitution sets out the basic principles of public administration in South Africa. "*Public administration must be governed by the*



democratic values and principles enshrined in the Constitution, including (...) a high standard of professional ethics, efficient, economic and effective use of resources.” The constitution specifies a “development-orientation” with “impartially, fairly, equitably” provided services “without bias.” “Transparency (...) with timely, accessible and accurate information” is also meant to encourage the public to participate in policy-making. Employment in public administration must redress the past racial imbalances to achieve broad representation. The above principles apply to all institutions and to legislation, which must promote these values and principles.

In 1997, the state developed a public service charter called *Batho Pele* (People First). Its eight principles introduce a familiar customer discourse with reference to customer charters, value for money etcetera –terminology not usually associated with public goods discourse (see DPSA website for more on Batho Pele). An impartial Public Service Commission (PSC) was formed to promote these values and principles. It may investigate, monitor and evaluate the organisation and administration, and the personnel practices, of the public service. In addition, it may propose measures to ensure effective and efficient performance within the public service. The Commission accounts to the National Assembly.

Civil servants

Over five years from 1997, the state reduced the size of the civil service by 13 percent, down to 1.1 million workers. Local government lost 35,000 workers (from 238,000 in 1997 to 203,300 in 2003, a drop of 14 percent). Numbers of personnel in national state departments were reduced even more drastically: falling by 39 percent from 549,000 to 330,000 workers over the same period (SAIRR, 2004:329). Overall, the state reduced personnel expenditure from 10.3 percent of GDP (in 1999) to 9.9 percent in 2003/4 (DPSA, 2004:8). These developments were consonant with the austerity associated with South Africa’s neo-liberal policies aggressively pushed through after the economic decline of the mid nineties.

By 2003, however, the state admitted the shakeout of the civil service had been severe and even counter-productive. It led to a skills exodus and now impedes the state’s ability to spend revenue and deliver effective services (*Mail and Guardian*, 12-18 August 2005:9). ‘Transformation fatigue’ became a euphemism for the shakeout and ad hoc-ism that characterised changes since 1997. Not surprisingly, by 2001, hundreds of expen-

sive consultants had to be employed to make up the personnel deficit in policy development, service delivery management and information technology. These consultants were, in the government’s words, beginning to form a “parallel state” (DPSA, 2001:6).

In 2004, provincial and local government departments still had a senior management vacancy rate of 61 percent. The Auditor General expressed concern that “a chronic lack of senior management threatens the ability of government departments to deliver on their mandates.” The departments of public service and administration, provincial and local government, the national treasury, public enterprises, public works, and science and technology have endured a senior management vacancy rate of more than 20 percent for two years running (*Business Day*, 21 January 2005). Many of the retired white senior civil servants, who had accepted generous retrenchment packages to make way for new black appointments, are now being re-employed on short-term contracts (*Eastern Province Herald*, 28 September 2005).

At lower levels of the state, key departments such as housing suffer as much as a 30 percent vacancy rate in senior staffing (see Gauteng Provincial housing Department, for example, in *Business Day*, 25 July 2005). The health sector provides a good illustration of the staffing crisis, which the state itself precipitated. A severe shortage of medical personnel has been a direct cause of the state’s inability to roll out anti-retrovirals for HIV sufferers. Yet, 22,000 South African-born medical workers were practicing in five OECD countries and the US in 2001 (*Business Day*, 5 August 2005). As many as 6 percent of the UK’s health workers and 10 percent of Canada’s hospital-based physicians are South African (*Business Day*, 8 September 2005). More than 27 percent of posts for health professionals in the public sector are not filled. The Health Systems Trust estimates that 45,978 of the 169,246 available positions are vacant. The number of enrolled nurses dropped from 59.7 per 100,000 patients in 2000 to 51.5 in the first seven months of 2005. While the government built 1,345 new clinics between 1994 and 2004 to meet its pledge to voters, it did not increase the number of nurses trained. Many nursing colleges in the early 1990s were closed in an effort to rationalise training. In 2004, the health department acknowledged that 60 percent of primary health care facilities had no nurses with appropriate training (*Business Day*, 8 September 2005).

Under-spending is also a problem: despite having the

highest regional HIV infection rates, Gauteng and Mpumalanga Province failed to spend 52 and 38 percent, respectively, of their HIV/AIDS allocations in 2002 (SAIRR, 2003: 319).

