TREASURY'S ROLE IN SOUTH AFRICA'S POLITICAL ECONOMY

A STUDY OF AN INSTITUTION AT THE CENTRE OF CLASS PROJECT IN THE ERA OF TRANSITION

Gumani Tshimomola

A thesis submitted to the Faculty of Science, University of the Witwatersrand, Johannesburg, in fulfilment of the requirements for the degree of Doctor of Philosophy.

Supervisor: Prof Patrick Bond
Co-Supervisor: Prof Melanie Samson

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DECLARATION

I declare that this thesis is my own, unaided work. It is submitted for the degree of Doctor of Philosophy at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other university.

(Signature of candidate)

25 day of October at 2022

ABSTRACT

Treasuries all over the world are central to the hegemony of capitalism, including a central role in managing capital flows across space, both within and beyond national boundaries. These institutions are an outcome of social struggles reflecting racial, economic, ideological, class, and political conflict. This study explores the Treasury's role in South Africa's political economy during the 1980s and 19'90s, when neoliberal policies were adopted before and during democratisation. During the transitional period, the Treasury's centrality and institutional reconfiguration were class projects, reflecting conflicts surrounding strategies adopted by both state and capital to address the falling rate of profit and overall over-accumulation of capital, and later to address resistance to neoliberal policies. South Africa's success in adopting and implementing neoliberal policies before and during democratisation depended on the Treasury, especially its role in implementing fiscal austerity. The Treasury changed how it worked with local and international capitalists, the Bretton Woods Institutions, other government agencies, and society.

The reconfiguration of the Treasury resulted in a powerful institution that dictates economic reforms without political accountability in post-apartheid South Africa, giving the institution political powers that it did not possess in the past. The reconfiguration of the Treasury was set in motion by restructuring the inner workings of the state apparatuses, in particular economic policy reform. However, there was resistance to neoliberal policies. Or, put differently, there was an alternative to neoliberalism within the Left in political groups outside of the state that challenged neoliberalism. The study argues that with the help of Bretton Woods Institutions, the Treasury adopted and adjusted neoliberal policies, in part through a Reconstruction and Development Programme (RDP) that was originally adopted to do the opposite. Swyngedouw calls this "post-politicisation." The Treasury argued that it was merely augmenting the RDP when it imposed the Growth, Employment, and Redistribution (GEAR) macroeconomic strategy, which again made the Treasury the authority on economic policy without contest, aside from trade unions and the Communist Party which were then brought back into line by the Presidency of Nelson Mandela. So, to keep neoliberal policies in place, the Treasury officials adopted economic policy

formulation strategies in a way that didn’t involve consultation with those adversely affected, no matter who was the finance minister or what their political views were.

During the 2000s, much of the disciplining role that treasuries played could be understood as a function of top-down instructions—or at least guidance—from the Bretton Wood Institutions, reflecting a geographical hierarchy of power that ran from Washington to Wall Street, London, Frankfurt, Paris and later other international sites where investors purchase treasury bills. In South Africa’s case, there was much more evidence of “homegrown” ideological coherence with Washington’s agenda, even though international flows of capital were also a decisive factor once exchange controls were relaxed from 1995. In future, to achieve redistribution, create jobs, and reduce poverty will require an inclusive, consultative, and democratic process to formulate economic policies away from the Treasury. For this to happen, the study concludes that South Africa needs to reverse neoliberal policies and activists from political and social movements must challenge the Treasury’s power through more radical modes of contestation within the broader political economy.

DEDICATION

In memory of a dear friend,

Mutondwa Matodzi

1987 – 2021

I want to express heartfelt gratitude to people who made it possible for me to complete the research:

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Victory is certain!

ABBREVIATIONS

ANC	African National Congress
BWIs	Bretton Woods Institutions
CEAS	Central Economic Advisory Services
CODESA	Convention for a Democratic South Africa
COSATU	Congress of South African Trade Union
DBSA	Development Bank of Southern Africa
DOF	Department of Finance
EAC	Economic Advisory Council
ETC	Economic Technical Committee
GEAR	Growth, Employment and Redistribution
GNU	Government of National Unity
IMF	International Monetary Fund
MPS	Mont Pélerin Society
MINCOMBUD	Minister’s Committee on the Budget
NEF	National Economic Forum
NP	National Party
NGDS	National Growth and Development Strategy
NP	National Party
PFMA	Public Finance Management Act
RDP	Reconstruction and Development Programme
SACP	South African Communist Party
SARB	South African Reserve Bank
SEPC	Social and Economic Planning Council
WB	World Bank

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CHAPTER 1 – INTRODUCTION

"Every human problem cries out to be considered on the basis of time, the ideal being that the present always serves to build the future" – Fanon (1952, p. xvi)

1. Introduction

The Treasury's[1] role in South Africa's political economy during the transitional period[2] from 1985–1996 reflected a class project that arose from conflicts surrounding strategies to address the falling rate of profits and over-accumulation, later resistance to neoliberal policies. South Africa's success in adopting and implementing neoliberal policies before and during democratisation depended on the Treasury and especially fiscal austerity. This led to a reconfiguration of the Treasury's relationship with local and international capitalists, the Bretton Woods Institutions[3] (BWIs), other state institutions, and broader society.

1The Treasury refers to the South African National Treasury and the Ministry of Finance. The National Treasury is established in terms of Section 5 of the Public Finance Management Act No. 1 of 1999 to give effect to Section 216 (1) of the Constitution of the Republic of South Africa. The National Treasury was created out of an amalgamation of two departments, i.e. Department of Finance and Department of State Expenditure. In addition, there are other aspects of treasury, such as fiscal responsibilities for national, provincial and municipal spheres of government and state-owned entities that collect taxes, levy fees, borrow and appropriate funds within their legislative mandate. However, the research study limits itself to the Treasury as described above and not technical treasury functions within state institutions. The study is concerned with the functions of the Treasury that relate to global contestations over economic policy reform, so as to understand its role in South Africa's political economy during the critical period of democratisation.

2 According to Lukin (2000, p. 8), "transitional political period is seen as a struggle between those who advocate maintaining the old order and those who support change". Other forms of a transitional period include transitions from administrative controls with indirect fiscal and monetary policy instruments to market-oriented economy management in search of means to resolve the accumulation crisis. In the case of South Africa, the transitional period was the struggle between the apartheid government and various activist organisations and trade unions began to intensify with the Durban dockworker strikes of 1973 and the 1976 Soweto uprising (Kruger, 1998). The struggle crystallised into a Mass Democratic Movement (a loose alliance of anti-apartheid groups) in 1988. Also, it was a transition from one form of an economic system to a market-oriented system. Bond (2000, p. 1) described this as a "transition from a popular-nationalist anti-apartheid to official neoliberalism – by which is meant adherence to free market economic principles, bolstered by the narrowest practical definition of democracy". Therefore, by transitional period, the study refers to both forms of transition as described above between 1985 and 1996; once there was a consideration of negotiations between different parties as a conflict-resolving mechanism that resulted in a negotiated transition to end apartheid.

3 International Monetary Fund and the World Bank

The reconfiguration of the Treasury resulted in a powerful institution that could dictate economic reforms without political accountability in post-apartheid South Africa, political powers that the institution had not possessed previously. The reconfiguration of the Treasury was set in motion by restructuring the inner workings of state apparatuses, in particular the part of the state responsible for economic policy reform. The study argues that with the help of BWIs, the Treasury reworked neoliberal policies through the 1994 Reconstruction and Development Programme (RDP). The Treasury later institutionalised post-politicisation with the 1996 adoption of Growth, Employment, and Redistribution (GEAR) – a macroeconomic strategy that positioned the Treasury as the authority on economic policy reform. Consequently, the Treasury entrenched the practice of a non-consultative approach to economic policy-making that started well before 1996, regardless of who the finance minister was or what their political orientation was, in order to entrench neoliberal policies in adherence to the 'Washington Consensus" '[4] (Williamson, 2003).

There is a body of literature about South Africa's economic policy reform during the transitional period (Adelzade, 1996; Bond, 2000; Gelb, 1991; Hart, 2013; Marais, 2001; Nattrass & Seeking, 2011; Terreblanche, 2002). Recent studies have also revisited the transitional period based on newly available archival material and biographies or different interpretations of experience gained over the past 25 years (Davis, 2021; Padayachee & Van Niekerk, 2019).

However, literature on South Africa's political economy and economic policy reforms during the transitional period continues to overlook the Treasury, the institution central to international finance in the global contestation of economic policy reforms. The research study has thus sought to locate the Treasury's role in South Africa's political economy within a broader body of critical political economy literature covering the transitional period from 1985 to 1996. The purpose of the study is to

[4]According to Bond (2003), the 'Washington Consensus' is a set macroeconomic reforms championed by the BWIs imposed on African countries as structural adjustment programmes with the following components: a) government budget cuts, b) deregulations, c) liberalisation of currency control, d) higher interest rates, e) the removal of import barriers and f) prioritisation of export of raw material over industrialisation.

present a missing building block – a look inside the “black box” of the Treasury – that can improve our understanding of economic policy reform debates.

However, to foreground the research study, it is important to begin with the history of treasuries globally and locate the Treasury’s history, institutional reconfiguration, and economic policy contestations until the transitional period. This history provides a broader but necessary context for the adoption and re-working of neoliberalism and resistance to neoliberal policies in the evolution of the Treasury.

South Africa transitioned from relatively *dirigiste* mid-1980s practices to neoliberal policies during the late 1980s (Terreblanche, 2002). From 1988, the apartheid state introduced a high-interest rate regime alongside austerity and parastatal privatisation. Since then, South Africa has witnessed the adoption and implementation of neoliberal policies that had been flaunted since the mid-1970s (Bond, 2000; Van der Westhuizen, 2007). South African capitalists led the call for the adoption of neoliberal policies as they sought new ways to restore the high levels of profit last witnessed in early 1970s before stagnation (Bond & Malikane, 2019; Marais, 2001). Moments in which neoliberal policies were introduced and expanded in South Africa came in the wake of financial crises: from the mid-to late 1980s and early 1990s; late 1990s; late 2000s; and in late 2010.

With the support of capitalists and with the help of BWIs, the Treasury and allied state institutions–the South African Reserve Bank (SARB), the Development Bank of Southern Africa (DBSA), and Central Economic Advisory Services (CEAS) –drove the adoption and implementation of neoliberal policies. The decision to reduce minority whites’ racial oppression and rule over black people through formal democracy coincided with the adoption of neoliberal policies by the ruling bloc (Nolutshungu, 1982; Padayachee & Van Niekerk, 2019). The adoption of neoliberal policies in South Africa occurred within the context of a global shift to neoliberalism (Harvey, 2007). Von Schnitzler (2016, p. 17) shows that “by the time [black] South Africans attained full citizenship in 1994, liberal democracy had not only become a globally normalised and normative condition, but it had also been firmly anchored to and signified within a larger neoliberal project that became hegemonic in the aftermath of the Cold War." The crucial period for South Africa and the Treasury was the late 1980s and early 1990s.

Nevertheless, the Treasury case requires a historical perspective because the earliest implementation of neoliberal policy components became evident from the late-1970s to the mid-1980s not only in sites like Great Britain, Germany and the U.S. (following "Los Chicago Boys" in early-1970s Chile) but also in South Africa (Van der Westhuizen, 2007). Moreover, the early adoption of these policies happened at a time when the gold price soared to record levels ($850/ounce in 1981) before suddenly crashing by 70 per cent once the US Federal Reserve raised interest rates to unprecedented highs in late 1979, attracting credit and international financial flows away from gold to the dollar (Bond, 2000). During this time of change, the Treasury became an important part of the fight for capitalist hegemony.

From the late 1980s, neoliberalism rolled back much of the state's housing, water, roads and education spending that had emerged in the 1930s. The Keynesian-like strategies that were implemented to stabilise and manage the economy – especially after South Africa exited the gold standard in 1932 – allowed the South African state more economic sovereignty than when gold anchored the currency. Other initiatives reflected growing state power: from the mid-1920s, more robust exchange controls; an increase in state spending on relief measures from 2.6 per cent in 1930 to 15 per cent by 1933; job creation for unskilled and semi-skilled white workers on the state railways (which rose from 9.5 per cent in 1924 to 39.3 per cent in 1933); public works programmes; sustained expansion of government services; old-age pensions and welfare for the poor; and nationalised electricity, iron, and steel (Adam & Giliomee, 1979; Moodie, 1975). These were such long-lasting gains that, according to Steinberg (2017, p. 11), even after 23 years of democracy, the "fundamental structure of economic and social governance built under white minority rule is still largely in force to this day and possibly for many more generations to come if the economy is not decolonised."

But the world economy ran out of steam towards the mid-1970s. By the time political change was ripe in South Africa, a broader shift from Keynesian-like strategies to neoliberal policies was becoming increasingly obvious. Debt crises and austerity were common, affecting countries such as Argentina, Brazil, Peru, and Mexico in the early 1980s; Africa during the entire 1980s; major emerging markets from 1995-98; Brazil and Argentina in the early 2000s; the entire world in 2008-09; Greece and several other peripheral European countries during the early 2010s Euro-area monetary crisis (Reinhart & Rogoff, 2011; Wade & Veneroso, 1998); and the post-Covid era in which debt crises have reappeared following the Keynesian fiscal-deficit and loose-money strategies of 2020-21. The neoliberal policies that were put in place during this time had a huge effect on the development of space, social processes, and the environment (Harvey, 2007; Klein, 2008).

In South Africa, Terreblanche (2002; 2012), Bond (2000; 2003), and Bond and Malikane (2019) offer critiques of the process that led to the adoption of neoliberal policies as well as heterodox economic policy options. There is also literature on economic policy reform and power relations, including reflections on neoliberalism's early experiments and power relations in South Africa (Habib & Padayachee, 2000). However, in none of these works has sufficient attention been paid to the Treasury as an institution. At best, it is considered a "black box" within which non-transparent decisions were and are still made. As a result, it is not always clear how the transitional and post-apartheid governments made policy decisions alongside leading South African capitalists. For example, was there a logic to capital accumulation that explains how South Africa shifted from Afrikaner nationalism and Keynesian state management to Treasury's neoliberal policies during the transition? The study addresses part of a large body of literature and seeks to explain the positionality of the Treasury in power dynamics when Afrikaner power evolved from conservative, racist 'verkramptes' to technocratic 'verligtes,' as reflected in the rise of neoliberalism, notwithstanding a myriad of contestations.

The broader financial crisis that set off the transition in mid-1985 was the over-accumulation of capital, which, as in many societies, was a precursor to the adoption of neoliberal policies. In times of financial crisis, particularly a sovereign debt crisis, countries adopt neoliberal policies. Supranational financial institutions such as the

BWIs and ratings agencies exploit such crises to locate themselves at the centre of decision-making spaces through treasuries and central banks (Silva, 1993). To mention a few commonly cited examples, Chile in 1973, Britain in 1976, Mexico in 1982, and East Asia in the late 1990s, all adopted neoliberal policies in response to a sovereign debt crisis (Clift & Tomlinson, 2011; Harvey, 2007; Laurell, 2015; Silva, 1993). In other cases, such as the United States in 1979 and Germany in 1981, the shift reflected an ideological evolution not generated immediately by a debt crisis but by pressures (e.g., the U.S. "Volker Shock" when the U.S. Federal Reserve tripled the interest rate) that allowed financial capital to rise in power in relation to other fractions of capital.

South Africa's financial crisis in the mid-1980s created a sufficient shock to allow so-called 'econocrats' to rapidly implement neoliberal reforms within a government led by P.W. Botha and otherwise dominated by 'securocrats' (Klein, 2008).[5] Treasury's power grew beginning in the late 1980s, when Barend Du Plessis took over as finance minister, and was amplified when FW de Klerk became state president in 1989. As a result of econocrats using BWIs as allies for the political transition, a new cadre of African National Congress (ANC) politicians and officials[6] – such as Trevor Manuel, Tito Mboweni, Maria Ramos, Ismail Momoniat, Alec Erwin, and others – could be drawn into the philosophical and practical acceptance of neoliberalism. The neoliberal policies imposed without consultation would cause massive economic damage to the party's support base, the majority of whom are black Africans who have been exploited as cheap labour for decades.

5 In an era of "econocracy," there are econocrats or economic technical experts. Earle et al. (2017, p. 7) define econocracy as "a society in which political goals are defined in terms of their effect on the economy, which is believed to be a distinct system with its own logic and requires experts to manage it".

[6] Trevor Manuela was head of the ANC Department of Economic Planning and who went on to become minister of finance from 1996 until 2009. Tito Mboweni was deputy head of the ANC Department of Economic Planning and went on to become Governor of the South African Reserve Bank from 1999 to 2009 and later minister of finance. Maria Ramos and Ismail Momoniat were staffers of the ANC Department of Economic Planning who went on to become senior managers in the Treasury, and Alex Erwin was a COSATU officer who was appointed deputy minister of finance under Nelson Mandela's Government of National Unity (GNU).

The character of the Treasury is revealed through a process where ideas are born, moved around, and change places. Yet there was rising resistance to neoliberal process, and so ideas, policies, and politics were reworked to reconfigure power relations between the Treasury, capitalists, other state institutions and the broader society. This process is called “contesting neoliberalism” in the study, which is based on Leitner et al. (2007). The research study also shows how the Treasury’s powers grew, allowing a small group of officials to impose their economic “reform” agenda against the rest of society.

2. Research objectives and questions

The thesis seeks to locate the Treasury within South Africa’s political-economic history and to reveal its institutional and economic policy evolution. Second, the research study is part of a larger body of work on decolonising political economy that transcends ’theories of neoliberalism by drawing further from traditions within economic geography. The thesis also aims to help activists – usually frustrated with existing modes of contesting economic power – gain an understanding of the Treasury as a central institution for the hegemony of capitalism.

The study addresses the following research questions:

1. What institutional restructuring did the Treasury undergo between the mid-1980s and mid-1990s, what precipitated the restructuring, and who led the restructuring initiatives?
2. How did the institutional restructuring of the Treasury allow for rapidly reconfigured power relations in South Africa’s political economy, during the transitional and post-apartheid periods?
3. With institutional restructuring and reconfigured power relations, how were the adoption and entrenchment of neoliberal policies managed?

3. Hypothesis

It is hypothesised that the restructuring of Treasury functions and powers during South Africa’s democratic transition was led by a group of bureaucrats and politicians and was the outcome of a political project that reflected deeper economic-geographical and social struggles. These, in turn, reflected the falling rate of profit in the 1980s; the failed ‘laager’ economy from which white English-speaking capital desired spatial liberation; and the transitional period’s imposition of – and resistance to – Treasury’s formal neoliberal policy.

4. Methodology

A methodology is essential to shape research activities as it describes methods for collecting and analysing data and the sequencing of these activities. The research objectives are to identify the underlying drivers behind the contestation over Treasury’s guiding ideas, politics, and politicisation, as well as institutional reconfiguration and practices that result from these contestations. The research study uses interviews and secondary research, mostly archival data, as part of a qualitative research method.

The research study starts with a theoretical framework based on the literature review concerning neoliberalism, depoliticisation, and post-politicisation, in Chapter Two, as illustrated by Diagram 1.

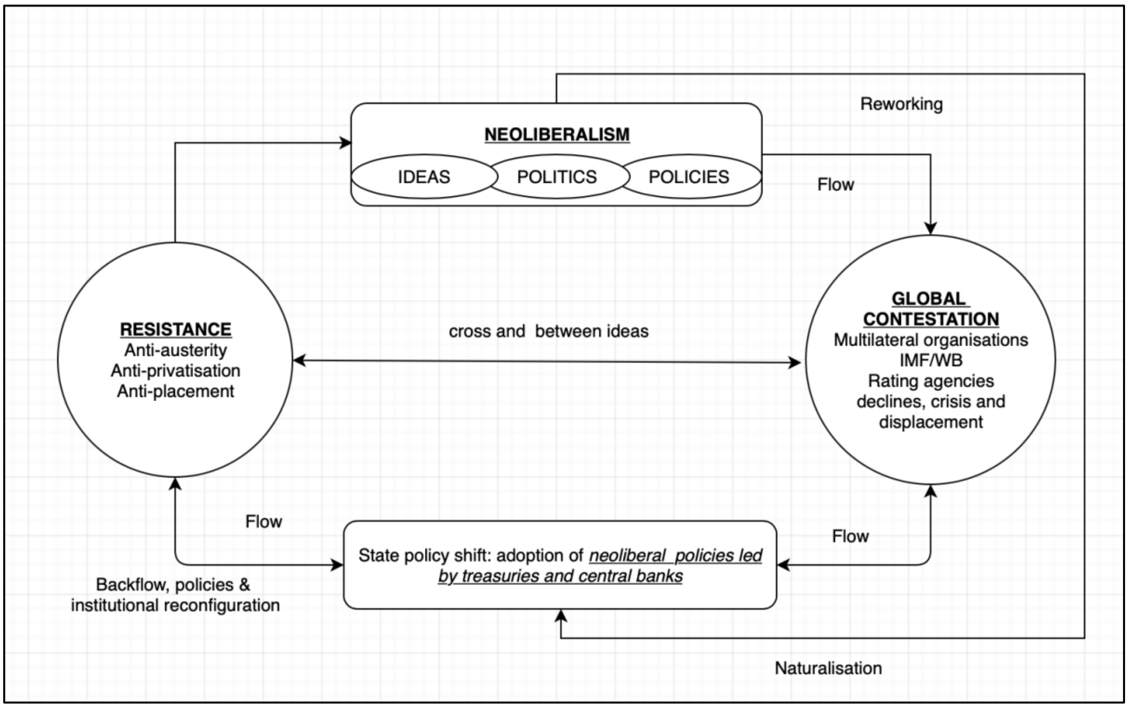

Diagram 1: Theoretical framework

The theoretical framework informed the collection and analysis of archival material. Based on the history of the Treasury's institutional evolution, three aspects were deemed important for the research:

1. Data on organisation design of government departments and institutional changes since 1910.
2. Government commissions on economic and planning questions since 1910, including official publications.
3. Formal internal and external communication between the Treasury and other stakeholders, particularly with other government departments, focusing on the Office of Prime Minister/Presidency, government commissions, the IMF and World Bank (WB) and the local and global business community, including credit rating agencies.

The research study identified six archives: a) the National Archive of South Africa, b) the Department of Foreign Affairs at the Union Buildings, c) the Archive for Contemporary Affairs at the University of the Free State, d) the IMF Archive, e) the WB Archive, and f) the Treasury Archive. The request to access the Department of Foreign Affairs' Archive was rejected, and the IMF Archive was closed due to the coronavirus pandemic at the time of the research study. The archive material was collected between February 2019 and July 2021.

Archive data is crucial information for understanding the formulation of ideas, networks, and flows that give context to contestation during the transitional period (especially where primary reference material has not been digitised and placed online). The data collected also included the personal archives of former finance minister Barend du Plessis and former prime minister P.W. Botha. Special credit goes to Stephen Gelb, who deposited his archival material at the University of Witwatersrand Historical Paper Research Archive. Gelb's papers give detailed insights into contestation over economic authority during the transitional period and immediately after 1994.

For the research study, the archive data, which mostly consisted of policy documents, letters, official memorandums, newspaper clippings, and handwritten notes, was categorised in four groups:

1. Policy documents generated by state institutions entrusted with economic policy developments, i.e., Economic Advisory Commission (EAC), Treasury, CEAS, DBSA and SARB.
2. Correspondence between Treasury officials including politicians and stakeholders.
3. Meeting agendas and minutes dealing with economic policy development.
4. Consultation reports with international finance and restructuring of economic policy forms.

Other complementary categories included brochures, diaries, event invitations and programs, organisational and institutional reports, and photo albums. The archive data was essential in piecing together timelines, defining moments in economic policy changes and comprehending the complex institutional restructuring of the Treasury. The archive data was essential for identifying potential research participants, interview design, and questions to triangulate data collected from the archive and other secondary sources such as books and biographies. The research study adopted a semi-structured interview to triangulate data collected from sources in order to corroborate other information and seek convergence (Denzin, 2009).

