



“Decline & Decay” or “Steady Progress”?

The news flow is certainly not good. And the flow is not good, because a lot of bad things are happening out there. Economy deteriorating, political uncertainty, striking workers, attacks on the judiciary, putative president appearing in court, public leaders using words like “kill” with great abandon, unwise pieces of legislation submitted to parliament and so on. This causes many people to see “Decline & Decay” (to re-use the scenario name we used in our May road show with clients).

Some citizens find the “Decline & Decay” so taxing that they loose heart and emigrate. Others simply cut themselves off from the news and so preserve their sanity.

This state of affairs is likely to go on for another year or so until after the 2009 election. In fact, as the election nears, things will probably get worse.

In the midst of all this negative news flow it is almost unthinkable that SA could be progressing.

Development Indicators

Yet, such progress is discernible from the recently released Development Indicators compiled by the Policy Co-ordination Unit in the Presidency. It paints a picture of both regression and “Steady Progress”. About 80 pages long, it evaluates 76 indicators covering ten areas of our national life.¹ It provides a basis for evaluation and comparison. In my estimation, 42 of those indicators have actually improved, 24 have regressed and 10 seem to be unchanged.

The ten areas covered with some of the indicators of progress and regression are:

1. The **economy** where growth is slower, inflation higher and the current account deficit a cause of concern but these do not negate the enormous progress made as is indicated by rising per capita incomes, the bond points spread, real interest rates and rising investment.
2. **Employment** is a story of steady progress where the number of people employed has increased² and unemployment is decreasing. 13,2 mil people are now employed vs 11,2 million 6 years ago – a 58% increase.
 - a. The Public Works Programme has created, by the end of 2007 already, 95% of the 1 million jobs that was planned to be create by 2009. KwaZulu-Natal is the province that created by far the largest number of public works jobs with 305 000 of the 950 000 created.

¹ The data sources used to evaluate the 76 indicators are clearly stated, available for public scrutiny and comes from both the private and public sectors and academia.

² And as BoE research has shown, the proportion of the 15 – 65 age group that is employed has also risen. No doubt there is steady progress with employment.

3. **Poverty and inequality** registers poverty down on four different measurements. Inequality has risen.
 - a. However, the interesting trend is that inequality between races has declined from a reading of 0,55 in 1993 to 0,34 in 2007. This is a sharp decline and must be good news for building a non-racial SA.
 - b. Within race groups, however, inequality is high and that keeps the overall reading for SA high. Coming from where SA does, one must ask the question if this could really be otherwise? As the Black middle class develops, inequality within race groups must worsen because some people remain behind and others progress. The only way to avoid that is for everybody to progress at once and at the same rate – neither are real life possibilities.
4. **Household & community assets** showed remarkable improvements with 2,6 million low-cost houses built that house 8,8 million people. These houses carry title deeds and create an increased asset base. Furthermore the very real prospect now exists that the country can have universal access to *water, sanitation* and *electricity* by 2014. In 1994 about 50% of SA had access to sanitation and electricity and 62% to water. It seems to me to eradicate these 3 deficits in 20 years is not too bad, despite all the complaints about poor service delivery (listed as a regression under number 10 below). There is anecdotal evidence that a lot of service delivery protest takes place where next door neighbours have actually had services delivered. Again, one can ask if it can be otherwise, especially if one looks at the China experience?³ The two negative indicators in this category are that land restitution will not make the 2008 deadline and land redistribution is too slow.
5. **Health** has 3 indicators that improved (malnutrition, immunisation coverage and malaria treatment), 3 that regressed (lower life expectancy, higher child and maternal mortality) and 2 that are unchanged (HIV prevalence and tuberculosis). Health needs a shot in the arm.
6. **Education**, unsurprisingly, has 3 of 6 indicators that improved, 2 (including the matric pass rate) deteriorated and 1 remain unchanged. The pass rate is a pretty fundamental measurement both from an educational and financial efficiency point of view. Education cannot be rated an improvement before this indicator does not improve as well.
7. **Social cohesion** – or what BoE calls “social capital”. Here citizens’ confidence and sense of where the country is going have taken a severe beating. Five of the nine indicators regressed, two remain unchanged and only two improved. These are female presentation in public bodies and a decrease in using race as self-description in favour of using language.
8. **Safety & security** saw a decline in the overall number of crimes, but robberies are up, detection and conviction rates are low and jail overcrowding pervasive. As the report notes, crime levels are simply too high.
9. **International relations** had several positive indicators but the one that struck me most is how tourism to SA keeps on growing, in spite of crime. 9 million people came here in 2007, or 750 000 per month. This gives a perspective on handling the people that will come to the World Cup in 2010.

³ In 1994 that country had 10 000 incidents of public protest violence. Over the next ten years fantastic progress was made with growth and development and millions of people lifted out of poverty. In 2004 China had 80 000 such incidents. Progress does not guarantee a quiet and peaceful population.

10. **Governance** recorded several indicators that deteriorated - increased perceptions of corruption, more green house gas emissions, an increase in qualified audits and poorer public opinion on the delivery of basic services.. About 32% of national depts, 48% of provincial depts and 25% of other public entities had qualified audits in 2006/7. A shocking 57% of municipalities had qualified audits in 2004/5, the latest available data, and according to the report matters have deteriorated after that date. One of the positive indicators here is that the number of registered tax payers have increased from 3,2 million in 1996 to 7,9 million in 2007 – almost 150%.

So What?

- The prevailing mood that things are falling apart is not quite backed up by the more empirical evidence from these indicators. There are areas of “Decline & Decay” but they are outnumbered and outweighed by “Steady Progress”.
- From these indicators it is clear that SA is progressing with its gigantic tasks of economic growth and social development.
- Naturally these indicators are backward looking whilst the markets are forward looking. Current attacks on the judiciary, continued political uncertainty and economic headwinds are affecting the mood negatively. That will probably outweigh the progress recorded here.
- The mood will only improve once the economy turns and political uncertainty diminishes.

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