The skills and orientation of civil servants leave much to be desired. Ordinary civil servants face low wages, hazardous and exhausting conditions of work, while strata of highly paid, but not very skilled, black managers in the local state, state enterprises and state boards enjoy sheltered employment. Thus, while the racial make up of the top and middle layers in the state has been changed, political yes-men have often been appointed instead. Recent research showed that most municipal managers were under-qualified for the job (scoring an average of 1.6 out of 4 on competency ranking), yet they were massively overpaid. The law allows municipalities autonomy in setting their own salaries. Several mayors earn close to or more than the country's President. The national average annual salary for mayors is ZAR 590,000 or just under USD 100 000 (*Sunday Times*, 4 Sept 2005). The argument often made by defenders of local government that high salaries are needed in the public sector to attract skilled staff does not seem to hold. The salaries issue is often depicted in public discourse as yet another example of gross corruption by the ANC (see various issues of the *Mail and Guardian*). Most municipal managers also fell short by failing to spend their allocated capital budgets due to capacity problems. The national total for all municipalities for capital expenses in 2004 was ZAR 17 billion (USD 2.8 billion), but consumers are still not paying for services they use. Johannesburg has over ZAR 9 billion in outstanding payments from consumers.

Local politicians from all political parties prize high paying jobs in local government. The ruling party has fragmented into local cliques and factionalism has intensified partly due to competition for these lucrative jobs and the possibilities they offer for various forms of corrupt personal accumulation (see Sole, 2005; *City Press* 31 July 2005; Sangweni and Balia, 1999). High profile corruption has been exposed at all levels of the state. Parliamentarians defrauding the state in a travel scam; the ANC siphoning funds illegally to run its electoral campaigns; tender scams in many municipalities. Mayors have been involved in tender irregularities and nepotism exposed in the case of Cape Town. In Mangaung, the mayor was involved in a ZAR 150 million (USD 25 million) corruption scandal. "*South African citizens appear*

to view the most common areas of corruption to be in relation to seeking employment and the provision of utilities such as water, electricity, and housing. Public-service managers also identified nepotism in job seeking, promotions and in the provision of entitlements" (Sole, 2005).

The orientation of senior civil servants towards rapid upward mobility and bourgeois lifestyles is, unfortunately, a trademark of third world elites (many of them ex-radicals), who wish to copy their counterparts in the North. The 'get rich quick mentality' has been repeated criticised by the President and the press, but at the same time black people are encouraged not to be ashamed of becoming 'filthy rich' (Sole, 2005). The ANC's conversion from soft socialism to aggressive capitalism has promoted mercenary attitudes to the public service. Senior civil servants have been accused of practicing a revolving door of corruption. Dozens of senior civil servants and parliamentarians have resigned their jobs to become instant millionaires once they take up jobs in big firms. The ANC adopted a legally unenforceable 'cooling-off' period, which it says it will use for 'comrades' leaving a particular state sector. The common practice has been for 'comrades' to prepare the ground for themselves in the private sector while still holding high office.

In 2001, the Department of Public Service and Administration (DPSA) established an anti-corruption unit. However, exposing corrupt individuals has also become a tactic in fighting political enemies. Widespread allegations have been made that the State Special investigations Units *Scorpions* are used politically against political enemies. Others insist that ethics is not the main problem:

If we use the Eastern Cape Province as an example, it is clear that corruption is not merely informed by the personal greed and lack of integrity on the part of individuals in positions of power. The underlying causes of corruption in the Eastern Cape are primarily structural and relate to the state of weak financial management within government departments and the poor functioning of provincial oversight and accountability structures (Colm Allen, Public Service Accountability Monitor, Speech to National Anti-Corruption Summit, 2005).

Since late 2004, and reminiscent of the 1980s, the former black townships have been exploding into violent riots and demonstrations, sometimes involving several



thousands of youthful protestors. ANC town councillors' homes and council offices have often been destroyed in marches with many protestors arrested. Partly in response to these uprisings, the government launched Project Consolidate to shore up the failing municipalities. It stresses the need to modernise administration and financial management at provincial and local levels. Performance assessment and "dedicated capacity building support" (National Treasury, 2005b:6) are also seen as vital. Yet many remain sceptical.

The actuality of delivery

Though the state budgeted more for public services in 2003-5, the results and outputs have been mixed and often disappointing. A brief review of a few sectors illustrates the contradictions of current service delivery.

In 2004, the government announced a ZAR 15 billion (USD 2.5 billion) Expanded Public Works programme based on labour-intensive projects like road building. Government hopes to create one million work opportunities by 2010. So far 60,000 four-month jobs have been created (*Financial Mail*, 26 August 2005). In social grants, the state has made significant strides largely by extending the child-support grant to older children. Since 1997, the number of grant beneficiaries grew by 124 percent to close to 6 million (National Treasury, 2003). The school feeding schemes, dogged by corruption, reach over 4.5 million.

