

One step forward ...two steps forward

Well, even I was surprised.

I have been following the annual release of the Development Indicators, a set of 80 measurements covering 10 areas of our national life, since its introduction in 2008. It is the best instrument we have to measure whether SA is progressing or regressing socially and economically. Research and data from private sector institutions, academics at universities, National Treasury, Stats SA and the like are used to conduct the measurements.

Whatever the screaming headlines and heartfelt emotions, often driven by micro experiences that do not tell us about the bigger picture or context, these indicators give us an empirical base on which to base our judgements.

The 2010 Development Indicators, released by Planning Minister Trevor Manuel in Dec 2010, reveal further steady improvement in the majority of the 10 areas of our national life.

What has changed?

15 months ago in October 2009 BoE circulated the 2009 Development Indicators to clients and we also published a separate assessment of the indicators. What has changed since then? We summarise the changes in Table 1 and discuss them below. 5 of the ten areas improved from 2009, placing a total of 8 areas in the improvement category and leaving two in a no progress category (see Table 1).

Most important is that **economic growth** has been restored after the 2009 recession when the economy contracted and per capita incomes declined. This turnaround is good as far as it goes, but it will take a while to reach pre-recession levels of growth, investment and healthy public finances.

Health showed an improvement with 5 indicators improving (infant & child mortality, malnutrition under age of five, immunisation coverage, tuberculosis and malaria); 2 stabilising (life expectancy and HIV prevalence); and 1 deteriorating. The latter is maternal mortality and is largely ascribed to HIV/Aids, hypertension, obstetric haemorrhage and non-pregnancy related infections.

Social cohesion had 6 of 9 indicators improving, a strong turn around from 2009 when only 2 indicators were improving and 5 declining. An interesting anomaly is that 66% of South Africans was confident about "a happy future for all races" (up from 60% in 2009) but "*public opinion*" about race relations deteriorated from 57% to 46%.

The reason for this divergence is unclear. Could it indicate a difference between what people actually experience in their daily lives as against what they hear politicians and public figures say? Daily life vs noise?

Perhaps most controversial of all is the improvement in **safety and security**. A new indicator added in 2010 is "Victims of crimes" which relies on national victim surveys conducted by the Institute for Security Studies. These victims-of-crime surveys confirm what official police statistics also reveal –

crime is decreasing for virtually all types of crime. However, crime is still very high with almost a quarter of all adults having experienced some crime in all survey periods. But there is no denying the trend. Will the 2009/10 recession interrupt this declining trend? In the UK, for example, it has been found that crime increases during recessions. So far we have not seen it in SA but it may of course still appear in the 2010/11 numbers.

Equally controversial for some, would be the improvement in **education**. It is a highly charged topic that excites strong emotions in people. Two new indicators not included previously, “educational performance” that measures quality and an international comparison of “maths and science achievement”, both show a dismal picture. So far, so bad. But there is another side.

In the indicator “learners per teacher” the target of 32 learners to 1 teacher has been achieved in all 9 provinces and bettered in 7. (Free State is the lowest with 27 learners per teacher). The Western Cape and Gauteng have the worst ratios (albeit the targeted 32:1) – but also show the best results. Numbers clearly do not explain all.

5 of the remaining 5 indicators have improved.

Gender parity has been reached in SA. This is a huge issue in developing societies where a higher proportion of boys go to school than girls who must often stay at home to help with domestic tasks. SA has a better literacy rate than India.

Unchanged

Poverty and inequality again registered mixed progress. Poverty continued its decline across different poverty lines used. Inequality has risen but, importantly, more within race groups than between them.

The category **household assets** in the Indicators measure access to improved **services**: housing, water, sanitation, electricity and land. Nearly 3 million RDP houses have been built/were under construction by March 2010. If 1% of those had building defects, it means that 30 000 houses were defective and 2 970 000 were not. (Not to excuse 1 house with defects, it is traumatic for the family living in it, but it does give a sense of perspective.) More and more people are being housed in better and better conditions.

International relations remained steady with all the indicators indicating progress. Not measured in the development indicators was SA’s election as a non-permanent member of the UN Security Council and the invitation to join the BRIC group of nations at their 2011 summit.

Employment, after the four years of good job creation till 2007, remains in the “reversal” category where we placed it in 2009. Provided economic growth continues job creation will resume so this variable should improve over the next year or two.

In the long run there is no such a thing as jobless growth. The only question is how many jobs for 1% growth. (Both the left and the right in SA try to argue that growth will not create jobs. They do so for and from ideological beliefs. But they also have 16 000 years of economic history against them! (See,

inter alia, the excellent *Why the West Rules for now* by Ian Morris from Stanford University, 2010, Profile Books).

Good governance also remains unchanged in the regression category as only 2 of 7 indicators improved. The country scored very well on budget transparency and there was a decline in the number of qualified audits, most notably amongst municipalities. The other 5 indicators in this variable, however, deteriorated. So this one remains in the *Regression* category.

So what?

- The data is clear and unambiguous – SA is a developing country that is slowly becoming more developed as each year passes by, even when that process is interrupted by the odd recession. The country is better off than 5 and 15 years ago and will in all likelihood be better off 5 years from now.
- The two worst mistakes to make are to suggest either that the job of social & economic development is done or that because the job is not done yet, the country is a failed state. Both are simply untrue.
- Political focus on health, education and crime should help to drive further improvements in these areas. Infrastructure, management and better financial controls are some of the variables that will help drive improved performance.
- **Governance** needs a step up in performance, particularly as far as corruption and local governments are concerned. The battle on this front continues with institutions like the courts, auditor-general, Public Protector and others playing a critical role. Voters also need to express their opinion. It remains an ongoing process.

Table 1: Change in Development Indicators			
	2009	2010	Description
Improvement	Poverty & Inequality	Poverty & Inequality	Fewer people living in poverty; inter-group inequality down; but intra-group inequality up.
	Household & Community Assets	Household & Community Assets	More access to hsg, water, sanitation, electricity, land.
	International Relations	International Relations	Peace operations, int agreements, diplomats trained, foreign missions, selected African indicators.
		Economy	Growth restored after 2009 recession.

		Health	5 of 8 indicators improving; 2 stabilised; 1 regressing.
		Social Cohesion	6 of 9 indicators improving; 2 declining; 1 unchanged.
		Safety & Security	7 of 10 indicators improving; 3 declining.
		Education	5 of 8 indicators improving; 2 declining; 1 target achieved.
Reversal	Economy		
	(Un)Employment	(Un)Employment	Job losses continued in 2010.
Regression	Health		
	Social Cohesion		
	Safety & Security		
	Good Governance	Good Governance	2 of 7 indicators improved; 5 declined.