Purposive and snowball sampling techniques were used in the research study to select research participants from the various categories. The participants selected through purposive sampling were deemed important from archival document content analysis. Respondents identified with other participants through purposive sampling recommended interviews as this was part of the research design to identify participants using the snowballing sampling technique. Some key participants who were thought to be important did not want to take part in the study but suggested other people who might be interested.

Between April 2020 and June 2021, sixteen interviews were conducted with twelve respondents. Other respondents engaged further through email correspondence. In the same period, two key respondents refused to grant interviews but were willing to respond to questions via email correspondence. A total of nine potential respondents either refused to participate or did not respond to emails. Respondents were contacted according to categories, starting with state officials and followed by political actors, activists, and international institutions' officials, and interviews were scheduled according to availability. Most respondents were contacted via email, and each email stated the request for the interview, the nature thereof, and a brief overview of the study and ethical considerations.

Each interview request included the ethics certificate. Respondents were assured of complete anonymity. However, some respondents indicated that anonymity was unnecessary as certain subjects are commonly associated with their personalities and linked to major events, announcements, and policy decisions, as well as press coverage. Interviews were conducted using virtual platforms, as the majority of interviews were conducted during the COVID-19 lockdown. A few interviews were conducted telephonically. All respondents were asked for their permission to record the interviews.

Interviews were conducted in a semi-structured format to facilitate questions on specific topics while allowing interviews to cover a wide range of topics (Tansey, 2007). In some instances, given the contentious nature of the area of research, initially prepared questions were amended or improvised during interviews. All interviews were recorded and transcribed. Given that the interview process could have flaws, such as respondents exaggerating or misunderstating certain events, decisions, or engagements, or framing issues in a way that justifies their own actions, the data collected during this stage of the research was checked against other sources, such as interviews with other respondents.

The documents collected from archival material, mainly policy documents, letters, official memorandums, newspaper clippings, and handwritten notes, were categorised into four areas: policy documents generated by state institutions entrusted with economic policy development, including by Treasury; correspondence between Treasury officials, including political appointees and stakeholders; meeting agendas and minutes dealing with economic policy development; consultation reports with international organisations; and overall priorities and planning of expenditure budgets. Other complementary categories included brochures, diaries, event invitations and programs, organisational and institutional reports, and photos The archival documents were important for putting together timelines, key moments in changes to economic policy, and the reorganisation of Treasury institutions. They were also used to triangulate data from other research methods to confirm other information and look for convergence (Denzin, 2009).

The research study used a systemic process to analyse the data collected from archives, interviews, and other secondary sources. The research study used the concepts neoliberalism, depoliticisation, and post-politicisation to derive both historical understandings and predictions of the evolution of the Treasury and economic reforms in South Africa. Focusing on the nature of the institutional reconfigurations and economic policy reforms adopted during the transitional period, the research study contributes to knowledge regarding Treasury's crucial role in transitional South Africa's political economy.

5. Limitations of the research study

The research study faced certain limitations in the self-reported data as many of the respondents indicated that they did not remember details or events that had occurred at some point in the past, recalling events that occurred at a particular meeting, event, or period as if they had occurred at a different time. Some research participants suggested that certain respondents held views because they didn't understand the subject matter, or they held opposing ideologies. Several attributed negative outcomes to external forces and not to their own agency. Others took the view that the core political-economic literature about the transitional period makes some of the outcomes, events, and key players seem more important than they really were.

Some of the research participants who had agreed to participate in the research study decided not to participate after they had received a set of research interview questions[7]. Lack of access to research participants was exacerbated by lockdown restrictions. The research participants who agreed to participate in the research study opted for interviews through virtual platforms, i.e., Zoom, Microsoft Teams, and WhatsApp Video Calls, which made interviews even more impersonal and restricted. COVID-19 rules also made it hard to get into archival facilities, because only a limited number of people were allowed in at a time.

One limitation that was unforeseeable at the start of the research was the state of the National Archives of South Africa. In terms of the National Archives and Records Service Act of South Africa No. 43 of 1996, the National Archives of South Africa (NASA) exists "to promote efficient, accountable, and transparent government through proper management and care of government records". Anecdotal evidence by NASA and Treasury officials suggests that there has been no deposit of any government documents since 1996. In addition, it has been reported that before 1994, apartheid-era officials destroyed government documents. Hence there may be further information about the Treasury that has been lost for these reasons. Another complicating factor is that both ANC politicians and government officials who worked during the transition are reluctant to leave, and likewise would not comment honestly about the processes they witnessed.

Lastly, most of the archival documentation that fell within the scope of the study was in Afrikaans. The use of translation services proved costly for the limited budget of the study. An alternative translation method, such as Google translation, was time-consuming. Also, as much as Google Translation was helpful, it couldn't translate some documents because they were too long or had too much text.

[7]Former Governor of the South African Reserve Bank Chris Stals, Former Minister of Finance Tito Mboweni, South African Reserve Bank Governor Lesetja Kganyago, National Treasury Deputy Director General Ismail Momoniat, Allan Hirsch.

6. Ethical considerations

An ethics clearance was obtained from the University of the Witwatersrand Human Research Ethics Committee (Non-Medical), Protocol Number: H20/02/14, approved on April 20, 2020. The process of conducting interviews only commenced after ethics clearance was obtained. All research participants were given the protocol number and informed that, should they feel the interview was not conducted in an ethical manner, they could report it to the Committee. The study was low risk, and a progress report was submitted to the Ethics Committee. Lastly, all research participants were assured of confidentiality and that permission was obtained to include any citations that are directly attributable to individual interview respondents. One interview respondent requested to remain anonymous.

7. Structure of the thesis

The thesis contains the following chapters:

Chapter Two – literature review

This chapter focuses on the origins, definitions, and theoretical variants of neoliberalism as applied, especially, to the roles played by a Treasury or Finance Ministry (and associated departments) in a modern economy. South Africa adopted neoliberal policies in large part because of the Treasury's influence on the broader political economy. Its success reflects the ”post-politicisation” capacities of Treasury, notwithstanding the intense confrontations within society that resulted from neoliberalism's imposition.

But variants of neoliberalism have emerged at different periods. For the sake of applying a more nuanced, chronological approach, this chapter details different variants of neoliberalism that correspond to the history of treasuries, including South Africa's. The chapter begins with a section on the origins and definitions of neoliberalism and proceeds to engage the literature on theoretical variants of neoliberalism. Finally, the chapter briefly considers the concepts of depoliticisation and post-politicisation in order to develop a theoretical framework that fits South

African conditions. The theoretical framework section begins with a summation of neoliberalism and the post-politicisation literature. The concluding section summarises the sections dealt with in the chapter and introduces the next chapter.

Chapter Three – the rise of treasuries

This chapter aims to give a history of treasuries. The history focuses on treasuries as institutions important to global capital accumulation and their role in national, regional, and international political economy. The chapter begins with a section on the rise of treasuries, followed by a section that looks at the evolving functions of treasuries. The chapter concludes by engaging literature that looks at the role of treasuries in the broader political economy and the anti-political character of treasuries.

Chapter Four – History of the South African Treasury

This chapter pieces together Treasury's lineage through South Africa's complex history. The Treasury's functions, powers, and institutional design have changed since the Union of South Africa was established in 1910, bringing together the various pre-existing colonies and informal states in a white-ruled national government that excluded Africans. The Treasury's subsequent history included struggles over policy that reflected gender, race, socio-ecological, and class power relations. These struggles and institutional changes shaped the state, the origins of ruling-class ideas, and the development of economic policies.

The chapter deliberately limits itself to background context for the Treasury that has not been documented, with a focus on how South Africa's political economy has changed over time and how the Treasury rose to its current position of power.

The chapter begins by locating the Treasury within the broader contestation over South Africa's state formation in the early days of the formation of the Union, starting in 1909. The chapter next explores the brief South African Depression of 1930–32, when the state assumed a more central role in the economy. It traces Treasury's evolution through the early 1970s with the emergence of early neoliberal ideas, politics, and policies. Lastly, the chapter considers contestations of economic policy reform in the 1970s and 80s which entrenched Treasury's powers and influence. The history of the Treasury is the backbone of the story that unfolds in subsequent chapters. This is done by putting the history into time periods based on transitions and the adoption of key economic policies.

Chapter Five – the Treasury and the Transition

This chapter details the Treasury's role during South Africa's political, financial, and broader economic crises between 1985 and 1991. This period is central to South Africa's transition. The chapter focuses on how the Treasury used the 1985 debt crisis, international trade sanctions, and South Africa's realignment within the global economy to reposition itself to become a central role player. The chapter limits itself to the 1985 debt crisis negotiations and what they meant politically in subsequent years. The Treasury increased its control over expenditure and budget deficits, restructured economic policy-making, and adopted neoliberal policies. The chapter draws on data and reports from the Treasury and other archives to illustrate how the height of the political, financial, and economic crises placed the Treasury at the centre of South Africa's political economy. Lastly, the chapter explores how the Treasury laid a foundation for framing economic discourse that was strengthened through transition negotiations and well into post-Apartheid South Africa.

Chapter Six – Institutional Reconfiguration of Treasury

This chapter looks at the South African Treasury during the transition to democracy, as its institutional architecture was reconfigured. The latter process was important to insulate, consolidate, and sustain Treasury's influence over economic policy reform during the period preceding, during, and immediately after democratisation. The new constitutional provisions of Treasury's functions and powers in 1996, the amalgamation of finance and state expenditure departments under Treasury, and the introduction of the Public Finance Management Act in 1999 together confirmed a stronger institutional architecture of the Treasury. That, in turn, entrenched market-oriented policies. Subsequent post-politicisation techniques were used to entrench Treasury's dominance and the continuity of neoliberal policies. Lastly, the chapter draws on interviews with key individuals, including a former Treasury Director-General Treasury Estian Calitz[8] with intimate knowledge of the inner workings of state apparatuses who had been present during the transition and formative days of a democratic state.

Chapter Seven – the Treasury and the RDP

The chapter locates the Treasury in the period of debate over economic policy reform during negotiations to democratise South Africa from 1990-94, and then in the period immediately after the transition. The chapter shows how “reconstruction and development” emanated from Treasury, before being championed by COSATU and later adopted by the ANC in early 1994. The chapter analyses the role of the Treasury in the evolution of such programmatic formulations from 1990, when the idea of a development fund emerged in the Treasury, until it was adopted by the government as a policy, followed in 1996 by its demise. The chapter uses the RDP to illustrate how backflows across and between ideas, institutional reconfiguration, and new practices reshaped neoliberalism in South Africa. The RDP was a highly contested aspect of the transition to a post-democratic South Africa.

Lastly, the chapter uses the Treasury archive to depart from conventional debates about seeing the RDP as either right, centre or left (or all three) in ideological terms, or about the so-called “shift from RDP to GEAR.” Instead, the chapter seeks to locate the Treasury within the process of adoption and entrenchment of neoliberalism. The chapter shows how the RDP was defined by these contestations.

Chapter Eight – Treasury shifts South Africa into GEAR

A study of the Treasury’s role in South Africa’s political economy cannot be understood without a study of the process that led up to the adoption of GEAR. The chapter begins with a brief review of debates about economic reforms during negotiations. The chapter proceeds to analyse contestations over macro-economic authority, including how GEAR was framed and what it displaced, as well as initial

[8] Former Treasury Director-General and a professor of economics, University of Stellenbosch

elements of post-politicisation. The chapter ends with an assessment of how Treasury evolved after GEAR was put into place in 1996.

Chapter Nine – interpretations and conclusions

The chapter provides interpretations and conclusions of the study.

8. Conclusion

This introductory chapter has provided background information about the research study in order to contextualise the problem and questions that the research sought to answer. Next, the chapter outlined the hypothesis and the research methodology. It also dealt with the limitations of the research study and the study's ethical considerations. The chapter concluded by outlining the structure of the thesis. The next chapter deals with the literature review and the research study theoretical framework.

CHAPTER 2 – LITERATURE REVIEW

“Depoliticisation is the oldest task of politics” – Rancière (2021, p. 19)

1. Introduction

This chapter focuses on the origins, definitions, and theoretical variants of neoliberalism as applied, especially to the roles played by treasuries or finance ministers (and associated departments) in a modern economy. South Africa adopted neoliberal policies in large part because of the Treasury’s influence over broader political debates. Its success shows how “post-politicised” South African society became, even though neoliberal policies led to periodic conflicts within society.

But variants of neoliberalism have emerged at different periods. For the sake of applying a more nuanced, chronological approach, this chapter details different variants of neoliberalism that correspond to the history of treasuries, including South Africa’s. The chapter begins with a section on the origins and definitions of neoliberalism and proceeds to engage the literature on theoretical variants of neoliberalism. Finally, the chapter briefly considers depoliticisation and post-politicisation in order to develop a theoretical framework that fits South African conditions. The theoretical framework section begins with a summation of neoliberalism and post-politicisation literature. The last part of the chapter is a summary of the other parts and an introduction to the next chapter.

2. Origins and definitions of neoliberalism

The literature on neoliberalism suggests that there are multiple definitions of the term. Based on the literature reviewed, neoliberalism has various reasons to find itself in multiple interpretations and definitions. Two reasons stand out. First, scholars accept that neoliberalism did not originate from a definite geographical location, notwithstanding schools of thought in Chicago, Vienna, Paris, New York, London, Kiel, Freiburg and other sites. Duménil and Lévy (2013) and Peck (2010) argue that it is neither practical nor critical to identify the origins of neoliberalism. Instead, they argue that research into political and economic geography should focus on flows, on backflows across and between ideas, on institutional moments, on practices, and on movements across space and over time in different locations. Peck and Tickell (2002) conclude that neoliberalism is neither a single idea nor a single way of doing things.

To study South African Treasury from the Great Depression era requires acquaintance with the history of liberalism including its links to geopolitics, colonisation, capitalism, and apartheid. Treasuries, central to capitalist accumulation, attempt to address capitalist crisis tendencies as rates of profit fall because of overaccumulation and stagnation of productive forces sets in (a recurring process) (Harvey, 1982). Graig and Cotterell (2007, p. 499) show that “continuities and changes” drive neoliberal reforms and are themselves modified, resisted, and transformed as the neoliberal project matures. The necessity is made clear in the following chapters that deal with political power linked to geographic spaces, the rise of treasuries, and the adoption of neoliberal policies.

Second, some literature suggests that, depending upon the definition adopted, neoliberalism’s roots as a free-market ideology are 500 years old. The ideology evolved over time, with different geopolitical conditions. Bush (2006), Mann (2013), and Terreblanche (2015) showed how Europeans anchored their empires in the 1500s on extraction of human, cultural, natural, and other resources from the rest of the world. Luxemburg (2015) argues that capitalism expanded by destroying pre-capitalist modes of production, and her 2013 *Accumulation of Capital* was the first first study to apply the Marxist method to Africa, as part of her overall view of imperialism. Bush (2006), Mann (2013), and Terreblanche (2015) reveal the coordination of ideology, economic, military, and political relations to build empires, as the basis for more rapid capital accumulation as crises unfolded in the 1870s-80s. This process is also characteristic of contemporary neoliberalism.

Neo-Marxist scholars such as Wallerstein (2000) stressed the importance of status and power in a context of monopolistic enterprises and oligarchic states, in contrast to orthodox claims regarding the competitive nature of capitalism. Marx (2013) saw freed workers who sold their labour to capitalists as entering another type of bondage as wage-labour, based on the expropriation and unjust treatment of displaced agricultural workers. This was the beginning of conditioning labour markets under capitalism. Terreblanche (2015), Braudel (1977) and Wallerstein (2000) locate the development of capitalism in the predatory plunder and systemic expropriation of the rest of the world's surplus values (as well as natural resources). Differences between Marx and neo-Marxists emerged regarding the geopolitical terrain in which class struggle occurred. This terrain is referred to by Harvey (2019, p. 5) as the capital's "constant expansion spiral," which seeks new avenues for creating different geographies. As a result of linking empire-building and the development of capitalism, the role of classical liberalism as the foundation for what became neoliberalism is clarified. This is illustrated in greater detail below.

To address these conflicts, it is useful to consider the periodisation of societal ideas, practices, and institutions, dating back to the pre-industrial mode of production (Godoy et al., 2007). For example, *A Brief History of Neoliberalism* by Harvey (2007); *The Making of Global Capitalism* by Panitch and Gindin (2013); and *Western Empires, Christianity, and the Inequalities between the West and the Rest* and *A History of Inequality in South Africa* by Terreblanche (2002; 2015), to cite just a few, corroborate the argument which suggests that changes are as a result of both "revolution," but studied over time, they also have elements of incremental changes.

For most scholars, however, the origins of neoliberal politics can be traced to the European interwar period, 1918–39. According to Gane (2013), Ludwig von Mises, Friedrich von Hayek, and other Austrian classical liberal economists influenced discussions at the 1938 Colloque Walter Lippmann in Paris, and later, in 1947, the Mont Pèlerin Society (MPS) was inaugurated by Hayek, who invited Mises, Frank Knight, Karl Popper, George Stigler, and Milton Friedman as founding members. Ultimately, these economists generated a coherent formulation of neoliberalism as an ideology.

The Walter Lippmann Colloquium and the MPS shaped neoliberalism into political-economic ideas fit for policymakers. Gane (2013) describes neoliberalism's earlier origins as grounded in individualistic neoclassical economics, but by the late 1940s it evolved into advocacy of a free-market society. The context was rising social democracy and the East Bloc, both of whose orientations to advance social needs emerged in the late 1910s and 1920s across Europe and was amplified after the defeat of the Nazi powers in 1945 (Ebeling, 2000; Mises, 2012; Rothbard, 2016). Following the end of the war, nation-states became more important in integrating power sources under an overarching ruling class, undermining certain capitalist economic principles in the process (Jessop, 1990; Mann & Michael, 1986). In reaction, what became known as the Austrian strand of neoliberalism advocated the efficiency of the market as a morally superior form of political economy to the state (Peters, 2016). So, most of the writing about modern forms of neoliberalism is about the links between free markets and the moral issues that come with letting people buy whatever they want.

After World War II, most Western countries witnessed a transformation of production and the reorganisation of capital accumulation to reignite economic growth (Panitch & Gindin, 2013). The United States of America (U.S.A.) led a globally transforming capitalism, thanks in part to the Bretton Woods Agreement of 1944, which fixed exchange rates to the dollar, which was pegged to gold by a fixed price (Dooley *et al.* 2004). However, Harvey (2007) points out that it is crucial to remember that such transformations do not occur by accident but result from historical-geographical materialist processes. This is clear from how the global capital accumulation regime changed after World War II. This change is linked to the “mode of regulation” that combined mass production and mass consumption and was first called “Fordism” by Antonio Gramsci, after the car company that invented the assembly line and paid workers $5 per day so they could buy the Model-T cars they made.

In what has been termed the Fordist era after World War II, improvements in productivity and output occurred as production moved from low-output craft labour to mass production. Jessop (1996) defines the era as having four distinctive features:

(a) labour-process – mass production of complex durables,
(b) macroeconomic system – balanced circle of mass production and mass consumption within a national economy,
(c) a social mode of economic regulation – role of institutionalised collective bargaining and a Keynesian welfare state, and

(d) social organisation and cohesion – wage-earning society living in an urban-industrial society.

Jessop's (1996) characterisation of Fordism acknowledges that the earlier patterns of 1920s mass production did not result in mass consumption as wages remained stagnant. Eventually, after World War II, though, Gelb (1990) and Terreblanche (2012) point out that mass production in the era of Fordism accompanied mass consumption due to improved real wages. One reason was that social-democratic capitalism and the New Deal, adopted in much of the West, institutionalised workers' rights and state welfare programmes.

Carroll *et al.* (2019) argued that the drive to capital accumulation, facilitated by the mass production-consumption complex, laid the foundation for high volume production during the Fordist era and subsequent financialisation. As capitalism sought new avenues of accumulation, the loss in profitability in the 1970s led to a move away from producing sectors and toward new financial instruments. Harvey (1982) stated that in the 1970s, offshoring, relocation to new geographical areas, and wage repression were all used by capitalism to address internal conflicts in capital accumulation. Also, because there was still a mass-production-consumption complex, capitalism resorted to new financial instruments to realise value in the form of money through credit to meet the problem of effective demand as workers earned less from the late 1970s to the 1980s (See Figure 1: Domestic credit to the private sector as a % of GDP).

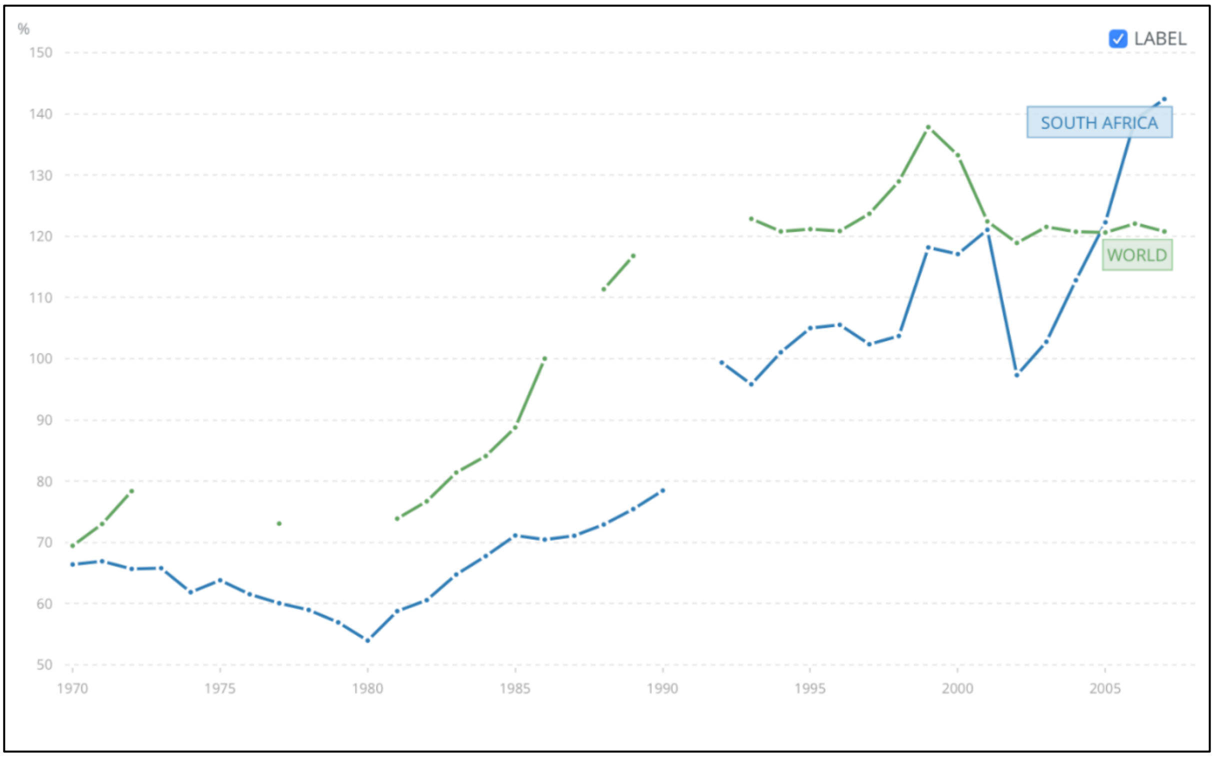

Figure 1: Domestic credit to private sector as aa percentage of GDP, South Africa vs World (World Bank, 1970-2007)

As a result, the financial sector increased its contribution to capitalist economies, and productive sectors transitioned into financial firms, fuelling the creation of fictitious capital, with treasuries entrusted with creating a hospitable environment for fictitious capital to thrive (Mavroudeas & Papadatos, 2018). Figures 2 and 3 show the rise of financial assets as well as interest and dividend income of non-financial firms in the U.S.