In education, the absolute number of pupils writing matriculation final exams is lower than in 1994 (when the apartheid system was abolished). Forty-eight percent of pupils in grade four were found to be illiterate and South Africa's numeracy levels were found to be lower than in Zambia and Malawi (SAIRR, 2001:18). Not only is there a brain drain (referred to earlier), but it seems the school system is failing to produce much needed skills. Alongside public schools, a large but expensive private schooling system exists with fees often in excess of ZAR 20,000 (USD 3,300) per annum.

Telephone services for the poor are another example of paradoxes in service delivery. Telephones are regarded as essential to 'bridge the information divide' and help lift the poor onto the information highway. Telkom is a semi-privatised telephone company (also listed on New York stock exchange). Telkom's annual report noted that between 2002 and 2004, its 2,09-million disconnections outnumbered its 1,97-million new connections, resulting in net line shrinkage. Telkom, with fewer 'customers' was

now only rolling out its network 'where it is economical.' "To control our bad debts, we implemented a more rapid disconnection policy for non-payment, continued to and improved credit vetting and controls, implemented usage limits based on customer credit limit, instituted better collection programs and continued to promote our prepaid fixed-line services" (*Business Day*, 2 July 2004). Telkom, a monopoly, has become a very profitable company, charging among the highest rates in the world for local calls.

Similarly in water delivery, although nine million more people have access to potable water (mainly through street communal taps), South Africa still has a long way to go in bringing large numbers of the black population up to decent standards. The Census of 2001 showed that 13.6 percent of South Africa's people have no toilet (up from 12.4 percent in 1996). Recent figures suggest 16 million people (37 percent) lack access to basic sanitation (*Mail and Guardian*, 16-22 September 2005:6).

In the Eastern Cape and Limpopo regions, more than 60 percent of residents still lack on-site access to water. KwaZulu-Natal and Northwest provinces have 40 percent of their populations in such conditions, whereas coverage in Free State, Western Cape and Gauteng now stands above 80 percent. The most recent figures show that 67 percent of South Africans now have on-site piped water access, meaning an increase of 1.7 percent since 2002 (Statistics South Africa Household survey in *Business Day*, 4 August 2005). Official statistics, however, refer only to access to infrastructure, and do not give much insight into actual conditions and rates charged for services. Millions of households who cannot afford to pay for water have been put onto onerously restricted or basic water supply (usually a drip or trickler system). Millions have had their electricity cut off or been put on prepaid meters. South Africa has the largest number of prepaid meters in Africa: some three million such metres have been installed since 1995 (Tewari and Shah, 2003). These self-disconnection devices have been condemned and banned in the United Kingdom. Recently, the Mayor of Cape Town declared that no prepaid water meters would be allowed in Cape Town as they violated peoples right to water and made access more expensive and unreliable (*Business Report*, 29 August 2005).

According to the free basic water policy applied since 2001, poor South Africans are entitled to 6,000 litres of free water per month. Free basic water, often seen as a big improvement, also has unintended effects (see McDonald and Ruiters, 2005). In order to qualify, people

must first register as 'indigents' and then wait for their status to be verified by the state. Many do not register. Free water is a way to increase state surveillance of citizens by requiring registration and its restrictive availability is used as a disincentive for poor people to use water. For those who do manage to access the free service, their six allocation of water literally drips out of the tap. If they use more than their basic allocation poor people are heavily penalised by higher tariffs. In Tshwane in 2002, for example, consumption between 7 kl and 10 kl was charged at a punitive ZAR 4.15 (USD 0.70) per kl, while high end users did not pay much more than that (National Treasury, 2003:18) for usage above 30 kl. As the Department of Finance puts it "*The higher rate here impacts directly on poor households whose consumption exceeds 6kl*" (ibid). According to the Department of Finance's own numbers, most poor households use 25 kl of water per month (see National Treasury, 2003, Annexure C). Most such households then fall into arrears.

Households earning near ZAR 1,000 (USD 167) per month spent more than ten percent of their income on electricity, while for the rich electricity costs amounted to only two percent of income (Statistics South Africa, 2002). The poor pay 45c per unit if electricity is received on a prepaid basis, whereas conventional credit meters are at least 20 percent cheaper and the users do not have to travel to buy prepaid units.