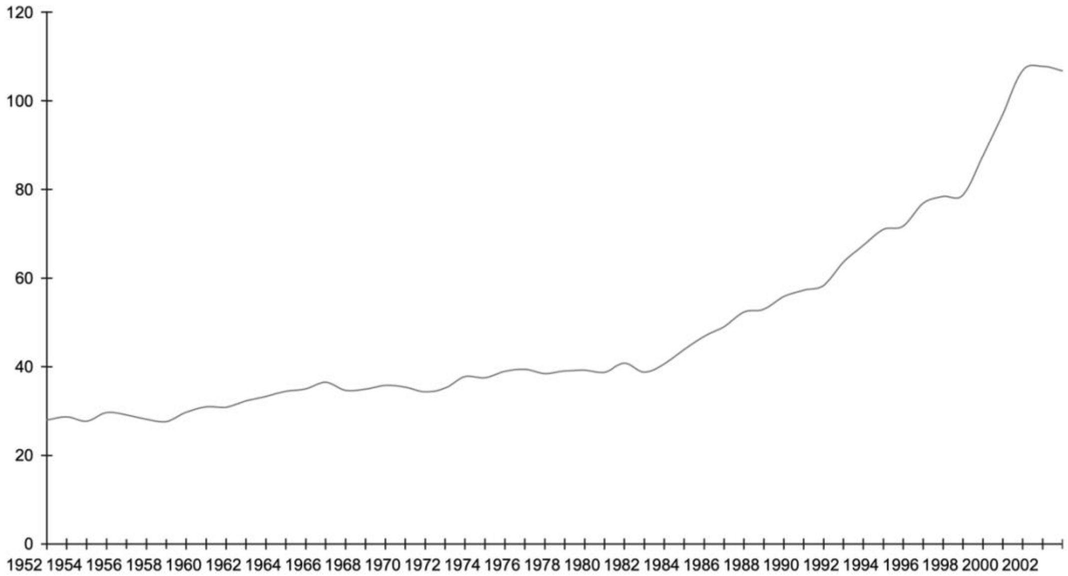

Figure 2: Financial assets as a percentage of tangible assets: non-financial corporations, 1952-2003 *(Orhangazi, 2008)*

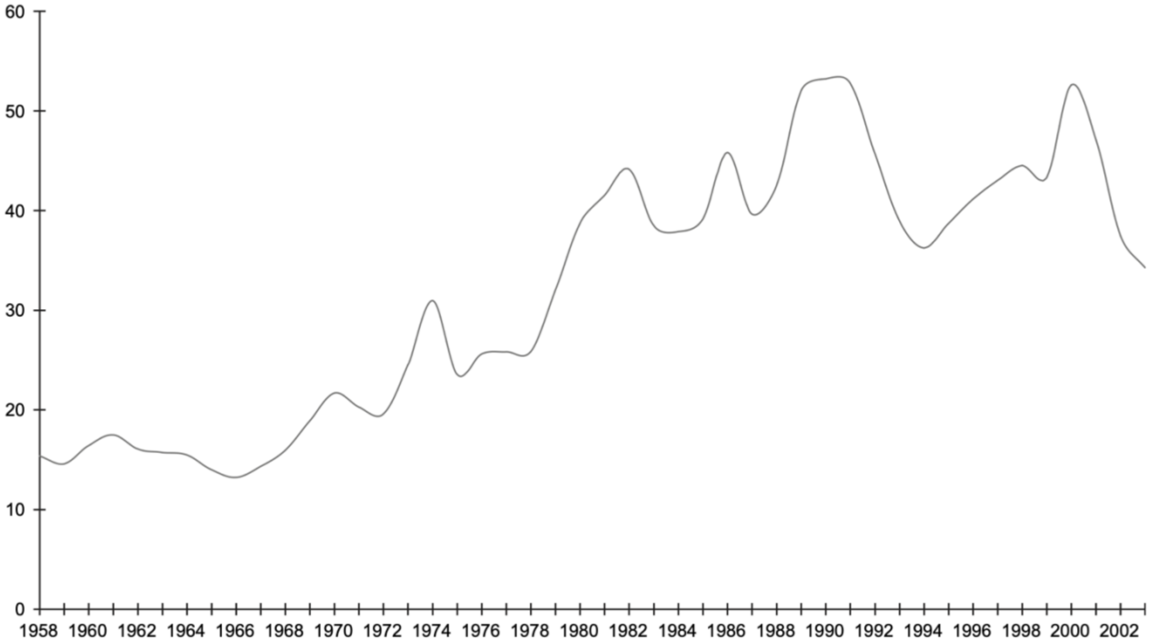

Figure 3: Interest and dividends as a percentage of firms' internal funds: non-financial corporations, 1952-2003 *(Orhangazi, 2008)*

Later, financialisation consolidated the world market through neoliberalism. Terreblanche (2015) describes mass production and consumption as a period wherein the USA moved from its informal and indirect empire-building to spreading Americanisation as a way of life to the rest of the world. The same period laid a foundation for capital accumulation that resolved capitalism's internal contradictions until they emerged later in the early 1970s (Terreblanche, 2015). Amin (1994, p. 4) describes this period as "the age of intensive capital accumulation with monopolistic economic regulation."

However, not all scholars share the same view of the Fordism era. According to Leitner et al. (2007), Fordism was not as dominant as it seemed during the post-1945 boom. Instead, they argued that contestations and the uneven spread of big companies strengthened labour and increased the middle class by size and income. Leitner et al. (2007) argue further that Fordism was not as dominant elsewhere in the world as in developed nations, and low-income nations in the South did not experience the same. In his theory of underdevelopment, Amin (1974) proposes a model based on two distinct patterns of global capital accumulation: the self-centred and the peripheral system. He argued that the self-centred system links the production of mass-consumption goods with the production of capital goods, or what is termed "intensive accumulation." In contrast, the peripheral system, on the other hand, is an extension of the market for the centre. According to Amin (1974), there are also a lot of mineral and agricultural products being exported from the periphery to the centre. This leads to a lot of unequal exchange and underdevelopment in the periphery.

There were, however, regulation theorists who found explanations of Fordism compelling but needed to adapt them to conditions in which mass production prevailed, as did mass consumption – but the super-exploitative character of the political economy meant the two processes were not linked, as they had been in the Fordist West. The 'peripheral Fordist' model was investigated in South Korea (by regulation theorist Alain Lipietz), but in South Africa, Gelb (1987), Morris (1991), and Morris and Padayachee (1989) characterised postwar capital accumulation as a racially-constructed variant of peripheral Fordism. According to Lipton (1985 as cited by Gelb, 1991, p.15), this left a "caricature of Fordism, or an attempt to industrialise by using Fordist technology and its consumption model but without its social labour processes". Instead of describing the problem as "apartheid capitalism," in which both the racially oppressive and class-exploitative system could be overthrown, the path was left open for a desired strategy of non-racial post-Fordism in the post-1994 period.

During the post-1945 boom period, interventionist policies did not undermine the capital accumulation strategy (Nattrass & Seekings, 2011). For example, manufacturing tripled between 1928 and 1939 thanks to import substitution policies necessitated by the Great Depression and overtook agriculture and even mining in terms of value-added (Nattrass & Seekings, 2011). The continued exploitation of black Africans as cheap labour was a result of a well-defined and efficient migrant labour system that was at the core of racial Fordism (Morris, 1991). Bonner et al. (1993) and Fine and Rustomjee (1996) explain how the state designed a labour system that applied influx control to allocate black workers to different sectors, in parallel to the expansion of the mining, electricity, coal, and chemical sectors (the so-called Minerals-Energy Complex). Consequently, South African capitalism became a more capital-intensive form of accumulation with monopolistic and oligopolistic features. The crises of capital accumulation in the mid-1970s were also explained by the limits of the Fordist project in South Africa (Kraak, 1996; Morris & Padayachee, 1989).

The post-World War II global regime of capital accumulation had other consequences, too. These consequences were, over and above, the mass production-consumption complex linked with the consolidation of the world market and financialisation. De Angelis (2000) shows that, in parallel to the Fordist model of capital accumulation, World War II and the period after the war provided a framework that shaped Keynesianism[9]. Nation states began to play a larger role in the economy. The Left gained greater prestige when fighting Nazism in Western Europe, and public expenditure began to feature in the critical literature of political economy

[9] According to the theory known as Keynesianism, the level of aggregate demand, which is the total level of demand for goods and services in an economy, determines the overall level of economic activity (Clarke, 1988). As a result, to stabilise a capitalist system unable of achieving full employment, requires effective monetary and fiscal measures .

(Gourevitch, 1989). Western countries witnessed remarkably high and sustained economic growth in the post-World War II period (Panitch & Konings, 2008). This was because social-democratic forces and capitalists came to an agreement called the “grand truce.”

According to Plehwe (2015), during this period, the forerunners of neoliberalism shifted their focus to non-governmental spaces, especially where they could accumulate intellectual influence, starting with the Walter Lippmann Colloquium held in Paris in 1938 and later the inauguration of the MPS in Switzerland in 1947. Friedrich Hayek, Milton Friedman, Ludwig von Mises, and others were well-known supporters of classical liberalism and the basic principles of economic society (Mirowski & Plehwe, 2015).

Hayek (1949, p. 417) argued that “in every country that has moved towards socialism, the phase of the development in which socialism becomes a determining influence on politics has been preceded for many years by a period during which socialist ideals governed the thinking of the more active [Left] intellectuals.” Between the 1930s and their first success in Chile in 1973, Hayek’s writings and his ideas about the role of intellectuals on the left seem to have led Friedman and others to fight for neoliberal ideas even when they were not popular (Beddeleem, 2019).

When neoliberal thought evolved into advocacy, neoliberals shifted their focus from technical, mathematically orientated economics to politics. That shift gave birth to the split between the European strand of “Ordoliberalism” and the American strand that birthed the Chicago School of Economics (Boettke & Storr, 2017). Peck and Tickell (2007, p. 381) considered this a “starkly utopian intellectual movement.” Yet, Hayek’s (1949) ideas in his paper “Intellectualism and Socialism,” which came out two years after MPS was started, laid the groundwork for making neoliberal ideas political.

Boettke and Virgil (2017) and Gane (2013) characterised the origins and rise of neoliberalism as a project to defend principles of individual freedom central to classical forms of liberalism. Mises, Hayek, Friedman, and others stressed the importance of individuals’ choice in considering the implications of the collapse of classical liberalism in the early 1920s, the rise of fascism and totalitarianism, and the spread of Keynesianism in the post-war era. Those early neoliberals also defended their brand of liberalism for the same moral reasons. They thought it was a way to protect both the freedom of markets and the freedom of people. Post-war Europe was a place where Michel Foucault saw this happen.

In his “Birth of Biopolitics” lectures, he talked about how neoliberalism started. Foucault locates neoliberalism in contemporary German liberalism starting in the 1940s, also described as a German strand. Foucault identified two origins of neoliberalism in the German strand. The first was the crisis of liberalism, which started in the 19th century and came to a head after the defeat in World War I and the Versailles concessions of 1919. The 1920s Weimar Republic failed at the same time as the world financial crisis of 1929, and the second was linked to the rebuilding after the war.

Foucault (2010) said that when he talked about a “Great Society” welfare state in the mid-1960s, people disagreed about how the “New Deal” and the “Great Society” came to be. The Democratic administrations of Roosevelt, and the Democratic administrations of Truman, Kennedy, and Johnson (as well as the 1950s Eisenhower government of liberal Republicans) maintained these social policies. Even during the Nixon administration, the president said, “We are all Keynesians now,” as he worked to expand the state-controlled parts of the economy through planning and other actions.

In Germany, however, Foucault (2010) also referenced the April 1948 Scientific Council vote that reversed a dozen years of Nazi-era economic policy and immediately deregulated consumer prices. Even under the new Social Democratic Party government, the Council viewed the price mechanism as sacrosanct. However, Jessop (2012) and Rieter and Schmolz (1993) associate the German strand of neoliberalism with the Freiburg School that rose in the mid-1930s, instead of the late-1940s opening. The Foundations of Economics were written by Eucken in 1940. In 1943, Rüstow and the “Freiburg Circle” started using the term “neoliberalism” to describe the revival or reform of classical or laissez-faire liberalism (Jessop, 2012).

When the Nazis were in charge, they understood that a strong state was needed to control, protect, and grow free markets. They called this a “free market, strong state” (Mirowski and Plehwe, 2015).

Gane (2013) argues that while Foucault’s contribution to critical thinking about the theoretical basis of the neoliberal project is essential, there are limits to Foucault’s analysis. He argues that Foucault failed to engage with the period that began with the decline of classical liberalism at the end of the 19th century. He didn’t read the writings of the Austrian School, which were important in the early development of neoliberalism.

Regardless of its origins in Austria and Germany, neoliberalism was given another chance in the 1970s. Jessop (1982), Harvey (2007), and Terreblanche (2015) show that towards the end of the 1960s, the world economy had stagnated, profits fell, and intensifying recessions co-existed with inflation. According to Carroll et al. (2019, p. 10), “by the late 1960s and early 1970s, dramatically slowing growth and declining profitability in the industrialised economies of the centre were increasingly rendering Keynesian technocratic policy sets helpless and extensive social protections unaffordable.” Furthermore, the two oil crises of the 1970s precipitated severe global economic crises, which in turn provided policy space for neoliberalism to rise in the United States, the United Kingdom, and Germany.

As a result, in the 1970s, the capitalist class moved towards new thoughts, political strategies, and undertakings—shifting from intellectual projects to economic and political strategies—enjoying unprecedented power during the 1980s, with the friendly governments of Ronald Reagan, Margaret Thatcher, and Helmut Kohl. Peck and Tickell (2002, p. 384) show that these new thoughts, political strategies, and undertakings evolved into the “proto-neoliberalism of the 1970s through the constitution of neoliberalism as an explicit political-economic project in the 1980s.” These ideas, political strategies, and actions were strong enough to turn back the New Deal and Great Society in the U.S. and the social democratic policies that were put in place in Western Europe as part of its reconstruction (Panitch & Gindin, 2013; Terreblanche, 2015).

Terreblanche (2015, p. 137) concludes that “the emergence of neoliberal globalism as an ideology was nothing but an ideological coup d’état by the capitalist class.” He further argues that the move made labour and the state’s general interests submissive to the class interests of the capitalist elite during the economic crises of the 1970s (Terreblanche, 2015). On this point, Panitch and Gindin (2013, p. 15) agree that “neoliberalism was essentially a political response to the democratic gains that had been previously achieved by the working classes and which had become, from capital’s perspective, barriers to accumulation.” In addition to the South African liberation and trade union struggles, several events worldwide at that time illustrate this very same point, as shown below.

For example, Valdé and Martini (2014) show that the coup d’état of the democratically elected president of Chile, Salvador Allende, by Augusto Pinochet, was ideological and political. It came after Allende adopted programmes such as the nationalisation of private companies and the redistribution of land (Faundez, 1980). After the coup d’état, Chile implemented neoliberal policies when Chicago-trained economists imported the Chicago strand of neoliberalism, influenced by Friedman. That led to an overnight transformation of Chile into a free-market economy characterised by widespread privatisation of state assets (Edwards & Montes, 2020). As a result, Chile’s economy was opened to foreign capital investments and minimal state intervention in the economy. Harvey (2007) argues that in this period of the flow of ideas between geographical spaces, neoliberal ideology was turned into a suite of policies and practices, commonly described as the Chilean strand of neoliberalism. Friedman claimed Chile’s economic transformation was an economic miracle (Richards, 1997).

In the meantime, in Britain, the minority Labour government borrowed $3.9 billion from the IMF after the 1976 debt crisis. Burk (2009) argues that the IMF bailout conditions attached to the loan, such as a reduction in government expenditure and an increase in interest rates, came down to an ideological coup d’état by the capitalist class, assisted by Treasury officials. It paved the way for a rise in fiscal austerity and inflation targeting by the central bank, resembling an earlier version of neoliberal ideology. Just before that was the main case of municipal neoliberalism, in

New York City in 1975. When Harvey was writing about neoliberalism, most of the rest of the world went through the same thing (Harvey, 2007).

The development of neoliberalism in different socio-political contexts in the world in parallel over time, as illustrated, has resulted in a concept that is, at best, a phrase that describes many different things. In addition, scholars in various fields study societal phenomena as part of neoliberalism. Together with its unique development pattern, the involvement of societal experiences as part of the study of neoliberalism has resulted in different contested definitions. Neither Boas nor Gans-Morse (2009) reviewed 148 journal articles written between 1990 and 2004 and could find a clear definition of neoliberalism. Scholars look at neoliberalism from different theoretical perspectives because they have different ways of understanding it, different underlying theories, different interests, and different geographical contexts.

While the adaptation of neoliberalism in different spaces exacerbates this problem, it refers to ideology, policy, and practices without any effort to distinguish various localities. The debates continue to spread across the world. Williamson (2003) has laid down ten commandments that make up a universal understanding of neoliberalism (See Box 1: The Ten Commandments of the Washington Consensus). As one of the leading scholars who use “historical-geographical-materialist dialectics,” Harvey provides a descriptive and analytical definition of neoliberalism as a baseline definition. It describes the geographical realities in different localities. Harvey (2007, p. 2) defined neoliberalism as a “theory of political-economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by substantial private property rights, free markets, and free trade”. Harvey’s definition is more useful for analysis because it shows how the contradictions of capital change over time and space.

THE TEN COMMANDMENTS OF THE WASHINGTON CONSENSUS

1. Fiscal discipline – governments to reduce budget deficits
2. Reordering public expenditure priorities – move from social services subsidies to pro-growth expenditure.
3. Tax reform – reduction of corporate tax rates.
4. Liberalising Interest Rates – monetary policy that target low inflation rate
5. A competitive exchange Rate – adopt flexible exchange rate
6. Trade Liberalisation – opening trade to global trade and remove subsidies
7. Liberalisation of inward foreign direct investment – allowing foreign capital into local economies, including fictitious capital.
8. Privatisation – move away from state-ownership to regulatory framework
9. Deregulation – rolling back of state regulation in several areas of society
10. Property rights – a secure private property ownership regime.

Box 1: The Ten Commandments of the Washington Consensus (Source: Williamson, 2003)

3. Theoretical variants of neoliberalism

The section above discussed the origins of neoliberalism. The coming pages can now schematically consider three theoretical variants of neoliberalism:

(a) Neoliberalism as governmentality,
(b) Neoliberalism as the making of global capital, and
(c) Neoliberalism as a hegemony of the financial fraction of the ruling class.

These theoretical variants are by no means an exhaustive list of theoretical variants of neoliberalism. Instead, they serve as essential context to outline the link between ideas, politics, and policies, as well as post-politicisation and depoliticisation. In practical terms, neoliberalism is typically considered as a distinctive set of economic policies, i.e., privatisation, deregulation, austerity, and other forms of liberalisation, which are not presented here as underlying theoretical variants. Neoliberalism has neither fixed sets of attributes nor predetermined outcomes, so it is necessary to continue to broaden the theoretical exploration to assess why. Besides, it appears that culture, institutions, systems, and specific policies feature prominently in selected theoretical variants to explain shifts and changes, contestations, policies and practices, and the role of institutions such as treasuries. It is this richer set of groundings that helps explain the South African case study in subsequent chapters.

3.1. Neoliberalism as governmentality

Foucault's writings on neoliberalism generated a voluminous literature that adapted "neoliberal governmentality" to study various subjects. Foucault (1991, pp. 108–109) defines governmentality as "the ensemble formed by institutions, procedures, analysis, reflections, calculations, and tactics that allow the exercise of power that has the population as its target, political economy as part of knowledge, and apparatuses of security as its essential technical instrument". Brown (2017), Gordon (1991), and Lemke (2001; 2002) further developed a theoretical framework of neoliberal governmentality from Foucault's contributions. They say that Foucault was able to see the effects of neoliberalism beyond the economic paradigm in his study of power, political rule, and economic exploitation.

According to Lemke (2002, p. 54), "by coupling forms of knowledge, strategies of power, and technologies of the self, [governmentality as a theoretical framework] allows for a more comprehensive account of the current political and social transformation since it makes visible the depth and breadth of processes of domination and exploitation." The Foucauldian literature on neoliberalism as governmentality emphasises the notion that humans are configured as market actors in all spheres of society, even where money is not a concern. Brown (2017) argues that this happens through the reconfiguration of citizens and states as firms and human capital, so as to attract investors within a global division of labour with the aim of capital accumulation. Luxemburg (2015) had previously mentioned this.

From Foucault’s writings, we understand neoliberalism as a form of political rationality and governance that extends our understanding of the relationship between those governed and those governing. This makes sense in the context of trying to shape societies where a certain way of thinking and acting is seen as normal, and where power over others (government) and ways of thinking (mentality) is shared, making contested issues seem normal.

According to Lemke (2002), neoliberalism as a governmentality produces a political rationality that determines the way governments manage people’s actions through practices of domination and the ways people conduct their behaviour through practices of the self. Foucault’s conceptualisation of governmentality highlights sets of practices that seek to make people behave in a way seen as natural and proper for neoliberal rationality. Consequently, those governed do not view their behaviour as coerced behaviour but an act of free will, including accepting neoliberal policies.

Consequently, neoliberal rationalities prevent political and economic contestation and are presented as objective and neutral. As a result, what Swyngedouw (2018) describes as a “post-politicised society” is governed by an interface of economic incentives and policies such as privatisation, deregulation, austerity, and other forms of economic liberalisation (Jessop, 2013). In this way, the state does not retreat. Instead, the transformation of politics changes the way power is distributed in society and moves away from formal to informal ways of running the government. This makes a strong link between micropolitics and micropolitics.

According to Brown (2017), neoliberalism construes even what he refers to as non-wealth-generating spheres—such as learning, sexual relations, or exercise—in market terms, subjects them to market metrics, and governs them with market techniques and practices. In addition, it creates solid links between micro and macro politics and a clear link between capitalist and non-capitalist relations. Above all, it casts people as human capital who must constantly tend to their present and future value. Brown (2017) and Jessop (2013) show that people as human capital is always active in a competitive market to build present value through education and constant improvement and prepare for future potential value-making capacity to compete in a highly marketised society. Ultimately, decision-making is guided and dominated by economic calculations (Clarke, 2004).

Foucault’s conceptualisation of neoliberalism as governmentality has attracted criticism, and as a result, it has evolved strands such as Anglo-Foucauldian governmentality (Rose et al., 2006). Agamben and Heller-Roazen (1998) are critical of Foucault, whom he accuses of abandoning the notion of the state’s sovereignty. Others, such as Hay (2014), say that governmentality as a theoretical framework seems to be a view of change that is agentless, global, and vague.

Hart (2008), a Foucault critic, claims that Foucault failed to appreciate the fundamental function of social contestation. She further claims that unlike in his earlier works, Foucault did not emphasise liberalism as an efficient security technique. Foucault’s previous work studied the relationship between security, territory, and population, as well as techniques that complement the security paradigm, because life is at the centre of political strategies. O’Malley *et al.* (1997) say that most literature on governmentality looks at rules, policies, and practices in an abstract way, separating them from the places where they are put into action, such as security, territory, and daily life.

Failure to connect rules, policies, and practices to their implementation in material realities undermines the contestations that generate them (O’Malley *et al.*, 1997). O’Malley *et al.* (1997) argue that rules, policies, and practices applicable to governing are a product of contestations. Rutherford (2007) draws on Watts’ (2003; 2004) critiques to show that not everything works according to plan in disciplinary biopower, given that strategies often go astray at the point of implementation. Other critics of Foucault and governmentality point to his inability to treat politics as a mentality of the rule, to the virtual exclusion of understanding politics as social relations. This includes a politics of exclusion wherein subjectivities are rendered intelligible (Butler, 1996).

Butler (1996), Hart (2008), O'Malley et al. (1997), Rutherford (2007), and Watts (2003, 2004) all point to the importance of paying attention to space and place and understanding that governance is a product of contestations. They propose an application of scale to notions of rules that considers national states as but one source of rules. This thought process opens the possibility of understanding contestations between different power modalities in all sites and how governmentality operates. These sites include the human body, household, region, nation, and the globe.

Agamben *et al.,* (1998), Hay (2014), and Mills (2017) do not dispute the strength of Foucault's theory of governmentality, in that it allows a study of how democratic principles of freedom, rights, and equality are merged so thoroughly with market rationality. They agree that the theory combines the notion of state formation as a process of stratification across scales and allows us to pay attention to contestations. Jessen and Von Eggers (2019) say that the stratification process is made up of ideas that create and reproduce government and administrative processes and practices over time as neoliberal policies become more stable.

Research studies of debt crises, security, sexuality, climate change, culture, urban design, and governance, among others, have begun to revisit the concept of governmentality as a neoliberal logic (McKie et al., 2019; Wang, 2017; Žitko, 2018). However, its use in South Africa isn't as broad as it could be, so the study of Treasury in the pages below is an early step toward filling this gap in the literature.

3.2. Neoliberalism as the optimal policy of global finance capital

The literature on globalisation shows that the period post-World War II witnessed the spatial expansion and restructuring of the global model of capital accumulation. Gill (1995) describes the transformation that unfolded post-World War II to transform the capital. He explains that the move was a process that involved spatial expansion and the deepening of social purpose, configured by the power of transnational capital (Gill, 1995). According to Gray (2000), restructuring the global model of capital accumulation, spatial expansion, and social deepening for social purposes

presupposed economic modernisation to mean that things must be the same everywhere to allow configuration by the power of transnational capital.
As a result, this appears to have justified the advancement of free trade, transnational production, and the free movement of financial capital in the evolving post-Keynesian political landscape (Swank, 2002).

Panitch and Gindin (2013) explored, in comprehensive coverage of historical developments, how the USA promoted the spread of capitalism and helped establish it as the prevailing global economic system. They argue that even when globalisation appeared inevitable, the evolution of global capitalism depended on sets of legislation that would allow for the free movement of capitalism to incorporate the diverse world economies into a single global free market. The philosophy that drove the free movement of capitalism sought to impose free markets on the economic life of societies throughout the world. Sarai (2009) says that global capitalism changed because of close connections between finance capital and treasuries around the world, especially the U.S. Treasury.

The US Treasury was critical to the spread of capitalism and the globalisation of American financial markets, making the institution indispensable to the state and financial markets (Sarai, 2009). The relationship between finance capital and the U.S. Treasury became a template in most parts of the world in the quest to restructure the global mode of capital accumulation through liberalisation initiatives. Helleiner (1995) shows that states, particularly treasuries, played an essential role by granting market freedoms and deregulation and doing away with extensive capital controls implemented or strengthened after the 1944 Bretton Woods conference. Because the state was so important to deregulation, it created a link between the state and capital, making a system that depends on laws and treasuries.

Bracking and Harrison (2003) argued that the 1970s also marked a radical change in global economic policy, particularly in fiscal and monetary policy. For example, most central banks around the world, including South Africa, have adopted a Western approach to monetary policy, which includes high interest rates and inflation targeting. The changes in global economic policy also seem to lead to deregulation, privatisation, austerity, and other things that support the global model of capital accumulation as a form of neoliberalism, as well.

Notably, financial institutions and financial mechanisms led to the US's experiencing tremendous growth during and after World War II. According to Bairoch (1995), the United States' industrial expansion increased by 15% between 1940 and 1953, accounting for 44 percent of total global manufacturing. In the end, Panitch and Gindin (2013) and Panitch and Konings (2008) show that US capital led to the expansion and consolidation of networks of institutional linkages. These institutional linkages embedded financial forms and principles more deeply in the global free market, a development characterised as a variant of neoliberalism, or more precisely, the American-led Neoliberal Global Empire (Terreblanche, 2012).

The literature reviewed overwhelmingly suggests that the process of making global finance capital required neoliberal rationalities to remove barriers to the project to consolidate the world market. Panitch and Gindin (2013) conclude that we must understand neoliberalism in the context of the expansion and deepening of markets and competitive pressures. But there is also the naturalisation of legal rules that guarantee free trade and the national treatment of foreign capital in each social formation. This makes the world one big marketplace for global finance capital that isn't limited by national territories or physical geographic spaces and doesn't need the state's treasuries to extract surplus value.

3.3. Neoliberalism as a hegemony of the financial fraction of ruling classes

Another view is that neoliberalism is rooted in the crisis of capitalism, drawing on the theory of overaccumulation in the productive sector, which in turn shifts investible funds to the financial circuit of capital (Flew, 2014). However, non-Marxist political economy scholars have conceptualised the emergence of neoliberalism in a similar way, notably Terreblanche (2012; 2015) in South Africa. Bond (2000), Harvey (2007), Jessop (1996), Laclau and Mouffe (2014), and Narsiah (2002) theorise neoliberalism as a class project – in South Africa and internationally – to construct the hegemony of the financial fraction of the ruling classes, which in turn imposes the Washington Consensus.

The Marxist crisis theory describes capitalism as a system ridden by internal contradictions (Harvey, 2014; Saul & Gelb, 1986). According to Harvey (1982), as shown above, to resolve internal crises, capitalism extends fictitious capital and, in the process of overaccumulation, sparks periodic monetary and financial crises. Consequently, the periodic monetary and financial crises constitute an internal contradiction of capital accumulation; if the crises build up to the point of a formal breakdown in which the forces of production are irreconcilable with relations of production, this will ultimately facilitate a revolution and, hence, a transition towards a new mode of production (Harvey, 1982). So, O'Connor's (1988) argument that capitalism needs crises to keep going is based on the fact that smaller business-cycle crises get rid of economic deadwood and let the system turn over accumulated capital, which is what causes short recessions in the first place.
Hence the argument that capitalism is crisis-dependent for its own continued existence, insofar as smaller business-cycle crises clear away economic deadwood and allow the system to transform over accumulated capital that generates periodic short recessions in the first place (O'Connor, 1988).

As value in motion, capital spirals into constant expansion, a process that results in overproduction (too many goods compared to the ability of consumers to mop up the surplus products) and the general overaccumulation of capital as the driving force underlying the capitalist crisis (Bond & Malikane, 2019). As Marx explains in The Capital, when crises of overaccumulation happen, capitalism tries to get back to making money by taking "relative" and "absolute" forms of surplus value.

However, there are also other ways to attempt to restore profitability that emerged as decisive during the 20th century and are even more important today. Instead of reinvesting capital into absolute or relative forms of surplus-value extraction, capitalism adopts what Harvey (1982) terms the "spatial fix" and "spatial-temporal fix": it moves into new geographical areas where new production is set up to cheapen the labour and resource inputs, identify new consumer markets, and avoid onerous state regulations, a process described as displacement, either temporal or spatial. Harvey (1982) points out that geographical shifts worsen uneven spatial development and encourage risky debt instruments to overcome over-production in a

highly financialised global economy. To avoid overaccumulation, financialisation facilitates credit expansion to meet effective demand.
Third, Harvey (2003) argues capitalism extends to the non-capitalist system, searching for new profits to restore profits. The extension of capitalism happens when firms shift locations, merge, go out of business, or acquire new businesses. He describes this process as accumulation by dispossession. Harvey (2007) divides dispossession into four categories: a) privatisation and commodification; b) financialisation; c) crisis management and manipulation; and d) state redistribution from the poor to the rich. Harvey took Marx’s idea of “primitive accumulation” and turned it into “accumulation by dispossession.” This has led to a lot of writing, especially by geographers (Glassman, 2006).

Fundamentally, Brenner (2006) and Fine (2006) question Harvey’s understanding of some elements of capitalism, putting unrelated factors under one theme, making accumulation by dispossession too broad of a theory. However, the factors Brenner and Fine argue are unrelated are related if we consider that capitalists steal from non-capitalists’ sphere in an attempt to resolve overaccumulation through expansion, as Luxemburg (2015) pointed out. In the end, Brenner (2006) acknowledges that Harvey’s accumulation by dispossession offers challenging interpretations of a vast range of related critical issues facing global capitalism today. Fine (2006, p. 154) points out that “Harvey has shown the way through the analytical waters whose troubles conceal their underlying transparencies.”

Scholars who observe the hegemony of the financial fraction of the ruling classes agree that when faced with accumulation crises and excessive power of labour in the 1970s, state policy adapted as a coordinated, coherent response in the form of neoliberalism (Bond, 2003; Duménil & Lévy, 2004; Harvey, 2007; Jessop, 1996). Moreover, much of the literature points out that coordination by the ruling class is intended to curb trade union power and shift the balance of power towards capitalists’ interests in various ways—including disciplining labour, offshoring, and the imposition of the neoliberal doctrine during the Thatcher, Reagan, and Kohl administrations.

As a result, neoliberalism as an ideology shifted the balance of power to the capitalist ruling class, and the state (including the Treasury) increasingly allowed the financial fraction of capital to dominate economic reforms. On the other hand, Gray (2002) and others suggest that part of neoliberalism's doctrine advocated a minimalistic state version of capitalism, specifically when it came to support for social reproduction in the form of welfare, education, health, culture, and other areas where states are often compelled to cover for market failure. According to Peck and Tickell (2007), this was part of the wider program of "rolling back the state's frontiers" to enlarge the space for private enterprise, competition, and individual liberty.

However, Peck and Tickell (2002) identified two phases of neoliberalism. First, they argue that neoliberalism's roll-back of Keynesian-welfarist and social-collectivist institutions that emerged after World War II accompanied the roll-forward of neoliberal economic reforms as part of the hegemony of the financial fraction of the ruling class. Insofar as this roll-forward of the state occurred, Harvey (2007) explains the state's role in creating and maintaining policies of privatisation, deregulation, fiscal austerity, and flexible labour market laws as part of an institutional framework for capitalism to restore profitability. Treasuries and central banks are among the most important agents of the state to carry out this role, although trade and industry, parastatals, and development finance institutions typically cooperate.

In this sense, neoliberal globalisation is also a class project, in response to the capitalist crisis and falling rate of profit, to strengthen capital's mobility and power. Neoliberalism does not just play out on economic policy terrain but is also socio-spatial since much contestation involves the uniqueness of places, networking across spaces, the mobility of financial flows, direct investment, and ideas, and capital's practices and policies. Consequently, the process of forming, reshaping, and restructuring neoliberal states across the world takes different forms.
Still, neoliberalism is a key part of the hegemony of the financial part of the ruling class. This is because class struggles, which we will talk about next, make what should be a strong social debate about these issues less political.

4. Post-politicisation and depoliticisation

Like neoliberalism, as shown above, post-politicisation is also a contested concept by scholars. Swyngedouw (2018, p. xiii) defines post-politicisation as a "process by which consensual governance of contentious public affairs is achieved through the mobilisation of techno-managerial dispositive sutures or colonises the space of the political". The works of Mouffe (2005; 2006) and Rancière (2001), among others, have contributed to the development of a post-politicisation theoretical framework to examine techno-managerial governance critically. Post-politicisation includes examining the contested ideas, policies, and politics of neoliberalism. As part of contestation, there will be a resistance to neoliberal policies, and the response will be the re-working of ideas, policies, and politics. Leitner et al. (2007) describe the process of resistance and re-working as a way to naturalise neoliberalism. Re-working would entail the use of techniques to introduce previously contested neoliberal policies in a manner that addresses resistance, and overtime, these reforms are made to appear as the only option without an alternative. The process can happen either through domination or co-option.

In the era of post-politicisation, there is no contest over contentious political-economic issues—instead, negotiation over technological, institutional, and managerial "fixes" ensues. Consequently, negotiations introduce consensual governance arrangements that do not question capital accumulation's more comprehensive social, ecological, and political-economic framework. Swyngedow (2018) describes consensual governance arrangements as technocrats' mechanisms and consensual procedures that operate within an unquestioned framework of representative democracy, free-market economics, and cosmopolitan liberalism. Consequently, people in the post-politicisation era are allowed minimal genuine participation, or what Gills and Rocamora (1992) describe as low-intensity democracy, and even that occurs within a narrowly defined policy scope. Participation happens without questioning the broader framework of capital accumulation. It builds upon Foucault's point about "free people" who think they are exercising free will in a competitive, free, and economised market.

This is not to say that political spectres have been extinguished; in fact, some appear on specific issues and can even shift their claim from the local to demand an overhaul or restructuring of society's political-economic nature. Three examples stand out in the recent past: the Treatment Action Campaign (TAC) defeating Mbeki on AIDS medicine, the August 2012 Marikana massacre, and the 2015-17 #FeesMustFall movement. According to Alexander (2013), the strike to demand R12 500 by mine workers, of whom South African police killed 34, led to the rapid rise of workers' committees opposed to political alignment, which fused with anti-government unions such as the Association of Mineworkers and Construction Union (AMCU), and 18 months later, inspired a break-out of the National Union of Metalworkers of South Africa (the largest union) away from the ANC-aligned COSATU. By 2017, this in turn led to the collection of other dissident unions into the South African Federation of Trade Unions (SAFTU). Bond and Tshimomola (2020) show how the students' movement for free education went beyond just asking for free education to question the Treasury's neoliberals. This was made possible in part by a coalition with low-paid university workers who won "insourcing" jobs instead of temporary ones.

But these were rare exceptions. Much of the post-politicisation literature appears to have developed from the increasingly widespread depoliticisation caused by society's acceptance of neoliberal precepts. Debates about depoliticisation at a conceptual level continue (Hay, 2014; Ungsuchaval, 2017). In 2014, the journal Policy and Politics published a special issue featuring exponents of the depoliticisation concept, such as Burnham, Fawcett, Marsh, Flinder and Woods, Jessop, Kuzemko, and others. Flinders and Buller (2006, p. 295) define depoliticisation as "the range of tools, mechanisms, and institutions through which politicians can attempt to move to an indirect governing relationship and seek to persuade the demos that they can no longer be responsible for a certain issue, policy field, or specific decision". Tools, mechanisms, and institutions include institutions responsible for fiscal and monetary policies.

According to Burnham (2001, p. 128), “depoliticisation as a governing strategy is the process of placing at one step remove the political character of decision-making”. Burnham (2001) says that state managers have a lot of power over important economic and social processes, but they make it seem like the process or outcome doesn’t have any politics in the way society thinks about politics. Social actors involved in political contestation believe that the state is rational and impartial in the political contest over policies. In this way, governments can make unpopular decisions and adopt unpopular policies. Burnham’s (2001) definition emphasises the character of depoliticisation as a governing strategy. However, Burnham (2001, p. 145) says that the state still has a big say in how political and economic relationships are changed in society.

Burnham (2014) revisits his earlier conceptualisation of depoliticisation in the light of a crisis-ridden capitalist society by analysing the 2008–09 financial crisis. Here he identifies a problem with the Weberian conception of governance in a capitalist society as the need for ongoing political management as part of crisis management. Insulated governance structures that prioritise action, resources, and value within a context of authority and hierarchy are impossible (Woods, 2003). Instead, he locates depoliticisation in a broader social theory and the conceptualisation of power within a crisis-ridden capitalist society. In this way, when there is a crisis, state managers try to re-establish the law of value while making sure that some important policy areas can’t be changed by politics.

However, Hay (2014) criticises Burnham’s modification of his earlier definition of depoliticisation, assuming that austerity is the form taken by re-imposing the law of value in the wake of a crisis. Furthermore, Hay took issue with Burnham’s assumption that crisis solutions were mainly based on austerity when other solutions could be available, including privatisation, liberalisation, and deregulation. Also, Hay (2014) believes that Burnham does not deal with the inability of austerity to restore economic value and the destruction it causes in the economy.

Mishra (2011, p. 156) describes depoliticisation as a process in which “issues, social actors, and institutions that were previously political become less political or non-political”. He characterises depoliticisation as a process, the same way Burnham did. However, he does not expound his definition to suggest that depoliticisation is a governing strategy. Instead, Mishra suggests that the process of depoliticisation removes politics from previously contested areas that were understood as political. However, this is only evident from his definition, while his analysis shows that he does not see politics as ever removing issues, social actors, and institutions the way the word “depoliticisation” suggests. Burnham (2001; 2014) and Foster et al. (2014) emphasise the point that politics remains central when issues, social actors, and institutions appear less political, because that in itself is a political strategy, which makes depoliticisation a misnomer. Flinders and Buller (2006) argue that common themes and processes fail to explain the substance of the term “depoliticisation.” Flinders and Buller (2006) criticise the failure of these common themes to explain the substance of depoliticisation. Foucault (2010) says that the most common interpretations of neoliberalism are wrong because they don’t use a rigorous analytical framework to study mechanisms and institutions.

5. Summation of neoliberalism, post-politicisation and depoliticisation

This literature review has shown that contestations over neoliberalism as a theory will continue, in part due to how the depoliticisation of economic policy has been accomplished. In some instances, the contestation results from differences, as illustrated in the theoretical variants touched upon above. In contrast, in some instances, it is a matter of time and characterisation of the origins of neoliberalism, sometimes even between scholars from the same school of thought. For example, while some Marxist scholars viewed neoliberalism as the making of global-scale capitalism after World War II within an American-led order, others have approached its conceptualisation from the standpoint of crisis theory, i.e., less concerned with whether the foundational ideas came from Vienna, Freiburg, Chicago, Davos, or other sites of ideological management.

In the end, there is some convergence at the point wherein neoliberalism is theorised as a political-economic class project that involves hegemony ideas, policies, and practices in favour of market-orientated policies globally. Institutions such as treasury departments and central banks have come to play a crucial role in the political-economic class projects that facilitate the unrestricted mobility of capital globally. They make it easier for financialisation to happen, which allows for the international restructuring of production and increases the power of finance capital over the world market economy. This process is dependent on the state and the restructuring of state powers, which strengthens and empowers treasury departments and central banks. In this way, neoliberalism represents a particular nexus of global finance, capital, and state power. The nexus is made up of many layers, which makes it possible for treasuries and central banks to be powerful local agents of champions of it.

However, it is the deployment of consensual governance of contentious public affairs through the mobilisation of techno-managerial joint techniques that allows for the continued hold of the hegemony of finance capital. People are turned into "human capital" within states, which in turn compete to attract financial capital. These are the main things we use to understand the Treasury during this important time, when neoliberalism was put in place in a way that was made not to appear political.

6. The theoretical framework for the research study

The study explores South Africa's Treasury politics, institutional dynamics, and the adoption of neoliberal policies. Neoliberalism is a concept that combines governmentality, the making of global capital and the hegemony of the financial fraction of the ruling elite. Neoliberal policies were adopted to advance all these variant objectives. This study draws on all theoretical variants of neoliberalism to study contestations. Leitner et al. (2007) consider the Treasury in a context of flows, backflows, cross-and between ideas, institutional reconfiguration, and practices (See Box 2: Key concepts of contesting neoliberalism). The study will consistently refer to the process of flows, backflows, cross-and between ideas, institutional reconfiguration, and practices to signify a never-ending process to re-work neoliberal policies as a central feature of the study's theoretical framework (See Diagram 2: Theoretical framework).

KEY CONCEPTS OF CONTESTING NEOLIBERALISM

Flows – Neoliberalism emerge as ideas, policies and politics, and flow through multilateral organisations, BWIs, rating agencies and treasuries in the global contestations over macroeconomics

Backflows **–** Ideas, policies and politics are transmitted to local economies, contested and contestations will send back indication of unwanted features of ideas, policies, and politics to the originators for reworking.

Cross and between ideas – some Contestations happen at various level, sometimes simultaneously. It is not always a linear and straightforward process.

Institutional reconfiguration **–** neoliberal ideas, policies, and politics changes institutions to allow institutional universality of capitalism.

Practices **–** State institutions exist to create and preserve institutional framework appropriate for implementation of neoliberal ideas, policies, and politics.

Box 2: Key concepts of contesting neoliberalism

The model adopted by Leitner et al. (2007) allows a general critique of neoliberalism without being caught up in infinite contingencies, i.e., without going down the rabbit hole. Barnett (2005, p. 11) argues that "neoliberalism as hegemony or as governmentality can account for the forms of receptivity, proactivity, and generativity that might help to explain [changes to macro-scale processes]". Instead, Peck (2010) points out that studies should focus on flows and backflows across and between ideas, institutional moments, and practices. Furthermore, how do these contestations reshape and naturalise neoliberalism to fit a diversity of local realities? In the case of South Africa, accumulation crises, a highly contested transition, and the Treasury's role as an institution at the centre of social conflict for capitalist hegemony.

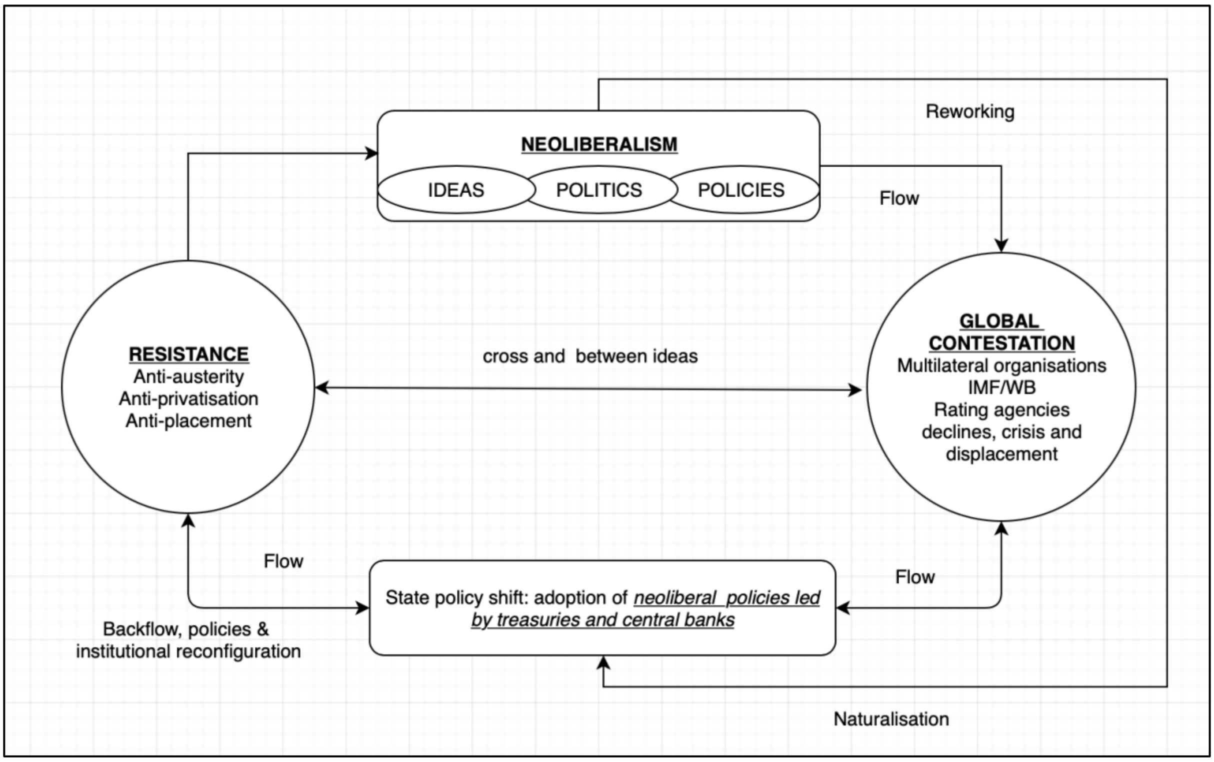

Diagram 1: Theoretical framework

Therefore, the study focuses on complex and contested processes that create institutions such as treasuries and their role within the broader political economy and approach that many scholars do not follow (Larner, 2005). Clarke (2004) points out that neoliberalism continues because state strategies evolve from contestations characterised by recalcitrance, resistance, and obstruction. South Africa provides rich evidence to back up the argument that contestation allows researchers to better understand neoliberalism, depoliticisation, and post-politicisation. However, elements of neoliberalism such as governmentality are also relevant to the study as far as the economisation of society in all its aspects is concerned. This does indeed appear to be an element common amongst all theoretical variants of neoliberalism. Post-politicisation theories and neoliberalism theories are also important because they put neoliberal policies in South Africa into a contestation framework.