The majority of South Africans are poor. Half the South African population lives on ZAR 144 (USD 24) a month (*Sunday Times*, 6 September 2002). State pensions declined by 20 percent in real terms between 1991 and 2000 (Lodge 2002:67-69), albeit no longer racially discriminatory. South Africa has more people with HIV and AIDS than any other country in the world, with six hundred people dying every day of AIDS. Many poor people have the infrastructure but cannot use it, because services are too expensive. 3,000 citizens are blacklisted for debt every day.

Another indicator of a crisis in public services is the staggering levels of non-payment for municipal services. Of the ZAR 24 billion (USD 4 billion) consumer debt of 2003, 77 percent was owed to the largest 16 municipalities – including the six metropolitan areas (*Business Day*, 5 March 2003). Three quarters of all municipal debt summonses originated in big cities. The biggest chunk of debt is owed by middle-class residents, who use over two thirds of the water and electricity. Debt in working class

areas is significant but spread over many more consumers. This means that municipalities are in a constant tug-of-war with working class communities either over non-payment or over restrictions on use of services. Significantly, municipalities often lose the battle in working class townships, being forced to write off debts (even if these write-offs are conditional) in the face of sustained popular opposition from highly politicised community movements. Partly because of the mounting debt of very poor communities, who cannot pay, the state has increasingly moved to providing free, but only *basic* services. This has given rise to an extraordinary flurry of innovation in new technologies for limiting the flows of water and power into poor people's homes (Tewari and Shah, 2003).

Even though many service users can access the first 6 kl of water for free, many household utility bills are still very high, at times reaching ZAR 500 to ZAR 700 a month (the equivalent of a monthly state pension). This is because most urban households are accustomed to using 15-20 kl of water per month and they have resisted the state's downsizing and its attempt to solve social problems through restrictive technologies. For example, Harrismith's townships, the site of a major public-public partnership (with Rand Water Board) has a 20 percent payment level. Here, 3,000 to 4,000 households had their access to water cut off, and were then put onto water tricklers. This meant 30 to 40 percent of township residents were on tricklers (Smith, 2003). In September 2004, Harrismith became the first of many townships where violent demonstrations against service delivery failure and corruption exploded (*Independent online*, 31 August 2004).

Finally, while privatisation in the narrow sense of transferring assets to private firms has slowed down in South Africa, there are many different covert or creeping forms of privatisation. In some sectors, like personal and residential security, the private sector has grown massively and is regarded as more effective and bigger than the state police. Over 400,000 people are employed in private security firms. The rise of gated, privatised or exclusionary communities has re-inscribed forms of socio-geographic exclusion that were meant to die out with the demise of apartheid. Effective socio-economic redistribution has yet to occur. Less than 2 percent of the land has been redistributed and white farmers have been known to sell land to the state at exorbitant prices (*Sunday Times*, 21 August 2005).



A brief appraisal of public services reforms

In analysing the South African experience, it is crucial to understand that the state is not a unified entity acting with a single will. The South African state has also had to re-think its own strategies and policies over time. It has also allowed black empowerment to degenerate into patronage and enrichment for a few. Underlying the 'capacity' problem in the state is the excessive downsizing of state personnel in the mid nineties that now means that South Africa currently faces a governmental shambles. Recent typhoid epidemics not too far from Johannesburg, persistent power outages in some provinces, constant staff shortages, the overlap of business interests and political office and fast declining public trust show that the state and South Africans are paying a high price for fiscal austerity policies. The ANC cannot apportion all the blame on its failures on the legacy of apartheid. As the general secretary of Cosatu put it,

The government in particular continues to lag in education and prevention (of HIV). It has left this core campaign largely to rich advertising companies that think they can sell AIDS information like they sell luxury cars or cell phones. The failure to deal adequately with the HIV epidemic lies in the persistent underfunding and poor management of the public health sector. The difficulty of rolling out anti-retroviral treatment in itself demonstrates the deep-seated problems. Indeed, while South Africa spends more on health care as a share of its economy than most developing countries, the public health situation is far worse. That reflects the waste of billions on private health, while the public sector lacks beds, medicines, decent buildings, trained personnel and management. Ultimately, these failures start with a failure of leadership, beginning with the presidency and the Ministry of Health. Any health ministry that presides over the spread of an epidemic like this one has much to answer for. This lack of government leadership on HIV is a betrayal of our people and our struggle (Speech to Treatment Action Campaign, 25 September 2005).

The state has shifted away from an uncritical promotion of neo-liberal public management and policy partly because this proved politically and socially untenable, and partly because the economy has made modest improvements and the state collected more tax revenue.