Thus, considering, first, neoliberalism as the making of global capital will allow the study to determine contestations inside and outside the Treasury, thus reinserting South Africa back into the global economy after a period of sanctions. Here, the assumption is that the decision to adopt deregulation would have had promoters within the state and ruling class, but this gives rise to contestations inside and outside the Treasury. Similarly, decisions were made to give the South African Reserve Bank its constitutional independence in 1993, and in 1995 to end the Financial Rand exchange controls, and in 1999-2001 to give permission for several of the largest local Johannesburg Stock Exchange-listed companies to relist shares on stock exchanges outside South Africa. Second, neoliberalism as the rule of the financial part of the ruling class will make it possible to study the policies of the Treasury and how they are contested in the larger South African political economy. Second, neoliberalism as a hegemony of the financial fraction of the ruling class will allow study of policies pursued by the Treasury—and their contestation—within the broader South African political economy.

Lastly, South Africa's transition from apartheid was a highly contested transition from all perspectives. Post-politicisation theory will allow the study to examine the emergence of the Treasury as a critical institution that gained dominance. Its role was foundational to the economic policies adopted before, during, and after the transition. In doing so, the study pays attention to the pro-active role of socio-cultural processes in provoking changes in modes of governance, policy, and regulation, as Barnett (2005), Clarke (2004), and Larner (2005) encourage. The study contributes to the existing literature in our understanding of a reconfigured Treasury as the most essential institution for the adoption of neoliberal policies. The next chapter looks at the rise of treasuries as institutions that help global capital accumulation. This includes the "Treasury View," an early neoliberal ideology, and the role of treasuries in the post-War order. This helps us understand the Treasury's role today and why it is different when pursuing neoliberalism than in the past.

CHAPTER 3 – RISE OF TREASURIES

“The aloofness of the Treasury was not a piece of old-fashioned absurdity, but a real part of the ritual for the preservation of the prestige of the department” – Keynes (1918 cited in Smithies, 1972, p. 467)

1. Introduction

This chapter aims to give a history of treasuries. The study focuses on treasuries as institutions important to global capital accumulation and their role in national, regional, and international political economy. The chapter begins with a section on the rise of treasuries, followed by a section that looks at the evolving functions of treasuries. The chapter ends with a discussion of literature that looks at how treasuries fit into the broader political economy and their anti-political character.

2. The Rise of Treasuries

Treasuries all over the world are central to the hegemony of capitalism. The history of the British Treasury is chosen to illustrate this for two reasons. First, the British Treasury is widely documented from the earlier forms of capitalist development, dating to the 1660s (Bridges, 1964; Clark, 1960; Roseveare, 1973). Second, the British Treasury was linked to British empire colonies in the Americas, India, and Africa. They often mirrored the British administration, adopting Westminster’s model of governance, and judicial reform (Mae, 1960). After Britain lost its American colonies in the late 1780s, the popularity of the free-trade doctrine and the principle of independent government shaped the relationship between Britain and its colonies (Wilfley, 1900). As a result, Britain gave colonies with a predominantly English-speaking citizenry the principle of independent government. However, crown agents continued to manage colonial governments’ financial administration, particularly the timing and conditions of loans, financial strategies, and reconfiguration of fiscal systems and institutions (Porter, 1981). So, the history of the British Treasury and how it has changed over time shows better why treasuries are such an important part of the political economy.

The emergence of financial and fiscal systems dates to early patterns of colonialism, along with the development of finance and banking institutions. Terreblanche (2015) shows that during the period of the slave trade, the export of mineral resources and crops from Africa, America, and Asia to Europe stimulated the development of financial, banking, and fiscal systems and related institutions.

The emergence of financial and fiscal systems, in turn, reflected a series of institutional reforms from late-medieval to constitutional monarchies and later capitalist development. The Islamic empires of the 4th century shaped earlier forms of financial and fiscal systems in Europe, like the Indian and Chinese civilisations before the slave trades (O'Brien, 2011). The increase from US$3000 in 1713 to US$8000 in 1790 in the amount of money that left Britain to pay for 12-18-month voyages was a big part of how the slave trade grew and how financial institutions and the role of treasuries changed as a result (Pearson & Richardson, 2008).

The emergence of more advanced financial and fiscal systems was also made practical by establishing surplus-extraction relations that gave rise to a particular class struggle – between labour and the ruling class (Brenner, 1976). The class struggle led to the development of a capitalist system in British and Western states, with the world economy coming under the system’s domination in the late 1680s to early 1710s (Terreblanche, 2015). Because of this, the first types of fiscal and financial institutions were designed to serve the needs of capitalists.

Slavery was abolished in the British Empire in the early 1800s, and the wage labour system was recognised as preferable for more sustainable class exploration – led by a racialised capitalism defined by wage-labour relations in South Africa, with corresponding financial, monetary, and fiscal systems (Saul & Bond, 2014). The development of capitalism through class struggle is but one interpretation of the origins and development of capitalism, as others have argued that the development of capitalism resulted from widespread mercantilism. No matter what school of thought you follow, it seems that as capitalism grew, more advanced financial and fiscal systems grew along with it.

Consequently, the mix of technology, capital, labour, and land as part of surplus-extraction relations in Western countries and later across the colonised South prompted state institutions' transformation. As colonialism expanded, surplus-extraction across borders demanded legal and institutional frameworks, and so too did fiscal systems and treasuries (O'Brien, 2014). The rise of treasuries was also caused by the interaction between the growth of the capitalist system and the change of state institutions.

Only later in the 1790s and early 1800s did institutions that purposely led towards the formalisation of treasuries occurred. According to Terreblanche (2015, p. 234), "the Gentry [British] Parliament created new institutions for debt and monetary management that coexisted with a centralised system of tax collection and a transparent process of parliamentary budgeting and monetary control." However, long before the Gentry Parliament established new financial and fiscal system institutions, the administration of the royal income drew the attention of officials to financial procedures. Bastable (2017) argued that there was no precise knowledge or scientific theory for the administration of royal income. But he agreed that laws and administration were needed to collect taxes and keep track of spending, even though the systems in place were not sophisticated (Bastable, 2017).

Institutions that existed to collect tax and manage expenditure had some form of knowledge base. Samson (2002) shows how archaeologists have traced the history of taxes to some form of institutional workings that kept records of amounts, lists of names of subordinates, and institutions to make payments. These records date back to the first empire in southern Egypt between 3300 and 3200 (Samson, 2002). Hollister (1978) argues that the revenue collected from royal manors had some form of a fiscal system beyond a chest under the king's bed, despite minimal documentation of fiscal systems before the Conquest period. Although the fiscal system and the institutions responsible for managing debt and monetary management were not as defined after the 1600s, as shown by Terreblanche (2015). There is some evidence of fiscal and financial institutions that existed, dating as far back as the early periods of William the Conqueror's reign in the early 1010s and beyond. Despite Bastable's argument above, treasury institutions would have known about tax and expenditure management.

Thus far, the evidence shows that we can attribute the rise of treasuries as important institutions as the global political economy emerged from various empires. Later, the need to mobilise resources across geographical space and time was largely for military spending (Macpherson, 2013). However, Allen *et al*. (2013) give a different explanation of the rise of treasuries. Allen et al. (2013) argue that treasuries, and particularly their budgetary and tax functions, were developed to reduce unwanted leakages of funds on the Treasury's collection and expenditure sides. Bridges (1964) offers another more complex version that explains the rise of the British Treasury in pre-capitalist times, namely the revolution of 1688. He offers a similar explanation to Hollister, namely that the royal households of Saxon, Norman, and the monarchs dating back to the 800s would have had some treasury procedures to safeguard treasures.

However, there is some evidence to suggest that by the late 18th century, the British Treasury was not yet important as a political institution and did not carry cabinet rank besides being an administrative position. Nevertheless, upon being charged with managing the efficiency of the economy and government machinery, the British Treasury emerged as an important role player (Bridges, 1964). The Exchequer and Audit Departments Act of 1866 appears as the second concrete evolution of the British Treasury as the institution responsible for more than just overseeing payments and the receipt of public funds. Instead, the 1866 Act gave the British Treasury statutory control of overall expenditure. There is a relationship between the Treasury and parliamentary control over expenditure, even though the British Treasury still forms part of the government. Bridges (1964) shows that the British Treasury's powers grew as Parliament's legislative and oversight roles strengthened.

While there may be some similarities in the functions of treasuries, their rise and evolution have different trajectories. Each country (and each sub-national state treasury) has varying features that arise from different historical conditions and experiences, and these are too complex to simplify or generalise. Therefore, a difficulty for empirical studies that seek to examine the history of the treasury and its role in the broader political economy is to bridge the gap between varying features, making a study of this nature a mammoth task (Bastable, 2017). Studies that overlook public expenditure as a topic in finance and political economy literature make a study of this nature even more difficult (Bastable, 2017). Furthermore, Krause et al. (2016, p. 9) argue that "…despite [treasuries'] almost self-evident importance, few studies focused on the [role of] finance ministries [and Treasury] as objects of study" *[emphasis added].*

Consequently, there is inadequate historical literature on treasuries globally, their functions, roles, and organisation, in spite of institutionally orientated documentation by the World Bank, IMF, and likeminded institutions (Allen et al.,2016). Instead, there is a voluminous literature on the work of treasuries – in public finance, economic policy, and financial regulation – that transcends their institutional roles. Davernport-Hines (2015) argues that this is an intentional preservation of treasuries' aloofness and apolitical façade. With this brief history of how treasuries came to be and grew, the next section looks at how their roles have changed over time.

3. The Evolving Functions of Treasuries

Finance and fiscal functions within a global capital accumulation system define treasuries in most parts of the world. Their features relate to how countries borrow and spend in a highly financialised society. These features evolve from the basis of treasury control. According to Allen et al. (2016, p. 3), "[i]n most countries, finance ministries are responsible for formulating and implementing the core financial functions of government and is at the centre of economic and fiscal policy-making". Allen and Krause (2013) outline the policy, regulatory, and transactional functions that define and characterise treasuries (See Table 1: Finance Function adopted by Krause et al. 2016 and World Bank, 2013).

#	POLICY FUNCTIONS	REGULATORY FUNCTIONS	TRANSACTIONAL FUNCTIONS
		FISCAL POLICY	
	Fiscal policy analysis, formulation, and fiscal rules	Monitoring compliance with fiscal rules, spending ceiling and performance targets	Macro-fiscal forecasting
2	Debt management strategy	Regulation of debt markets	Debt issuance and registry functions
3	Policy on taxation and other government revenues	Enforcement of tax laws	Collection of taxes, customs/excise duties, and other revenues
4	Policy on and management of fiscal risks, guarantees, and contingent liabilities	Monitoring implementation of risk management policies	Issues of guarantees
		BUDGET MANAGEMENT	
5	Formulation of the medium-term budget framework/annual budget	Coordination of the budget cycle	Estimation of budget costings
6	Public investment strategy and planning, policies, and guidelines	Monitoring of policy implementation	Execution of policies and guidelines, including investment appraisal
7	Budget execution - policies, guidelines, instruction	Monitoring/oversight of budget execution, compliance with regulations	Execution of budget by spending agency
8	Cash forecasting/liquidity management/ TSA	Monitoring through a cash management committee	TSA managed by the central bank under government supervision
9	Policies on public procurement and PPPs	Monitoring of policy implementation, gateway reviews	Execution of procurement contracts and PPPs
		ACCOUNTING AND REPORTING POLICIES, INTERNAL CONTROL AND AUDIT	
10	Development of accounting policies, rules, and guidelines	Coordination /monitoring compliance with accounting standards	Compilation of financial reports
11	Application of international standards	Provision of internationally comparable fiscal data and statistics	Standardised recording of transactions, assets, and liabilities of public sector

12	Policies on internal control and internal audit	Monitoring compliance with standards	Execution of internal controls and internal audit
	OTHER CENTRAL FINANCE FUNCTIONS		
13	Policies on intergovernmental fiscal relations	Monitoring compliance with local government budget/finance policies and laws	Execution of local government budget/finance policies and laws
14	Management of government assets and liabilities	Monitoring implementation of a management framework	Provision of data by spending agencies
15	Policies on the financial management of state-owned enterprises	Monitoring implementation of a policy framework	Provision of data by line ministries and SOEs
16	Relations with international finance organisations	Monitoring compliance with international obligations and standards	Processing of international financial transactions

Table 1: Finance function as adopted by Krause et al. (2016) and World Bank (2013)

The financial and fiscal functions outlined in Table 1 define the main functions of most treasuries. However, there are instances where other state institutions, not necessarily treasuries, also perform full or partial financial and fiscal functions (Allen et al., 2016). For example, in South Africa, provinces, municipalities, and state-owned enterprises (SOEs) also have fiscal policy functions; they collect taxes or fees, borrow, budget, and spend money. The grouping of state institutions, i.e., ministries and agencies, responsible for financial and fiscal functions is described as "Central Finance Agencies" (CFAs) (World Bank, 2013). An important distinction to make within the grouping of CFAs is between institutions responsible for policy formulation and regulatory functions and those responsible for implementing policies. For example, CAFs are often centralised in the Ministry of Finance and tax authorities as strong agencies nationally and internationally. This subject falls outside the scope of the study.

Government departments are assigned specific functions such as education, health, social development, water, minerals, and energy. The Treasury is involved in all state functions in some way; every function and policy will always raise the question of how much money implementation will cost and where the money will come from.

Hennessy (2020, p. 395), referring to the British Treasury, described "…[it] as a window into every ministry and departmental activity.... "Treasuries are at the centre of governments, and their work affects all the decisions and performance of other state institutions, including the private sector (Bridges, 1964). Being at the centre of governments puts treasuries in a unique and often antagonistic relationship with other actors in the broader political economy. This point brings us to the concept of treasury control.

The concept of treasury control first appeared in the 1660s in the British Treasury, when spending departments had to apply to the Treasury for approval to use public funds (Roseveare, 1973). Legislation such as the Exchequer and Audit Department Act institutionalised treasury control to give the British Treasury powers to control government expenditure, revenue, and borrowings. Higgs (1924) believed treasury control might not have been practiced or existed in other countries. It was an unnatural attribute of the Treasury, and it was peculiar to the British Treasury. Establishing treasury control was to ensure that a department is responsible for oversight of expenditure that has no vested interest in the expenditure. The Treasury was identified as an appropriate department responsible for raising revenue (Higgs, 1924). The British Treasury was given control powers because it has a long history of treasurers who oversaw royal finances and had to turn down royalties.

Treasury control has meant different things throughout history, influenced by the evolving powers of treasuries and broader politics. For example, powers were concentrated on presidents and prime ministers during wartime, even at the expense of parliaments, including expenditure decisions. Throughout the 1800s and early 1900s, treasury control meant departments needed treasury approval to increase or establish salaries, to reduce the cost of a service, or to offer any additional work or new services that had not been specially provided for in parliament's appropriated budgets (Beer, 1955). Craig (2018) argues that treasury control has formed part of a long-standing tendency for treasuries to assert a position of power vis-à-vis departmental rivals in ways that have undermined their capacity to conduct interventionist industrial policies. But this seems to be left out of most studies that look at the role of treasuries around the world.

Today, treasury control has multiple meanings, often interchangeably with fiscal restraint. In the study, the term “treasury control” implies orthodox institutional practices by treasury officials to construct, maintain, and defend the Treasury’s statutory and non-statutory powers against other state institutions, civil society, and opposing stakeholders in the broader political economy in pursuit of neoliberal policies (Craig, 2018). Graig (2018) shows that treasury control powers ensured that the British Treasury policies were prioritised by regulating public spending and borrowing, thereby shaping overall government priorities (Craig, 2018). Despite the all-encompassing working definition of treasury control above, it is not a straightforward power of treasuries as they constantly evolve. Treasury officials continue to defend treasury control in the face of changing political and economic circumstances that sometimes challenge policies that the treasury champions. For example, Gigaba explains how Treasury officials were against the government’s decision to fund free higher education and argued that it would undermine the fiscal framework and policy credibility (Gigaba personal communication, September 8th, 2021).

Lastly, a key point to bear in mind is that there are several practical difficulties with detailing the evolving functions of treasuries, treasury control, and the appraisal of treasury performance. Unlike other state institutions charged with specific mandates, treasuries perform policy functions at a policy level that affect all departments before implementation. It is often a separate and distinguishable institution, yet it is subordinate to the finance minister (Wanna, 2011). For example, the Commonwealth Treasury of Australia is separate from the treasurer as minister. In some countries, treasuries are independent of finance and work closely with finance ministries (Allen & Tommasi, 2001). Therefore, assessing and evaluating treasury performance in these functions is challenging. The study does not attempt to do so. These practical difficulties are in addition to the varying features of the evolution of treasuries throughout the world.

4. The ‘Treasury View’ and over-accumulated capital and the Great Depression, 1920s-30s

Some evidence suggests that treasuries have not always been independent, significant, or played a greater role in shaping and influencing the broader political economy. Hollister (1978), for example, describes British Treasury officials and their functions in the early 1010s as “obscure” characters and claims that they could not have been significant. In addition, Bridges (1964) shows that it is taken for granted that economists’ views have always played an influential role in government financial thinking and the broader political economy, when that was not necessarily the case. Instead, treasuries were mainly concerned with balancing a budget to ensure enough funds to cover planned expenses, an exercise that precluded any meaningful role for economists.

Also, treasuries did not always have the responsibility of planning and managing the overall economy. According to Corry (1958, p. 34), this was the “consequences of the supremacy of classical orthodoxy in the controversy concerning the possibility of general overproduction, mainly the suppression of any attempt to regard government expenditure as a conceivable offset to a failure of private spending”. Once government expenditure was no longer considered an option, official economic teachings in the late 1970s, 1980s, and early 1990s removed the contribution of government expenditure (Corry, 1958). As a result, this limited the function of treasuries to maintaining sound public finance management, in line with treasury control other than its role in the broader economy.

Government expenditure as a percentage of GDP increased between the 1850s and 1950s (See Table 2: The Growth of Government Expenditure, 1870 – 1960). It increased as a percentage of GDP from 4.3% in 1800 to 6.1% in 1850 and 9.9% in 1900 (Mauro et al., 2013). When government expenditure as a percentage of GDP began to increase and started to influence the global economy, the responsibilities of treasuries, which by then were only the custodians of public finance, became complex and sophisticated, a process that took considerable time through multiple evolutions. For example, the British Treasury only became responsible for the overall management of the economy in the 1930s (Corry, 1958). This period links the role of the British Treasury with a turning point in the state's role in the broader political economy.

THE GROWTH OF GOVERNMENT EXPENDITURE, 1870 - 1960

(as a percent of GDP)

#	Later 19th century (about 1870)	Pre-World War I (about 1913)	Post-World War I (about 1920)	Pre-World War II (about 1937)	Post-World War II (1960)
Total average	8,3%	9,1%	15,4%	18,3%	28,5%

Note: total average of Austria, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom and United State

Table 2: The growth of government expenditure, 1870 – 1960 ((Schuknecht & Tanzi, 1995)

Bridges (1964) believed that the practice of putting the British Treasury into commission in the early 1700s set in motion the rise of the Treasury as a powerful ministry within the Crown. Bridges (1964, p. 284), therefore, agrees with Lord Welby, who spoke of the British Treasury as "being the most political of Departments, for its business leads the Treasury to concern itself with every important aspect of government policy". However, the British Treasury's influence was on the expenditure control side of public finance and not the broader political economy. Bastable (2017) said that public finance was not seen as important to the political economy.

However, during the interwar periods (1918 – 1939), the British Treasury began to play an influential role in setting the economic agenda. Even then, the influence of the British Treasury was limited to the maintenance of sound finances and not the management of the economy, particularly the promotion of full employment (Peden, 1996). Bridges (1964) contends that in the 1920s, the British government set up the Economic Advisory Council, the Macmillan Committee on Finance and Industry, the Central Economic Information Services, and later the Central Statistics Office. With the establishment of these institutions, the British government started taking the influence of government finance on the broader political economy much more seriously. The British government seems to have used the Economic Advisory

Council and other institutions to increase the role of government finances in the political economy and surpassed the influence of Treasury View.

A collection of British Treasury official proposals on various economic questions makes up the “Treasury View” formulation, something considered unusual. For example, Churchill (1929 cited in Peden, 2005) endorsed “the orthodox Treasury View… [that when] government borrows in the money market, it becomes a new competitor with industry and engrosses to itself resources that would otherwise have been employed by private enterprises, and in the process, raises the rent of money to all who have need of it”. Peden (1996) argues that Winston Churchill’s budget speech in 1929 captures the best expression of the Treasury View.

Treasury View argued that government borrowings do not create additional employment and opposed expansionary proposals to combat unemployment. Others have argued that the Treasury View emerged from contestation between Treasury officials and progressive forces – a product of policy and public administration. The Treasury View derives its tenants from orthodox economic theory – a notion that government intervention would stifle private investment – a restricted role for the state in the economy to allow (O’Connor *et al*., 1999; Peden, 1984).

Mattei (2016) shows that the Treasury View’s interpretation that focuses on crowding out an argument and opposition to the expansionary proposals to combat unemployment is limited. Instead, a broader framework to understand the Treasury View shows its links with neoliberalism. According to Mattei (2016, p. 116), “Treasury officials regarded themselves as incorruptible guardians of sound economic principles, preferred free markets to state intervention, and used a return to balanced budgets and the gold standard to impose austerity at a time when the First World War had aroused expectations of social reform *and the economy needed fiscal stimulation*” [emphasis added]. As a result, Treasury officials could be blamed for worsening the Great Depression.

We can draw two discussion points from the debates about the Treasury View. First, Blyth (2015) and Mattei (2016; 2018) have shown that the Treasury View laid the foundation for austerity policies that later formed part of neoliberalism and austerity doctrine. The British Treasury introduced austerity measures with minimal or no resistance because from 1919 Cabinet considered all expenditure proposals approved by the Treasury in the context of treasury control (Peden, 1984). For most of the inter-war period, the Treasury View played a decisive role in ensuring low government expenditure. No borrowing and reduced government expenditure negatively affected the economy.

However, besides the links between the Treasury View and austerity touched upon above, the significance of the Treasury View is the contribution of the doctrine to the causes of the Great Depression. As the 1920s progressed, the economy was characterised by over-investment, stagnant real wages, and slower consumer demand. It became increasingly unstable, leading to over-accumulation, a form of financialisation and a generalised capitalist crisis (Devine, 1994). The Treasury View arguably ensured that the condition of over-accumulation, which was addressed mainly in the financial sector rather than in the real economy, was inadequately regulated because of the belief in minimal government interference in the economy (Devine, 1994).

The Treasury View amplified the class and institutional basis that amplified the Great Depression. Social-democratic gains were beginning to undermine the ability of treasuries to maintain austerity policies (Panitch & Gindin, 2011). Panitch and Gindin (2011, p. 8) argue that “the orthodox fiscal policies [Treasury View] of the early 1930s – rooted both in the initial determination by the leading capitalist states to maintain the gold standard and the limited regulatory capacities of state institutions – were critical to the conversion of a recession into a Great Depression”. The Treasury View ensured that what started as a recession, i.e., what Marx noted as regularly recurring-recurring business cycles, turned into a catastrophe, starting with the staggered global financial crash of 1929-33, and break out into a Great Depression that lasted until World War II.

Bordo and Sinha (2016) argue that the Great Depression could have been mitigated earlier had governments intervened in the economy. However, in pursuit of the belief that the government will crowd out private investment if it stimulates aggregate demand when the economy turns down, governments had no fiscal or monetary responses. Instead, the Treasury View held that such a government policy would crowd out private investment and would not create additional employment as envisioned (Peden, 1984). There was an overwhelming consensus against countercyclical fiscal policy in the pre-depression period that lingered at the beginning of the Great Depression, mainly informed by the Treasury View (De Long, 1998). The idea of an activist government during the Great Depression only came in later, but always, the attitude informed by the Treasury View was to do nothing.

5. Treasuries after Bretton Woods

After World War II, Western democracies' institutional regulatory reforms began to interfere with the accumulation regime. The social-democratic reforms ensured quantitatively-improved socio-economic, political, and even cultural relations. The acceptance of post-war Keynesianism gave rise to near-full employment that gave the working class the confidence and power to demand higher wages and contributed to profit falling (Weir, 1989). Post-war Keynesianism, coupled with the resurgence of the Left until the 1950s, tireless crusade against Communism as Cold War power politics set in, discredited the Treasury View doctrine.

Even though the Treasury View doctrine was discredited, financial sector growth in major capitalist economies pumped money into the banking sector to deal with successive financial crises. Also, the confidence of the financial markets began to recover after extensive regulation, and by the 1960s, the expansion of international banks mirrored the productive-sector globalisation of capitalism in Western countries. Residual-colonial and neocolonial banking functions were common in the global South's underdevelopment countries, and banks such as Barclays and Standard Chartered were regularly accused of channelling too much funding to head offices in London (Bond & Sharife, 2009).

Finally, however, the collapse of the post-World War II boom during the 1970s drove the capitalist class to displacement of crisis conditions, reproducing the conditions for financialisation, especially in the 1980s as interest rates soared thanks to the “Volcker Shock” (U.S. Federal Reserve Bank chair Paul Volcker’s monetary tightening in late 1979). As a result, a series of financial bubbles rose during the 1980s-2010s and regularly burst, suggesting a return to the conditions that led to the Great Depression. Only regular bank bailouts by state regulators (facilitated by both treasuries and central banks), unorthodox ‘qualitative easing’ and extremely low interest rates prevented full-fledged banking collapses in the early-and mid-1990s, 2000, 2009 and 2020.

Unlike the post-War state-interventionist reforms that prevented over-investment and ensured real wage increases, thus generating higher consumption and full employment, the role of finance came to centre stage in the 1970s through the nexus of the U.S. Treasury, central banks, and finance ministries (Terreblanche, 2015). The result was financialisation – rising financial sector assets in relation to productive values – accompanied by reduced overall levels and efficacy of real investment. Financial instruments and activities expanded, along with the prioritisation of shareholder value and, politically, a return to conservatism and commercialisation. The shift to neoliberal economic management placed more economic and social life aspects at risk, as volatility and financial instability rose (Ashman et al., 2011). In this period, treasuries and central banks amplified the ‘pro-cyclical’ process of financialisation by relaxing controls and many other financial sector regulations and (in the early 1980s) increasing interest rates and re-introducing fiscal austerity.

Tracing this evolution back to Britain, we have established that the Treasury did not adopt Keynesianism economic policies before or during the Great Depression because senior officials disagreed with Keynes' analytical and ideological stance (Booth, 1983). However, during the early 1940s, the British Treasury turned to Keynesian principles. The period was considered to be revolutionary in terms of economic policy-making. Following WWII, Britain faced high unemployment, rising salaries, and rising prices. Policymakers realised that capitalist investment decisions alone could not solve these economic crises, so they turned to Keynes' proposed measures of state intervention, such as fiscal and monetary policy, to boost aggregate demand and achieve full employment (Schott, 1982). Keynesianism was revolutionary in that it became acceptable, against orthodox tradition, that state intervention is necessary and that, rather than leaving everything to capitalist decision-making based on free-market principles, state expenditure can drive aggregate demand and solve social problems. At this point, the Labour Minister had a distinct mandate for economic planning, yet the Treasury initially influenced him sufficiently to block policies that contradicted the Treasury View. Treasury initially encroached on other departments' mandates (Peden, 1984).

The recovery process from the Great Depression in the 1930s placed treasuries at the centre of the global political economy. However, the shift was significantly social democratic in nature, as World War II provided the Left with much greater prestige because of defeating Nazism in Western Europe (Terreblanche, 2015). In the U.S., after Roosevelt's death, the much more conservative Harry Truman and Dwight Eisenhower were allowed to lead the state from the mid-1940s to 1961s, the process was slower. Thanks to Keynes, the 1944 Bretton Woods Agreement permitted financial repression. The neoliberal movement, which was led by Milton Friedman, didn't become more successful until the 1970s. This is when it pushed for free capital flows, independent central banks, and balanced budgets.

The revival of the Treasury View reflected the era of the early 1920s, with one exception: there was no attempt by policy-makers to revive the international gold standard – as was achieved in the 1920 Brussels and 1922 Genoa international monetary conferences (Helleiner, 1996) – or a quasi-gold standard such as the $35/ounce price set in the 1944 Bretton Woods agreement.

Helleiner (1996, p. 27) describes the Keynesian resurgence as “an important break with liberal traditions in financial affairs” at the same time most Western countries’ politics rejected orthodox economic doctrine. The rise of social democratic currents in European politics gave welfare states enormous legitimacy. The growth of states led to more redistributive policies with levels of social expenditure reflecting a commitment to de-commodification and redistributive policies, thanks to the consolidation of working-class power in both trade unions and labour-orientated political parties (Esping-Andersen, 1990). The change in fiscal policy would have unavoidably challenged treasury control and subordinated the Treasury View to a less powerful ideological position. Even though it was given important technical tasks, the shift meant that the Treasury had little effect on the larger political economy.

The diminishing power of the Treasury View reflected the new coalition of ruling social groups made up of labour leaders and Keynesian-minded state officials. In the past, it was hard for them to argue for policies that were different from the Treasury View (Peden, 1996).

In addition, rapid growth rates of output in the 1950s were associated mainly with monetary policy, a function of central banks when the nationalisation of central banks was on the rise. Rossouw (2016) argues that nationalisation was part of a big government approach in the aftermath of the Great Depression. It started in New Zealand when the state accepted responsibility for a wide range of functions in the economy. For example, France brought the Bank of France under increased public control and created a government financial institution to finance public infrastructure, contrary to the Treasury View (Elgie, 1998). The state’s involvement through monetary policy is suggestive of the weaker Treasury’s position within the broader political economy.

After the Great Depression, political and intellectual thinking gradually shifted from economic liberalism towards more economic control under state intervention, continuing the socialist domination. Between the 1930s and late 1970s, ideological tensions between the free West and the communist bloc formed the basis of the Cold War that started in 1947 and lasted until 1991, driving state intervention

(Terreblanche, 2015). The Cold War increased military spending for all involved, surpassing World War II. As crucial protagonists, the Union of Soviet Socialist Republics (USSR) increased total defence spending by 40% during the Cold War (Central Intelligence Agency, 1975).

Similarly, the Cold War also provoked the U.S. into drastic military and technological innovation spending, which led to fiscal and financial problems in the late 1960s and eventually a decline in power and prestige in the 1970s (Terreblanche, 2015) (Chernoff, 1991). In 1949, the US Congress approved defence appropriations about 20 per cent higher than those for the fiscal year of 1948. The expenditure increases were against U.S. Treasury wishes as they previously advocated for fiscal restraint and treasury control. Moreover, they had argued against increasing government expenditure earlier in 1944 at the Bretton Woods conference (Padayachee, 2018). Increasing government expenditure further undermined the influence of treasuries in the broader political economy.

The research study argues that the devastation of World War II, the Great Depression, and the shift towards more significant state interventions weakened treasury control in most European and Asian states. However, some evidence suggests that the same cannot be said for the United States Treasury Department. For example, Helleiner (1996) shows that the U.S. Treasury Department challenged orthodox financial thinking and curtailed bankers' power through centralised control over foreign exchange and trade. But this would be true of monetary policies, not necessarily fiscal policies, as the increased spending on the military shows.

The U.S. Treasury exercised more significant influence over monetary and overall economic policy. For example, the banking legislation promulgated in the 1930s reduced the independence of the U.S. Federal Reserves and gave the executive branch new monetary powers under the Treasury Department (Calomiris, 2010). However, Helleiner (1996, p. 32) further shows that the U.S. Treasury "remained largely wedded to orthodox principles in the 1930s". But there is enough evidence to show that more active and interventionist economic policies were in line with global trends at the time (Maes, 2008).

Nevertheless, there is sufficient evidence of more activist and interventionist economic policies aligned with global trends at the time (Maes, 2008).
The domination of politics over economics, particularly the “big state intervention” that undermined the global financial order, was not without resistance. The Bretton Woods was attended by delegates from 44 nations who felt that interventionist policies adopted by governments in the post-World War I period created an unstable international environment (Steil, 2014). The concern was that policies created high tariff barriers and competitive currency devaluation. The U.S. Treasury Department played a crucial role in convening the conference and setting its agenda. The conference resolved to create the IMF and the International Bank for Reconstruction and Development, but the policies that Keynes advocated for, which led to tighter exchange controls, were completely contradictory to what in the 1980s became known as the “Washington Consensus” (Helleiner, 1996).

Terreblanche (2015, p. 449) believes that “the IMF… was put in a position to recommend specific policies to be followed by their member governments in Western Europe in the interests of the free world’s financial stability”. Delegates expressed concern that the IMF would lack the necessary influence to prevent financial instability, which was a primary reason why the conference decided to establish the IMF and promote tighter exchange controls, tariff increases, and wage and price controls. In response to the concerns raised, the conference created many channels through which the IMF could influence the conduct of members: cooperative actions between the IMF and its members to keep the IMF informed; direct member representation in the IMF management; consultations and reports; and members committing to refrain from actions inconsistent with IMF operations (Gorski, 1945).

Terblanche’s stress on financial stability is credible insofar as experts who engaged in informal discussions and drafted resolutions drew several suggestions from the Genoa Conference of 1922, the object of which was to establish the stability of international prices. Resolutions on central banking were even more telling (Gorski, 1945). The conference resolved that “banks, and especially banks of an issue [central bank], should be free from political pressure and should be conducted solely on lines of prudent finance.” Resolution 7 and other recommendations called for a reduction in government expenditure (Gorski, 1945).

The resolutions adopted appear to have been in conflict with the Keynesian approach to employment creation through increasing public works and dealing with stagnation through higher state spending. Instead, the conference called for a reform of the annual budget to ensure that governments balance their budgets through expenditure reduction without creating credits that are not backed by new assets (Gorski, 1945). There was also anticipation of capital flight for political reasons, i.e., a desire by the rich and corporations to evade the burdens of social legislation and macroeconomic (Helleiner, 1996).

It is not surprising that delegates who attended Bretton Woods and its 1946 follow up in Savannah, Georgia, were mainly officials of treasuries and central banks. The centrality of treasuries and central banks was because the conference's focus was fiscal and monetary. Consequently, the creation of the IMF and the implementation of its policies depended on the members' treasuries and other institutions responsible for fiscal policy. The Articles of Agreement of the IMF state in Article 5 that "each member shall deal with the Fund only through its Treasury, central bank, stabilisation fund or other similar fiscal agency. The Fund shall deal only with or through the same agencies." The same applies to the International Bank for Reconstruction and Development. Terreblanche (2015) argues that the creation of BWIs placed the United States and [treasuries] in virtual control of the world economy – an IMF-Treasury complex. Keynes proposed a different approach – relatively generous credit to member countries that would maintain a high level of employment and a global 'bancor' currency, along with penalisation of countries running trade surpluses– something that would have challenged the IMF-Treasury complex (Nel, 1993).

The period after World War II saw high levels of sustained economic growth until the 1970s crisis, a period commonly referred to as the "Golden Age" (Glyn et al., 1990). (See Figure 4: Growth characteristics of the inter-war versus post-war period). Terreblanche (2015) argues that the social democratic consensus subordinated the interests of the capitalist class to the general interests of organised labour, trade unions, and society in general. Duménil et al. (2004) argue that popular forces, especially workers' movements worldwide, built a new majority electoral coalition. Duménil et al. (2004), Harvey (2007), and Klein (2008) have argued that nation-states were more independent during this period, and the share of profits and wages increased in favour of redistribution. The rise of social movements also unsettled the hegemony of the economic elites. Some evidence suggests that political domination over economics would have invariably subordinated state institutions that supported and protected the interests of economic elites, with the leading state institutions being the treasuries.

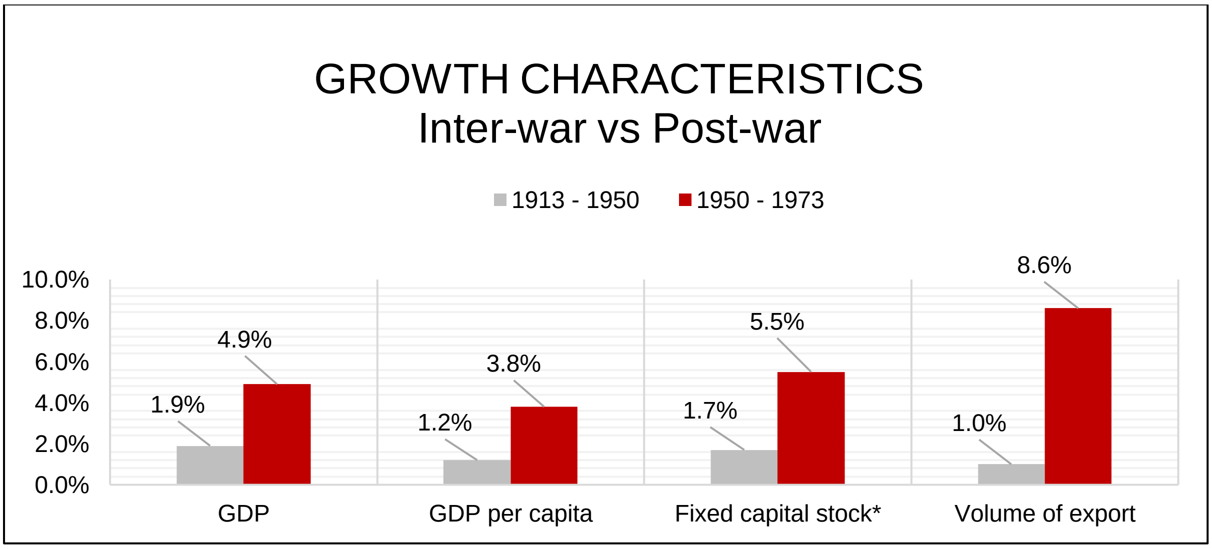

Figure 4: Growth characteristic of inter-war period vs post-war (1913-1950 vs 1950-1973) (Maddison, 1982)

Piketty and Saez (2003) demonstrate that there were high levels of inequality before this new coalition took power in Europe. It was a period dominated by private and central banks and influenced mainly by the Treasury View. However, a reduction in inequality occurred once expansive social policies were adopted in the late 1940s. The purchasing power of all income groups grew at a similar rate until the mid-1970s.

But global capitalist turmoil set in after the Golden Age ebbed. Harvey (2007), Jessop (1982; 2013; 2015), Klein (2007), Terreblanche (2015), and others agree that towards the end of the 1960s, the economy had stagnated, profits fell, inflation rose, and a series of recessions occurred. While the creation of BWIs would have positioned treasuries to occupy a position of influence in the broader global political economy in the future, there is limited evidence to suggest that it happened in the 1940s to 1960s.

6. Treasuries during the neoliberal era

There were other sites of resistance than the BWIs to state interventions and socialist-orientated policies. Harvey (2007, p. 21) observes that “in the U.S. in particular, a powerful group of wealthy individuals and corporate leaders who were viscerally opposed to all forms of state intervention and regulation, and even to internationalism, sought to organise opposition to what they saw as an emerging consensus for pursuing a mixed economy”. The meeting and formation of the Mont Pèlerin Society, which was founded in 1947, is one such example. The worry in their founding statement that there was a decline in Western society’s belief in private property and the competitive market.

The desire to roll back working-class power generated new political strategies and undertakings by the capitalist class in the early 1970s. The broad economic crisis setting in was made worse by the oil embargo and resulting price hikes, runaway inflation, and rising unemployment, i.e., “stagflation” Terreblanche (2015, p.137) concludes that “the emergence of neoliberal globalism as an ideology [in the 1970s] was nothing but an ideological coup d’état by the capitalist class”. Labour and the general interests of society were ultimately submissive to the class interests of the capitalist elite amid a crisis of overaccumulation.

In 1971-1973, Richard Nixon and U.S. Treasury Secretary John Connally launched a campaign against the Bretton Woods agreement in the United States. As a result, the United States opted to break up the postwar Bretton Woods agreement and suspend the convertibility of the dollar to gold, as well as wage and price restrictions, in order to deal with a massive balance of payments deficit, sluggish economic development, and growing inflation (Lehrman, 2011). The “Nixon Shock” event was part of a series of events that heralded the introduction of neoliberal ideas into the American state apparatus.

For example, Valdé and Martini (2014, p. 26) show that the 1973 “coup d’état of a democratically-elected socialist president of Chile, Salvador Allende, by the armed dictator Augusto Pinochet, was both ideological and political”. Allende, supported by the Marxist Minister of Economics, Pedro Vuskovic, had begun the nationalisation of private companies and land redistribution (Faundez, 1980). After the coup, Chile followed neoliberal authoritarians when a Chicago-trained economist led an overnight transformation of Chile into a free-market paradise, privatising all state assets. The coup made Chile more open to foreign investment and less reliant on government interventions. It also made it possible for neoliberalism to move from an idea to policies and practices (Harvey, 2007).

A 1976 debt crisis led the minority Labour U.K. government to borrow US$3.9 billion from the IMF. Bracking and Harrison (2003) argue that the IMF bailout conditions, such as cuts in public spending and a rise in the interest rate, represented an ideological coup d'état by the capitalist class. The coup paved the way for the re-emergence of treasury control and monetary targeting by the central bank, reflecting the shift in power and the imposition of an early version of neoliberal ideology. This process continued the transformation of ideology into policies and practices.

In the U.S.A., in an attempt to deal with inflation and restore the value of the fast-failing dollar, the U.S. Federal Reserve under Paul Volcker increased prime lending rates from 7% in 1976 to 19% in 1981. Hager (2012) and Panitch and Gindin (2009) consider the move significant in the evolution of neoliberalism. In contrast with classical liberalism, as Mirowski and Plehwe (2015, p. 18) argued, neoliberalism encouraged a "strong state as both producer and guarantor of a stable market society". The transformation Harvey (2007) describes neoliberalism as a situation where the state plays a central role in reconfiguring the economy and society. The state was needed to guarantee a functioning market. In this way, the role and significance of neoliberal policies rest on state institutions, and treasuries are critical institutions. Majone (1994) says that the state and policy-making are necessary for the market discipline and regulatory system, which is a way to encourage the marketisation and commodification of services. This is the role that treasuries have since played.

As countries turned to neoliberal policies in the mid-1970s, either through overhaul or piecemeal policy reforms, the IMF-Treasury complex began experimenting with structural adjustment programmes favouring neoliberalism (Harvey, 2007). The mid-1970s was a period that coincided with the financialisation of a global economy in which countries witnessed the increasing role of financial motives, financial markets, financial actors, and financial institutions in the domestic and international economies (Epstein, 2006). Epstein (2006, p. 4) argues that “in the mid-to-late 1970s and early 1980s, structural shifts of dramatic proportions took place in several countries that led to significant increases in financial transactions, real interest rates, the profitability of financial firms, and the shares of national income accruing to the holders of financial assets.”

The shifts signified a reassertion of financial hegemony starting in the late 1970s following a period in which politics dominated economics. It was a decisive shift from Keynesianism towards free-market fundamentalism. The shift is likely to have strengthened treasuries’ power in the financialised global economy as part of neoliberal restructuring (Kotz, 2008). Institutional reforms in the financial sector were an effort to increase broader competitive capitalist strategies for innovation and expansion, which further strengthened treasury powers. One critical reason for treasuries’ renewed centrality was their role in managing national debts (Sarai, 2009). Sarai (2009) argues that the process contributed to globalising American, including the U.S. Treasury’s role in managing the dollar globally, influencing the global economy.

Moreover, the U.S. Treasury sets globally accepted practices and positions of treasuries in the broader political economy. For example, U.S. Treasury Secretary Nicholas Brady launched an initiative in 1989 in which the U.S.A., together with the IMF and World Bank, sought to bring under control Third World international debt and introduce economic policy reform (Frenkel, 1989). Through the Brady Plan, the U.S. Treasury began to dictate terms of borrowing and economic policy reform, while using leverage of financial support for voluntary debt reduction. The Brady Plan took a similar character to an earlier U.S. Treasury Secretary James Baker Plan, which sought to foster closer relationships between commercial banks and debtors; a broader role of the World Bank; and a drive for economic growth through Washington Consensus economic policy reform (Bogdanowicz-Bindert, 1986).

After the 2008 financial crisis, a refreshed approach in political economy literature critically sought to distinguish between neoliberalism and financialisation. Davis and Walsh (2017) argue that the creation of money in the market, the transactional basis of finance and other financialisation-related areas that characterise financialisation create a microclimate for financialisation in which culture, epistemology and practices develop autonomously from neoliberalism. However, it is not always clear how neoliberalism and financialisation differ, yet in all these, the centrality of treasuries is clear, as shown below.

It is evident from Davis and Walsh (2017) and Epstein (2006) and others that at the core of concepts and phenomenon of neoliberalism and financialisation, there is to be found enormous state influence, particularly in treasuries.

According to Davis and Walsh (2017), Epstein (2006), and others, at the heart of the concepts and phenomena of neoliberalism and financialisation is enormous state influence, particularly through treasuries. Trampusch (2018) shows how financial elites in New Zealand and Ireland persuaded Treasury officials to bring financial market logic into government debt management reform. The financial market logic of government debt management is an essential aspect of neoliberalism and financialisation. New Zealand is an example of the finance-state intersection that blurs the distinction between neoliberalism (as an ideology and policy orientation) and financialisation (as banking-sector power and excessive growth). The state deregulates in line with neoliberal policies, leading to an expansion of global financial markets and fostering financialisation (Dutta, 2017) (Fastenrath et al., 2016). As a result, finance and treasury state interests coincide.

More than finance and state interests coinciding, placing treasuries at the centre of the global political economy, the financialisation of sovereign debt management has also entrenched neoliberal governance as governmentality, such as by purchasing distressed debt on the secondary market for a fraction of its full value with the goal of recovering the entire value through litigation. Firstly, financialisation has created an over-reliance on financial markets (Mosley, 2000). Secondly, depoliticisation is adopted as a sense-making framework grounded in financial economics, favouring sovereign ratings, and post-politicisation naturalises financialisation (Fastenrath et al., 2016).

The financialisation and centrality of sovereign debt management gave rise to credit rating agencies, which became influential over treasuries. Also, treasuries began to use credit rating agencies as a scaremongering tactic to introduce neoliberal policies with minimal or no contestation. Thus, treasuries can introduce contested policies as though their proposals are governed by marketable debt instruments, interest rates on bonds, and sovereign refinancing as a tool to develop financial markets and broaden the investor base in a deregulated environment. When controversial and contentious policies are introduced without opposition, treasuries have a lot of power in the political economy.

While treasuries or states broadly succumb to financial-sector influence to introduce neoliberal policies, there is some evidence to suggest that, in some instances, treasuries pursue their own economic and financial motives to manage debt, their sovereign rating, and austerity policies. Treasuries do this through their influential role within the broader political economy and sense-making frameworks with the support of the BWIs and credit rating agencies. For example, some credit the Treasury in New Zealand with public sector financial reform in the 1980s, underpinned by clear economic theory without evident influence from the financial sector (Newberry & Jacobs, 2007).

Another widely studied example is the British Treasury and economic policy-making during the 1975 IMF crisis. There is some evidence to show that the British Treasury adopted an austerity approach and a monetarist perspective even before the involvement and influence of the IMF (Ludlam, 1992; Wass, 2008). However, Ludlam (1992) shows that treasuries pursue their own economic and financial motives even if this is the case. Therefore, it is not farfetched to argue that pursuing these economic and financial motives is intended to seek approval from the financial sector. Again, it is a case of jumping before one is pushed. Adoption of neoliberal policies and endorsement by BWIs has implications for credibility in the borrowing market, a crucial part of how nation-states raise funding to address budget deficits and manage repayments.

The finance-state nexus and the influential role of treasuries in the broader political economy are made possible by the revolving door phenomenon – a "movement of people into and out of key policy-making posts in the executive [particularly treasuries and central banks] and legislative branches and regulatory services" (Miller and William, 2009, p.8). Brezis and Cariolle (2018) argue that "a high concentration of revolving door movement from firms to public agencies, and from public agencies to firms, indicates that…. bureaucratic capital mostly accrues too few firms, thereby inducing a high risk of state capture."