In this regard, a recent DPSA document is instructive. Here, the state recognises that: "*uneven state capacity exists especially with the rural and urban divide*" Second, *privatisation is not an easy route since 'it dilutes the political direction and commitment to a developmental agenda (...) coming into conflict with public minded considerations such as equity'* (DPSA 2003:15). "*New technology is not unproblematic (...) it can increase gaps between empowered and disempowered.*" Decentralisation is not a panacea: "*decentralization into contexts of limited skills could prove dysfunctional*" (ibid).

In some ways, the ANC continues to mesh very limited welfarism with neo-liberalism. It has tried to use service delivery to win political loyalty but this has largely backfired.

The Public Service Commission (2005) also notes:

The key challenge remains the consolidation of the foundations of our developmental state. This requires a public service that is attuned to the needs of the citizenry, capable of meeting these, and highly focused on effective policy implementation and delivery (...). (T)he Presidency also identifies the need for delivery as a critical challenge for the public service in our second decade of democracy and urges a focus on practical implementation and capacity-building.

Yet others suggest there is more to the local government crisis than the skills deficit problem or the failure to modernise the bureaucracy and promote effective project management. "*The recent demonstrations over poor service delivery in the Free State have to be viewed as more than simply a product of maladministration. People there have been demanding that entire local government bureaucracies be scrapped and rebuilt. More skills, 'capacity', monitoring and evaluation, and project management cannot correct this problem*" (V. Naidoo, in *Business Day* 9 September 2005). Moreover, the contradictions in service delivery and disaffection already noted earlier in this chapter continue to be a source of deep bitterness within poor communities. Even with marginal improvements, many black citizens feel a sense of relative deprivation and betrayal when they compare themselves to the fabulous fortunes of the new black middle class and privileged lifestyles still enjoyed by whites. Since 1994, the wealth gap *within* the black population has increased. A perception of widespread corruption among ANC elites undermines political legitimacy and the political impact

of concessions such as free basic water.

The quality of government-backed services is very poor, and free services are extremely limited and miserly concessions by the state. Moreover, services are delivered to the same places (black townships) where mass unemployment reigns. Reconstruction and Development (RDP) matchbox homes built by the liberation movement are built in remote areas and in straight lines. They are derogatively referred to as bus shelters or dog kennels. People resent the high costs of services. Delinquency and even popular illegalities such as unauthorised connections to electricity and water continue to be widespread, as does the non-payment, or some would say boycott of payments for services, which rose to ZAR 40 billion (USD 6.67 billion) in 2005 – a third of the total revenue of all municipalities (*Mail and Guardian*, 16-22 September 2005).

Strikes in the public sector have overshadowed strikes in other sectors in the years 1995, 1999, 2002 and 2005. In 2002, public sector strikes accounted for 75 percent of the national total (SAIRR, 2004: 197). In August 2005, the most bitter and violent of all strikes occurred in the municipal sector with riot police beating up and arresting workers who over several days blockaded streets in several large cities in South Africa. SAMWU (the national municipal union) threatened to call for a boycott of upcoming local government elections.

From the state's point of view, the issues are presented as essentially about strengthening and streamlining the state machinery, and extending the state's reach in order to stabilise various 'unruly' communities and movements, and regulating the private ambitions of the aspiring black business class. Strengthening the integrity

of the state machine is difficult, however, because the ANC enjoys an almost complete monopoly over appointments. Conflicts within the ANC spill over into appointments in the state bureaucracy. Moreover, the ANC's internal rifts, threats of breakaways and splinters within the alliance (with the trade unions and the South Africa Communist party) run from top to bottom down the ranks. These rifts have seriously dented the image of the ANC. In the black empowerment game, political office and business opportunities continue to intersect. The ANC has to get its own house in order to tackle these problems vigorously. As the ANC General Secretary put it, "*the struggle for control over access to resources had resulted in moral decay. We need to pose the question: is it correct for public representatives to have business interests especially if these interests developed while serving as a representative*" (for more see 'Comrades in Business', *Mail and Guardian*, 16-22 September 2005).

It may also be argued that corruption among the black capitalists is more complicated than it seems. As long as the project of enlarging and deepening black economic empowerment and the enrichment of a black business class remains a key plank of the ANC, a top job in the state is very likely to remain a quick route to upward mobility so desperately sought by the black middle class. Meanwhile, public disaffection with the state and the fading memory of a liberation movement now turned out as 'comrades in suits' is being registered en masse in municipal uprisings in every province. Significantly, the organised social movements have not been involved in these uprisings, which have been led instead by angry party loyalists.

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