Today, treasuries play a far more significant role through their financial and fiscal functions in shaping and influencing domestic economic policies and regional and international trade relations in the broader political economy. For example, in the U.S.A. – the world's largest and most influential economy – the Secretary of the Treasury (a leading cabinet-level position in the United States federal government) is considered a principal advisor on economic issues. The influence includes making domestic and global economic policy recommendations and making the U.S. a central player in the broader global political economy. The role of treasuries falls within a complex web of financial and fiscal functions in a highly financialised global economy (Thirkell-White, 2006).

Rules and regulations often define budget management, accounting and reporting policies, internal control, and audit functions. Economic and fiscal policies are less defined. These are functions of broader politics in society as well as intergovernmental fiscal relations. There are often sharp contradictions over the financial management of state-owned entities, privatisation, and relations with international financial organisations such as the IMF, World Bank, lenders, and credit rating agencies. But other parts of economic policy, like trade, industrial development, and helping small businesses, are handled by ministries that are not part of the treasury.

In most countries, treasuries are responsible for overall economic policy. In addition to being involved in all other functions through budget management and all regulatory functions, the task of coordinating economic policy puts treasuries in a unique position. Furthermore, the control of overall economic policy gave treasuries more significant influence in some countries than in others. Lastly, different terminologies are applied to treasuries from country to country. In some countries, treasuries are called the “Ministry of Finance”, the “Department of Finance”, “the Department of State Expenditure”, the “Treasury”, the “Ministry of Economy, Planning and Finance”, or the “Ministry of Development, Economy and Finance” (World Bank, 2013).

7. The “Anti-Political” Character of Treasuries, depoliticisation and post-politicisation

The word “anti-politics” is widely used in socio-political literature dating back to Foucault’s works and more prominently in the early 1990s. Mete (2010) observes that the term “anti-politics” is used to discredit politics with negative connotations almost all the time. However, the concept of “anti-politics” has multiple meanings. There are three different meanings that are commonly cited. First, it is an aversion to politics; the second is indifference/non-involvement; and the third refers to the undesirable effects of specific political actions (Mete, 2010). Also, the idea of “anti-politics” has both conceptual and terminological parts, which makes it weaker as an analytical tool.

Applying the concept of anti-politics relatable to the study within the depoliticisation and post-politicisation theories requires understanding how treasuries seek to make politics the least important factor in decision making. In practice, it entails the advanced sense-making frameworks of technocrats instead of politically engineered solutions, particularly during crises. Schedler (1997) constructs the notion of anti-politics in more than simplistic terms – a shift of emphasis from electoral mandates to deliberate policy-making. Mastropaolo (2008 as cited by Mete, 2010) observes that technical experts and economic elites were at the forefront of economic modernisation with authority expropriated from the political class. Sometimes it involves appointing a different kind of political cadre from the professional politicians with no prior political experience at a national level.

The budgetary work of treasuries generates conflicting relationships with other state institutions, particularly where treasuries exert budgetary control. Hadley and Wellam (2016, p. 7) describe this as “the finance ministry challenge function,” where treasuries are involved in the overall work of governments and engage with other government departments to understand the work and funding required. In practice, this means that treasuries will ask for information from line ministries, understand the scope and cost of policies and programmes, and play a more significant role in deciding whether funding is available or not, and in doing so, set government priorities.

Suppose there are disagreements in terms of government priorities and the allocation of resources. In that case, the Treasury often plays a more significant role in resolving disagreements through its budgetary control function because it is perceived as not politically vested in how expenditures occur. According to the Collaborative African Budget Reform Initiative (2008) budget survey, in ten out of 26 African countries, treasuries were the ones that resolved budget disagreements, followed by the Cabinet and some form of a ministerial committee. In addition, treasuries also scrutinise expenditure to ensure that it is according to allocation parameters. All these functions put treasuries on a collision course with other key players within the broader political arena and deploying anti-politics posturing is often a form of protection.

Historical accounts show that the character and work of treasuries around the world have not always been inherently anti-political. On the contrary, there is evidence to show that treasuries may have gone through a process of depoliticisation and post-politicisation through experience and institutional reconfiguration. The process of depoliticisation and post-politicisation is much more like how treasuries changed as the capitalist class came up with new ways of thinking, new political strategies, and new things to do in the 1960s and 1970s.

According to Burnham (2001), the significant changes that happened between the 1960s and 1980s, included granting more freedom to market operators through liberalisation initiatives. As a result, governments, particularly treasuries, use increasingly weak controls on capital movements to prevent contagion of major international financial crises (South Africa in 2008-09 was an example of the merits of residual exchange controls), at a time when they are also implementing pro-market policies to gain market credibility. However, this does not mean that when treasuries have gone through depoliticisation, politics does not play a central role in decision making. Flinders and Buller (2006, p. 296) characterise the process of depoliticisation "as a misnomer because politics remains present in these institutions". What changes is the process followed to make decisions, including shifts in places where decisions are made and in decision-making incentives.

On the one hand, technocrats in treasuries are insulated from popular domestic political pressure (and again, South Africa proves this during the 2010s' episodes of extreme turbulence). On the other hand, depoliticisation and post-politicisation insert these officials within global politics, through formal and informal mechanisms (Copley & Giraudo, 2018). Islam and Kucera (2013, p. 9) describe these technocrats responsible for macroeconomic policy as guardians of stability (notwithstanding their deregulatory and often risky ideology), tasked with upholding the principles of pro-market policies connected to the global political agenda of structural reforms. For example, IMF Article VI is one of the formal mechanisms that puts the treasuries of member states within global politics, so as to maintain a functional relationship between member states and BWIs. It is one of the few parts of the agreement that hasn't changed significantly since the IMF was created.

The other formal mechanism that places treasuries into global politics is the IMF Financial Sector Assessment Programs (FSAPs). The IMF introduced FSAPs that make it mandatory for countries with systematically critical financial sectors to undergo assessment under FSAPs. According to the IMF (2021), FSAP is used (1) to gauge the stability and soundness of the financial sector and (2) to assess its potential contribution to growth and development. Given how financialised the global economy is, such instruments place treasuries through member state participation to be responsible without being restrained by domestic politics. Both Article VI and

FSAPs are part of the depoliticisation of policies adopted by the government and regulating important sectors such as the financial sector. Other examples of informal mechanisms to depoliticise institutions in a highly financialised global economy involves the influence of rating agencies and borrowing institutions through ratings and borrowing requirements. These platforms promote the anti-political character of treasuries.

Treasuries can be considered super-ministries. The concept of super-ministry emerged from the Weberian tradition and case studies on developmental states that stress the importance of coordinating/super-ministry to achieve successful economic outcomes (Chang, 1994). In addition, Chang (1994) believes that ministries like treasuries that are elevated to a status of super ministries shape overall direction of countries' economies. However, throughout history, different ministries have played the role of super-ministry, and sometimes, there has been a mirage of super-ministries.

8. Conclusion

The chapter considered the emergence and rise of treasuries from the British Treasury's origin to contemporary times, so as to illustrate how the Treasury occupies a central position in the broader political economy. The chapter also looked at the evolving functions of treasuries. The chapter looked at the finance-state nexus, particularly the relationship between treasuries, the Treasury View ideology and tensions within capitalism, including over-accumulation crises. The chapter concluded by looking at Treasuries during both the post-war Keynesian order and under neoliberalism, focusing on treasuries' "anti-political" character. The next chapter addresses the history of the South Africa Treasury and seeks to locate it within the context of international finance.

CHAPTER 4 – HISTORY OF THE TREASURY

"*I have observed with growing apprehension a tendency to regard the Railway Administration as something entirely apart from government*" – Hull (1912, p.2818)

1. Introduction

This chapter pieces together Treasury's lineage through South Africa's complex history. The Treasury's functions, powers, and institutional design have changed since the Union of South Africa was established in 1910, bringing together the various pre-existing colonies and informal states in a white-ruled national government that excluded Africans. To write about the Treasury's history since then, you'd need to do research that crosses gender, race, ecology, and class. This would include social struggles and institutional changes that shaped the state, the origins of ruling-class ideas, and the development of economic policies.

The chapter deliberately limits itself to a history that gives background context for the Treasury that is not documented. So, this chapter only talks about parts of the Treasury that are important to show how South Africa's political economy has changed over time and how the Treasury rose to a powerful position in South Africa's political economy.

The chapter begins by locating the Treasury within South Africa's broader contestation over state formation in the early days of the formation of the Union, starting in 1909. Then, the chapter explores the complexities between the brief South African Depression of 1930–32 and the early 1970s, when the state assumed a central role in the economy and the emergence of ideas, politics, and policies towards neoliberalism. Lastly, the chapter considers contestations of economic policy reform in the 1970s and 80s. Later, these would entrench Treasury's powers and influence within South Africa's broader political economy. The history of the Treasury is the backbone of the story in the following chapters. This is done by putting the history into time periods based on transitions and the adoption of key economic policies.

2. History of the Treasury

Today, the Treasury and internal departments have names aligned to known functions, with a clear division of responsibility and influence by speciality area. However, as shown above, governments call departments responsible for fiscal and monetary policy by different names and with different political heads and politicians, who are not always finance ministers. So far, the research study has always used the word “treasury” to refer to the institutions in South Africa that are in charge of fiscal and monetary policy. These institutions have had different names, such as the Department of Finance, Department of Expenditure, or the Treasury.

Notably, the history of the Treasury hardly features in existing political economy literature. Also, a recent history of the Treasury written by Ivor Chipkin and scholars from the Public Affairs Research Institute (PARI) lacks scientific rigour because it doesn’t place the Treasury of today in the context of a long and contested history that changed the way the institution was set up over time. Apparent attempts to study the Treasury or any of its reforms in detail relied heavily on one-sided, uncontested interviews by Treasury senior officials. As a result, they placed the Treasury on the pedestal as a symbol of success or a model of a capable state institution. It doesn’t matter how bad the Auditor-General’s annual report is about wasteful, unapproved, and reckless spending (Auditor-General South Africa, 2021).

The Union of South Africa came 40 years after the discoveries of diamonds in Kimberley and gold in the Witwatersrand. The export of raw materials drove South Africa’s economy to the benefit of institutions of imperialism and Western industrialisation, at the expense and prejudice of black Africans (and indentured Indian sugarcane workers), exploited as cheap labour. The railway lines from South Africa to Malawi, Zimbabwe, Mozambique, Lesotho, etc., were critical for mine worker recruitment (Terreblanche, 2002). The development of railway infrastructure was at the centre of the British empire-building exercise. Gwaindepi and Siebrits (2020) show that the Cape Colony allocated over 80% of the public works budget to railway infrastructure before unification. When the South Africa Act of 1909 was written, it was important to show that the political and economic elites had a lot in common. This shows how much public money was spent on rail development, which shows how important it was to show that these two groups had a lot in common.

Mining interests, particularly gold mining companies amidst Britain’s myriad economic problems in the early 1900s, drove the creation of the Union of South Africa. The failure to harmonise railways was a significant threat to Johannesburg’s gold mines, considered a British jewel (Leacock, 1910; Terreblanche, 2002). The railways’ strike of 1912 concerned railway administrators and threatened the Union of South Africa (Union of South Africa, 1914). In the post-World War period, the railway industry faced a difficult period, interrupting imperial endeavours. Thompson (1960) describes how, between 1902 and 1908, after the signing of the Peace Treaty of Vereeniging, it became apparent to all provincial colonies that there were severe problems related to railways, defence, and socioeconomic problems that needed a combined front.

Terreblanche (2002) and others have studied the economic and financial history of South Africa prior to 1909, focusing on early capitalist crises, the financial-mining nexus in the 1870s and 1880s, and the relationship between colonial policies and economic performance. Gwaindepi and Siebrits (2020) looked at the budgetary policy of the Cape colony again. During the early years of the Union of South Africa, the Treasury spent most of its time bringing together fragmented provincial treasury systems. As a result, the fiscal and financial systems consolidated into one Treasury system at the formation of the Union of South Africa were fragmented. It will take dedicated archival research to piece together this important story of independent colonial treasuries before unification, work that is beyond the scope of this research study.

The chapter studies the history of the Treasury through the following political economy areas:

(1) The railways and South Africa political economy,
(2) Treasury struggle to establish control,
(3) British influence over Treasury,
(4) The emergence of economic planning in the state,
(5) Contestations over economic policy reforms within the state.

2.1. The railways and South Africa political economy

The discoveries of gold, diamonds, and other mineral resources have long shaped South Africa's political economy and the development of infrastructure and fiscal systems (De Kiewiet, 2021). The centrality of railways for the British and local capitalists placed the Ministry of Railways and Harbours at the centre of South Africa's political economy during the unification period. According to Alfred Milner, a British colonial administrator and Governor of the Cape, "[he] did not see how the policy of railway development throughout South Africa could be otherwise than greatly retarded by the fact that, under the present system of four separate administrations, the benefit to the country generally of any new line is constantly obscured and thrown into the background by considerations of its effect upon the competitiveness of the country." Railway infrastructure was an essential part of the intersecting sociospatial networks of colonial powers.

On May 21st, 1912, Louis Botha, the Union of South Africa's first prime minister, informed the House of Assembly that Henry Charles Hull, the Union of South Africa's first finance minister, had resigned, an announcement followed by Hull's resignation statement in Parliament (Union of South Africa, House of Assembly, May 21st, 1912, col. 2275). In his formal statement, Hull cited two reasons for his unexpected resignation. He felt he could not continue as finance minister (Union of South Africa, House of Assembly, May 21st, 1912, col. 2777). First, he confessed that he was not consultant enough as finance minister and head of the Treasury. Second, he did not think that the Union had adhered to the South Africa Act of 1909[10]. He argued that the Cabinet had not adhered to the Act since unification and had failed to heed his consistent warnings. One specific problem was that the railway and harbour budget accounted for 30% of the country's budget, and the Cabinet could not manage it as if it was not part of government administration (Union of South Africa, House of Assembly, May 21st, 1912, col. 2276).

Hull's resignation and subsequent budgetary contestations require an understanding of the context of Jan Smuts' letter to AB Gillert. In the letter, Smuts (Hancock & Van der Poel, 1966, p. 533) wrote, "I do not know whether I told you before that Hull and [Jacobus Wilhelmus] Sauer had such squabbles in the Cabinet that Hull resigned, and I am now responsible for our finances." Even though he agreed that Hull was correct on the merits, he may have incorrectly characterised earlier debates over fiscal policy as a mere squabble if not considered within the context of the broader political economy (Hancock & Van der Poel, 1966).

However, contestations between Hull and Sauer defined Treasury positionality and led to the institution's minimal influence in the broader political economy during the early stages of state formation. The mining industry's political interest in the Cabinet and private sector undermined the Treasury by Hull's account. Calitz argues that the institution played a vital role in South Africa's political economy as long as the Treasury was responsible for critical technical functions, including monetary policy (Calitz personal communication, 29 April 2021). As shown in the previous chapter, monetary policy played a significant role only after the union of South Africa and the establishment of the South African Reserve Bank in 1921. In an era when fiscal policy was based on a balanced budget, the Treasury was not in charge of important technical functions.

[10] The South Africa Act of 1909 brought four previously independent colonies, i.e., Cape of Good Hope, Natal, the Transvaal, and the Orange River Colony, into a union. The British empire assumed the appearance of a central nucleus (Leacock, 1910).

Sections of the South African Act of 1909 illustrate the positionality of the Treasury. Section 117 of the Act of 1909 stated, “all revenues, from whatever source arising, over which the several colonies have at the establishment of the Union power of appropriation, shall vest in the governor-general in council.” However, the Act of 1909 established the railway and harbour revenue funds. Section 117 of the Act of 1909 stated that “there shall be formed a railway and harbour fund, into which shall be paid all revenues raised or received by the governor-general in council from the administration of the railways, ports, and harbours, and such fund shall be appropriated by parliament to the purposes of the railways, ports, and harbours.” The Act of 1909 basically gave railways, ports, and harbours more importance than manufacturing, farming, and social services (Gwaindepi & Siebrits, 2020).

Furthermore, section 125 of the Act of 1909 made it clear that “no railway for the conveyance of public traffic, and no port, harbour, or similar work, shall be constructed without the sanction of parliament.” The Act of 1909 also gave the Comptroller and Auditor-General powers to inspect and approve proposals for constructing any rail, port, or harbour where the Board of Railway Administration believed the revenue derived from such works or line operation would be insufficient to meet the costs of work or maintenance. The Act of 1909 entrenched the railway-minerals complex in the broader political economy at an early stage of unification. Hull (House of Assembly, May 21st, 1912, col 2777) suggested that the Cabinet treat the Railway Administration as though it was not part of the government and had no collective responsibility.

At a considerable cost to the fiscus, railway administrators adopted an extensive programme of work involving relaying, re-grading, and altering existing lines. However, according to Hull (House of Assembly, May 21st, 1912, col. 2777), neither Parliament nor Cabinet inspected an approved extensive programme of new railway construction when they were supposed to. Hull’s main contention was that such expenditure on railway infrastructure was without the Treasury’s approval, let alone parliament or cabinet approval. He believed that he was supposed to know about all the railway plans that had a financial impact on the fiscal policy if the Railway Fund did not have enough resources and he could be required to provide additional resources. However, neither Hull nor the Treasury had the facts to make an informed decision. In this situation, Hull's resignation does not look like a "little squabble," as Smuts says it was.

Instead, it supports the argument of the contestation of overlapping political and economic interests in line with the extractive colonial economy. Hull's failure to persuade the Cabinet indicates a lack of treasury control and subordination of the Treasury, comparative inexperience in parliamentary politics, and no political following besides Prime Minister Botha's close ally. Even when Smuts, a senior and powerful Cabinet member, was in charge of the Treasury, there is no evidence that he was ever able to get a handle on how much money was spent on railways and harbours.

In the post-World War period, white poverty was a significant problem for the railway industry as an important public works site. The railway industry employed whites to address the poor white problem. Unfortunately for the railway administrators, white workers' employment costs were much higher than black workers' (Davies, 1976). In May 1907, white mineworkers went on strike for higher wages and more positions to replace black Africans (Katz, 1995). By 1908, the railway administration had begun replacing black workers with whites, which cost the railways an additional £90,000 per year (The Round Table, 1929; Thompson, 1960). According to Lipton (1985, p. 38), "between 1924 and 1933, the number of whites employed by South African Railways rose from 4 760 to 17 783, or from 10 per cent to 39 per cent of employees, while the number of blacks fell from 37 564 to 22 00, or 75 to 49 per cent." Railways' problems got worse because there was a big difference in how much money each rail company made in each province.

The Act of 1909 made it clear to keep the administration of railways and harbours separate from the general administration, provisions that undermined any efforts to build treasury control. During the expenditure deficit in 1914, Merriman wrote to Smuts to warn him that unless he considered rigid financial control over expenditure, particularly the expenditure of provinces, the country would be bankrupt (Hancock & Van der Poel, 1966). The provinces kept asking for subsidies as the expenditure on the union continued to rise unduly due to a lack of treasury control. In 1914, John Merriman said it was a bad idea for Smuts to be in charge of both defence and finance with a looming financial crisis. He said this because defence costs tended to go up when the Treasury was weak and when there was a war going on (Hancock and Van der Poel, 1966).

2.2. Treasury struggle to establish control

Evidence suggests that the Treasury attempted to strengthen control in early 1922 to reduce expenditure, which was not all successful but a reflection of earlier contestations that shaped and framed the Treasury’s role in South Africa’s political economy. Henry Button was a finance minister between 1915 and 1920 and 1920-1924. He believed that the government must reduce expenditure, which would be a great service any government could give to its people if implemented successfully. Button calls led to efforts to centralise state finances in early 1923. There were glimpses of success. For example, because of Button’s efforts, the Cape Province reduced expenditure through salary cuts in 1924.

However, not all provinces agreed to reduce expenditure, particularly on education, which continued beyond set limits. At that time, 75 per cent of provincial budgets were allocated to education (Button, 1920). The Treasury called for the centralisation of education at a national level. However, provinces rejected the move to take over education. In the absence of control over education expenditure, the Treasury could not establish control over expenditure. The Treasury tried to get control in the past by taking away the Transvaal’s ability to collect taxes. Even though all four provinces agreed in 1909 to stop collecting taxes, the Transvaal continued to do so until well after 1912.

Calls for fiscal restraint continued into the early-1920s, aligning South Africa’s public finances with international trends. In 1925, Smuts believed that provincial extravagance was due to the absence of a central administrative authority to control the expenditure of the money voted for by a central legislative authority (Hancock & Van der Poel, 1966). He said this in recognition of the Treasury’s weaknesses. The research study argues that between 1910 and the early 1920s, the Treasury spent most of the time consolidating fragmented provincial treasury systems. As will be shown later, the work of the Treasury in the first ten years shows that it was basic administrative work. According to the Round Table (1930, p. 199), “for a long time past, an uneasy suspicion, growing now to a conviction, has been abroad that control of expenditure has been slipping out of parliamentary hands.” The move would inevitably affect efforts to establish treasury control.

In 1929, the Cabinet established an economic committee on the recommendation of the finance minister to review all expenditures. There is no evidence that the committee’s work led to any institutionalisation of treasury control. However, searching for the committee’s work or recommendations led to a deadlock. The previous chapter shows that treasuries’ ability to establish treasury control depends on the parliament’s ability to control expenditure even though the latter is a legislature and part of the government. For example, the British Treasury struggled to control expenditure in the mid-1800s because Parliament failed to establish control. Likewise, the South African Parliament failed to institute expenditure control as the executive delineated its powers. The Treasury also couldn’t limit spending because it was focused on putting together disorganised provincial treasury systems and because parliament didn’t have good control over spending.

However, the Treasury’s efforts to reduce expenditure and strengthen treasury control between the late 1920s and mid-1930s were unsuccessful, despite calls from the business community. Parliament continued to increase budgets and voted away to the provinces one-fifth of the national revenue without demanding control measures or supporting measures to strengthen treasury control through legislation. Between 1910 and the years preceding World War II, treasury functions were modest, mainly clerical work of revenue inflow and expenditure estimates and managing public debt.

For the finance minister, the priority was the previous year’s budget, which would result in additional expenses and whether to introduce, increase or reduce taxes to balance the budget. Neither treasury control nor economic theory to influence public finances were factors in the broader work of the Treasury. In this period, the politics of constituencies reign supreme over the Treasury View, particularly fiscal discipline, and treasury control.

Post-World War II, the Treasury emerged with efforts to strengthen control over expenditure. By 1938, Nicolaas Havenga had been the finance minister for nearly fourteen years. His tenure thus far has made him the longest-serving finance minister since the creation of the Union of South Africa (Holloway, 1954). Despite being considered a traditional conservative, sound and cautious financier, expenditure was allowed to increase beyond budget limits (Browne, 1983). However, in the late 1930s, faced with a choice of extending social services, reducing taxes or reducing debt, Havenga opted to reduce public debt. Havenga had the character and intention to establish treasury control. He saw uncontrollable public expenditure as having an impact on democracy.

Havenga (1938, para. 5) made this assertion and argued that:

> *"increased state services are always welcomed by the public. But only in so far as we can afford them, they improve our lot. Finance is the Achille's heel of democracy and the growth of public expenditure leads, not as the previous generation though, to socialism in our time, but as we now know to totalitarians and dictatorship. Only that democracy will survive which succeeds in striking a true balance. Increasing expenditure means inevitably increasing bureaucracy, increasing interference in private life and decay of liberty".*

There is some evidence that Havenga could exercise some form of treasury control. For example, he described the 1938 proposed budgets forwarded to the Treasury by spending departments as having "reached dangerous proportions," and it was "only by the process of drastic cutting that [the Treasury] was able to reduce the program to financially manageable proportions." However, there is no evidence that even the longest-serving finance minister established firm treasury control 30 years after the creation of the Union of South Africa (Holloway, 1954).

Part of the explanation for the failure to establish control in the post-World War II era was a global shift towards expansionary fiscal policy, as shown in the previous chapter. Governments began to grow together with public expenditure and interventionism to rebuild the economy. Havenga was considered someone who enjoyed Prime Minister Hertzog's complete confidence and was an excellent finance minister. Havenga's loyalty to General Hertzog was the loadstone of his political career. Because of this, among other things, it's possible that prime ministers put political constituencies ahead of treasury control. As a result, Havenga failed, despite his qualifications, while South Africa followed the lead of other countries and adopted an expansionary fiscal policy.

Since unification, all finance ministers have been close and loyal to prime ministers. Hull, the first finance minister, was considered close to Prime Minister Louis Botha. In support of Smuts' efforts to consolidate his government's position, Hofmeyr acted as Prime Minister in the absence of Smuts. These dynamics persisted until 1994, when Derek Keys, was appointed finance minister in Nelson Mandela's cabinet as an outsider in the ruling party. Calitz agrees that unless the finance minister and president agree on treasury control, it will be difficult for the Treasury to succeed (Calitz personal communication, 10 May 2021).

2.3. Britain's influence over Treasury

The British Treasury had a great deal of administrative authority in the American colonies in the 1700s. However, by 1900, there was a principle that colonial governments had to be financially and administratively independent and self-sufficient, which governed relations with the Crown (Mae, 1960). Terreblanche (2015, p. 47) argued that this form of "imperialism reduces colonialism's political costs and liabilities by maintaining a façade of nominal political independence in the exploited countries". for as long as the independence and self-sufficiency of colonies did not interfere with the principal advantage. The Crown could derive from her colonies and entrusted parliaments with regulating the relationship between the British Empire and its colonies. However, South Africa adopted the Westminster model of governance and judicial reform that governed public finances and orthodox institutional practices. At the point of unification, all four colonies' public finances were governed by the Exchequer and Audit Department acts, influenced by the British Exchequer and Audit Department Act of 1866 and subsequent amendments (De Villiers, 1929). The reliance on British legislation was influenced by the Cape Colony that mirrored Westminster, and the Union of South Africa mirrored the Cape province at large.

The Exchequer and Audit Department Act of 1866 placed the Treasury under the influence of the Comptroller and Auditor-General (De Villiers, 1929). The Comptroller and Auditor-General had powers that the Treasurer did not have. The positions of Comptroller and Auditor-General evolved but remained within the tradition of the Comptroller of the Exchequer, who had the duty to record receipts and played an essential role in the issue of funds. The Comptroller and Auditor-General enjoyed quasi-judicial status and were only answerable to Parliament. The person appointed as Comptroller and Auditor-General had a role in issuing parliamentary grants combined with audit functions and the capacity to penetrate the internal workings of government departments, something that the treasurer was unable to do, which gave the Comptroller and Auditor-General some position of seniority.

However, the Act of 1866 overturned the power relationship between the Comptroller and Auditor-General and the British Treasury. Roseveare (1973) shows that before the enactment of 1866, the Comptroller and Auditor-General had superior powers compared to the Treasury as it was responsible for approving proposed expenditure against parliamentary grants. Bridges (1964) shows how the relationship between the Comptroller and Auditor-General was characterised by hundreds of conflicts as the Comptroller and Auditor-General, later Chancellor of the Exchequer, rejected numerous Treasury warrants to issue money.

By 1866, things appeared to have changed as the Comptroller and Auditor-General performed most of their functions as required by the Treasury. Bridges (1964) believes that the Act of 1866 “gave the Treasury for the first-time statutory control over expenditure.” The statutory control meant that any expenditure had to be approved by the Treasury before being charged to the parliamentary vote. As a result, the Treasury was no longer required to seek permission from the Comptroller and Auditor-General for expenditures that were chargeable to parliamentary votes. The changes stated above, and other functions related to parliamentary control placed the Treasury as a guardian of good financial behaviour throughout the government, which birthed the concept of treasury control. Under the Act of 1909, the Governor-General was the highest state official with constitutional powers who represented the British monarchy. The King chose the Governor-General, who was not a politician.

However, the powers of Governors-General, particularly as the dominion of self-government grew, tended to be questioned with suggestions that their functions as imperial officers were less important (Dawson, 1937). However, in the case of South Africa, the Governor-General's power and influence remained an integral part of the political system, even when there were questions in the early 1930s. For example, Lambert (2009) shows how the influence of the Governor-General was significant during the political crisis of 1932 between Hertzog and Smuts. Thus, regardless of the contestation surrounding the powers and influence of the Governor-General, the Act of 1909 gave powers to appoint an Auditor-General and may have unwittingly placed the positions of Comptroller and Auditor-General above the finance minister and the Treasury.

However, the seniority of the Comptroller and Auditor-General was made more explicit by the Act of 1909. In terms of section 130 of the Act of 1909, Parliament required approval of the Comptroller and Auditor-General for funds to be used for any proposed construction of ports or harbours, not the Treasury. Expenditure votes did not require the approval of the Comptroller and Auditor-General. The shift of power from the Treasury to the Board and Comptroller and Auditor-General diluted essential elements necessary to establish treasury control. Other British legislation adopted by colonies and later by the Union included the nature, form, and character of tax and finance bills. The Comptroller and Auditor-General's powers over the Treasury, including powers to approve borrowings and how each department in government had to keep its accounts, a key feature of Treasury control in Britain, continued well into the 1950s in South Africa.

Despite reforms that have reshaped the Treasury, British orthodox institutional practices and organisational designs have influenced the Treasury. Some of these are still applicable today without thought or question. However, one institutional practice and design that stands out as having been influenced is the financial year. A budget is an important tool for insight into the broader political economy. Bridges (1964, p. 188) describes the budget as "the main expression of the Treasury's work and its place in the political-economic system" and that it "has its own importance in the life of the nation, far [transcend departmental processes], and it is all underpinned by the financial year". Britain adopted a financial year that runs from

April 1st to March 31st in 1954, an outcome of its own unique historical events linked with general commerce and the wave of decolonisation.

While some British dominions retained the same financial year after independence, e.g., Botswana, India, and Canada, others chose a different period based on their unique trade and commerce conditions. There is no evidence suggesting that the Union of South Africa considered any material conditions before adopting the financial year outside of being a colony. Consequently, the financial year, which influences many other events, including the calendar of Parliament, is influenced mainly by British practice.

From unification until mid-1935, the organisation of the Treasury was in line with its modest revenue, expenditure, and debt functions, and some auxiliary services important to public finances. For most of the 1920s and early 1930s, the accounting, pension, repatriation, public debt, government supplies, stamps, and minor general sections made up the Treasury. Even the staffing of the Treasury did not resemble any sophisticated functions beyond revenue, expenditure, and debt. Instead, its organogram shows that clerks, accountants, bookkeepers, and numerous clerical assistants comprised the core of the department's capacity (See Table 3: Comparison of Treasury organogram between 1910 and 1938). There was no sign of any capacity to coordinate economic policy within the Treasury.

1910		1940	
POSITION	**NUMBER OF EMPLOYEES**	**POSITION**	**NUMBER OF EMPLOYEES**
Secretary For Finance	1	Secretary for Finance	1
Under Secretaries	3	Under Secretary	1
Chief Clerks	3	Register of Building Society	1
Principal Clerks	2	Chief Clerk	1
Senior Clerk	1	Estimates Clerk	1
Private Secretary to Minister	1	Principal Clerks	3
Chief Paymaster and Accounting Officer	1	Senior Clerks	6
Accountants	11	Private Secretary	1
Bookkeeper	1	Clerical Assistance	34
Clerical Assistants	79	Messengers	6
		Chief Accountant/Accountant	1
		Public Debt Office	6
		Supply Office	5

Table 3: Comparison of Treasury organogram between 1910 and 1940 (Source: Treasury, 1910; 1940)

The influence of the British Treasury on the formation of South Africa's public finances played itself out in several ways. The Act of 1909 established a commission to enquire into the financial relationship between the Union and the provinces. George Murray, a British Treasury official nominated by the British government, chaired the commission. Parliament and the provinces rejected some of the commission's recommendations (The Round Table, 1911). For example, Parliament rejected the commission's recommendations on taxation, and a compromise was reached on union grants to subsidise one-half of the expenditure in each province. However, the financial relationship between the provinces and the union remained a challenge. The Treasury didn't do a good job of making the situation work in its favour when it tried to get treasury control.

2.4. The emergence of economic planning within the state

However, in the mid-1930s, policymakers in the government started searching for ideas to deal with the Great Depression. Some of these ideas centred around the role of the state and public expenditure in the economy, mainly associated with Keynesian principles. The search for new ideas led to a drive towards building internal state capacity to play a role in economic development. In Britain, between 1930 and 1940, the Economic Advisory Council, Central Economic Information Services (CEIS), and Central Statistical Office (CSO) were created to coordinate various government economic policy formulations. However, these were not entirely within the control of the British Treasury. Bridges (1963) believes that it was only after 1950 that the responsibility for economic policy was a central feature of the British Treasury. In the 1960s, the government became more involved in making economic policy. This was made possible by a reorganisation that added more economists to the British Treasury's administrative staff.

In South Africa, evidence suggests attempts to respond to the Great Depression and grow the economy through interventionism. However, these do not appear to have been institutionalised in a way that changed the Treasury or its role in South Africa's political economy. Until the mid-1930s, the Treasury had no position or section dedicated to economic coordination. For the first time in the 1934–35 financial year, it was reported that the Treasury had the position of Economic Adviser, appointed as the second-highest official within the Treasury. In 1934, the Treasury appointed Dr. J. E. Holloway, a close confidante to Havenga during the standard gold crisis, as an economic adviser and the second-highest official in the Treasury. Halloway was later appointed as Secretary of Finance in 1937 and served until he retired from the public service in 1950 (Browne, 1983). The influence of Holloway as an economic adviser to Havenga was evident beyond the standard gold crisis. Havenga's 1934 budget speech was the first of its kind. It broke with the tradition of a clerical balanced budget.

Until 1932, the Treasury was defined narrowly without mention of the Department of Finance, which arguably contextualised the administrative nature of Treasury functions. Since unification, it has been known as the Treasury, with the finance minister as treasurer for the longest time. The Act of 1923 defined the Treasury as "the office or department of the Minister [of Finance]." However, section 27 of the Financial Relations Adjustments Loans to Provinces was the first to define the Department of Finance. It defined the Treasury as "the Finance Minister or any other Minister of State acting in his stead or any officer in the department of finance authorised by such Minister to perform the functions assigned to the Treasury."

However, the Public Service Act of 1936 appears to be the first legislation explicitly defining the Treasury, including the Department of Finance. The Act defined the Department of Finance as "the Finance minister or any officer in the Department of Finance." The government established the Department of Finance officially in 1957. There is no evidence that the establishment of the department was linked with any efforts to build economic planning and coordinating capacity, even though this appears to have been the political intention. The Department of Finance was listed in the first schedule of the Public Service Act of 1957 as a government department. All the while, it was listed as Treasury.

There were other signs of thoughts in the Treasury and globally on how governments could actively help resolve economic problems, particularly unemployment, through fiscal policy. As shown in the previous chapter, public expenditure increased as a share of the GDP (Mauro et al., 2013). In Britain, the Macmillan Committee (1932, p. 282) argued that "the endeavour of domestic management should be to promote the stability of output and employment at a high level," a position Keynes influenced against Treasury View.

In South Africa, there were statements by politicians and government officials on economics and the role of the state in creating employment, particularly given the high levels of poverty and unemployment among whites, as found by the Carnegie Commission (Dubow, 2014). In 1934, the government announced firm and elaborate government intervention through the finance minister's budget speech to increase economic output and create employment. Finally, Keynesian strategies were adopted to stabilise the economy. The Keynesian strategies included more robust exchange controls; an increase in state spending on relief measures from 2.6 percent in 1930 to 15 percent by 1933; job creation for unskilled and semi-skilled white workers on the state railways (a rise from 9.5 percent in 1924 to 39.3 percent in 1933); public works programmes; sustained expansion of government services; old-age pensions and welfare for the poor; and nationalised electricity, iron, and steel.

The 1934 budget speech appears to be the first since 1910 that went beyond the routine budget aspects related to Treasury revenue, expenditure, and debt functions in line with a balanced budget. Instead, the budget dealt with government interventions, which led to the government's playing a more significant role in creating employment. Nevertheless, there is no evidence to suggest that the Treasury was by this time in any way considered a robust portfolio in the Cabinet or that the Treasury fully embraced Keynesianism, even when the Economic Adviser to the finance minister was engaging Keynes on his ideas (Holloway, 1943). Moreover, Calitz is of the view that South Africa never adopted Keynesianism. Instead, he points to evidence that shows that in the late 1930s, when there was a choice between expanding free services, cutting taxes, or cutting deficits, the Treasury chose to cut deficits in line with orthodox practices.

Between 1910 and the 1960s, the politics of railways and harbour infrastructure; the contestation of power between the Nationalist Party and the United Party; wartime; native, coloured, and Indian questions; and South Africa's succession from Britain undermined efforts to establish treasury control. After the NP won the 1948 election and apartheid became the government's focal point policy, the repression drive intensified, leading to the banning of the ANC and SACP in the 1960s and the rise of securocrats in the late 1970s with the emergence of the 'Total Strategy,' a shift that made the military a more important actor in decision making within the state (Selfe, 1987).

Dubow (2014, p. 2) shows how "Afrikaner nationalists charged Smuts with having sold out to capitalist imperialism by siding with Britain in two world wars and for supporting the mining industry against white workers." This is not to say that the English-dominated mining sector did not benefit from apartheid policies after 1948. Cheap, disposable labour helped the mining industry because the NP made sure that wages for black people were kept low.

The issues mentioned above that dominated South Africa's broader political economy from unification until the early 1960s were influential and driven by politicians. They subdued the influence of the Treasury, particularly treasury control. Despite a long-standing treasury tradition of fiscal restraint, the apartheid governments did not restrain spending, especially in the days of the Keynesian fiscal approach from the late 1950s until the mid-1970s (Calitz et al., 2014). Consequently, the budget deficit increased from R171 million in 1960 to R599 million in 1970 (Tridimas, 1985).

However, it can be said that it was not only the Treasury that could not plan and coordinate economic policy. There is no evidence that the government institutionalised economic planning or coordination from 1909 until 1963. This is not unusual, as governments globally only started adopting Keynesian economics for the post-Great Depression recovery, which built internal capacity to formulate, coordinate, and execute policies. Before 1963, different parts of the economy were investigated by different commissions, but the commissions did not have a permanent place in the government.

The Industrial and Agricultural Commission in 1941 was the first effort towards economic planning and coordination, notably when it established a part-time Social and Economic Planning Council (SEPC) in 1943. The IAC (SEPC, 1943) established the SEPC with the following terms of Reference:

> *(1) To investigate and make recommendations as to the best ways of promoting the balanced development of the resources of the Union and its internal and external trade and well-being of its population.*

(2) To examine and make recommendations as to schemes and suggestions made from time to time to improve the social and economic standards of the various sections of the people.

(3) To review the policies and programmes of the various departments and boards that have an economic and social bearing, advise the Government on steps that it should take to secure their better coordination.

(4) From time to time, nominate, consultative sub-committees for special investigation and advice with the government's concurrence.

(5) Generally, to advise the Government regarding social and economic policy.

The SEPC submitted its reports directly to the Prime Minister and tabled them in both Houses of Parliament. By 1947, the SEPC had produced thirteen reports on various economic questions (See Table 4: A List of SEPC Reports). The majority of SEPC reports and their recommendations were accepted by the government and became white papers. There is no evidence that the Treasury played any meaningful role in the work of SEPC. The finance minister, like other ministers, made recommendations to the SEPC but could not dictate its work. For example, in 1947, Hendrick Hofmeyer, finance minister between 1939 and 1948, asked the SEPC to prepare a report on full employment in South Africa, but there is no evidence that the SEPC produced a report related to the request.

#	REPORT DATE	TITLE OF THE REPORT
1	22 October 1943	Re-employment, Reconstruction and the Council's Status
2	26 November 1943	Social Security, Social Services, and the National Income
3	26 November 1943	Aspects of Public Service Organisation and Employment
4	31 August 1944	The Future of Farming in South Africa
5	31 August 1944	Regional and Town Planning
6	31 August 1944	Social and Economic Statistics in the Union
7	20 September 1945	Taxation and Fiscal policy
8	20 September 1945	Local Government Functions and Finances
9	23 March 1946	The Native Reserves and their Place in the Economy
10	16 April 1946	Public Works Programme and Policy
11	17 December 1947	Economic Aspects of. The Gold Mining Industry
12	8 May 1948	Central and Commercial Banking in South Africa

13	8 May 1948	The Economic and Social Conditions of the Racial Groups in South Africa

Table 4: List of SEPC Reports (Source: SECP, 1947)

The SEPC made recommendations for establishing an economic coordination and planning agency. According to the SEPC (1943), there was a need to establish a permanent economic coordination and planning agency to explore broader aspects of economic development and social progress and to scrutinise state taxation, loan, and expenditure policies. The SEPC further recommended that the agency must be separate from the Treasury. The SEPC (1943, p.2) argued that "placing the planning agency in [the Treasury], which historically has had a penny-pinching tradition, might easily lead to a stifling imagination and ideas". It also said that Treasury officials might discourage long-term planning for economic and social goals because of the current financial situation (SEPC, 1943).

After the NP won elections in 1948, the government made less use of the SEPC. Instead, the Prime Minister asked the SEPC for input on his intention to establish an Economic Advisory Council (EAC) to advise the government, especially on coordinating economic policies (SEPC, 1949). When the NP took over, there was no correlation between tax and expenditure and general economic policy. However, the state's influence on South Africa's political economy grew through budgetary, monetary, and foreign exchange policy. Before World War II, government expenditure as a percent of net national income was 12 percent. After the war, government spending went up to 20%. This was a trend seen all over the world as countries moved towards Keynesian or Keynesianism-like strategies. Even though the government spending as a share of total gross domestic product increased, national economic planning and coordination in government remained an uncoordinated process.

Initial efforts to institutionalise economic planning and coordination in government were made in 1952 when the NP attempted to establish an EAC. The creation of the EAC came after a report by the chairman of the Board of Trade and Industries emphasised the need for the creation of a state department tasked with coordination and a "central economic planning council" with a liaison committee made up of actors from the public and private sector (Pretorius, 2011). However, parliament did not finalise the Economic Advisory Council Bill (AB 55-52) introduced to establish the EAC. On the other hand, Volsoo (1954, cited by Pretorius 2011, p. 371) says that the bill was put on hold because of “pressure from the parliamentary opposition and various interest groups.”

The other commission influential in government efforts to coordinate economic policy reform is the Tomlinson Commission, which produced 18 volumes of 3,755 pages. One of the critical recommendations that shaped some aspects of apartheid and its approach to the economy emerged from the commission’s report. For example, the commission recommended that the minister of Native Affairs propose a separate budget to the finance minister. However, not all its recommendations were accepted, particularly the ones that would have shaped the role of the Treasury.

Initial efforts to institutionalise economic planning and coordination in the government began in 1964 with the creation of the Department of Planning. The economic capacity that formed the basis of the Department of Planning came from the Prime Minister’s office, which immerged in the mid-1950s as recommendations of the Social and Planning Commission in 1944. The government established the department to promote the country’s economic growth; advise the government; coordinate the state’s economic policy; compile economic development programmes, and research related economic matters. The department was responsible for its first major publication in 1964 when it published the Economic Development Programme (EDP) on the recommendation of the EAC (Riekert, 1962). The basis of the EDP was a 5.5% economic growth target, which continues to shape economic policy thought. In addition, the EAC was set up in 1965, which made government efforts to plan and coordinate the economy even more strong.

2.5. Contestations over economic policy reforms within the state

The study argues that until 1973, the Treasury had no significant influence on the broader political economy beyond the inherent influence of its fiscal and monetary policy instruments. Even so, these instruments went against the Treasury’s orthodox institutional practices and fiscal restraints because of the political influence undermining the Treasury View. In 1973, economic planning shifted to the Treasury. For the first time in the history of the Treasury, the government moved to combine fiscal and monetary policies within a broader scope of economic planning. In the past, the Treasury's job was usually limited to handling the budget, which Pottinger (1988, p. 280) called "a statement of noble but rarely achieved intent."

However, when economic planning shifted to the Treasury, its mandate was expanded to maintain the overall economy. For the British Treasury, it was only in the 1950s that economic policy and coordination became central to fiscal policy. However, for the Treasury, economic planning and coordination became a central feature of fiscal policy in the early 1970s by transferring the economic planning function to the Treasury. Even at this point, the Treasury did not have complete authority over economic policy reform. The global shift towards neoliberalism, particularly austerity, amplified the significance of treasuries and central banks, which appeared to be the case in South Africa in the mid-1970s. In South Africa, the government's securocrats, still convinced that they could salvage apartheid and co-opt blacks into some form of revamped apartheid, challenged the Treasury and continued to undermine efforts to instil fiscal discipline firmly.

The attempt of securocrats to take the levers of influence in economic policy from econocrats reached a peak in early 1981 with the creation of the Department of Constitutional Development and Planning with its economic planning functions. In 1973, when economic planning shifted from the Department of Planning and Environment to the Treasury, it was made clear that the Treasury would be responsible for economic planning and coordination. However, in 1982, the Minister of Constitutional Development and Planning, Chris Heunis, believed that the government's approach to economic planning and coordination was fragmented. So, Heunis thought that there should be staff positions to analyse, plan and advise on economic policy at several state components.

Consequently, Heunis proposed the creation of a unit called the Central Economic Advisory Services (CEAS), an independent unit with a clear identity of its own, separate from the Treasury, that would attend the economic planning meeting of the Cabinet Committee on Economic Affairs and Finance in order to provide support to the Cabinet. CEAS (1986) was created to coordinate overall economic policy analysis, planning, and advice in the central government sector. Like Treasury's economic planning unit, functions would have created two centres to influence economic planning and coordination. However, the Department of Constitutional Development and Planning set up CEAS, which the Treasury thought was just a research group.

However, changes that took place immediately after the creation of CEAS resembled contestation within the state over economic policy reforms. Contestations were made clear by creating the Ministry of Administration and Economic Advisory in the Office of the State President. There were two ministries responsible for economic policy reform, one at the Treasury and the other at the peak of political power. Together with CEAS and the Ministry of Administration and Economic Advisory, the President shaped the budget.

Contestations turned the Treasury's fiscal policy instruments into mere guidelines as policy decisions were influenced elsewhere. As a result, the budget statement became a ceremonial tradition as its intentions were not achieved. In addition, CEAS was responsible for economic development programming, which the Department of Planning has done since the 1960s. Also, the Cabinet told CEAS to formulate a long-term economic policy strategy in cooperation with the state's President's Economic Advisory Council committee.

By the end of 1985, CEAS had conducted investigations into 21 government functions, representing more than 80% of government expenditure, to determine government priorities for expenditure in the public sector. The move shifted power from the econocrats to the securocrats within the NP. The number of councils and committees in which CEAS was a key player demonstrated its reach and influence. CEAS was also responsible for the professional secretariat of the State President's Committee on National Priorities, a centre of political power and influence (see Table 5: CEAS representation in councils, committees, and commissions). People who work for the Treasury's economic planning department don't seem to have the same kind of reach and power.

GENERAL, COMPREHENSIVE	**COOPERATION WITH SOUTHERN AFRICAN STATES AND REGIONAL DEVELOPMENT**
Working Committee of the Cabinet Committees	Multilateral Development Council
Central Co-ordinating Committee for Statistics and various Technical Advisory Committees	Multilateral Economic and Finance Committee and various Multilateral Technical Committees
Scientific Advisory Council	Venda Advisory Council
Scientific Priorities Committee	Customs Union Commission and various Technical Committee
Research Priorities Committee for HSRC	KEOSSA
Capital Priorities Committee	Decentralisation Board and Sub-committees
Productivity Advisory Council	Sub-committee on the Future Financial Relations between RSA and TBV States
Study Group on National Accounts / Permanent Finance Liaison Committee	National Technical Advisory Committee for Regional Economic Development Programming (Convener)
MANPOWER	**SECTORAL MATTERS**
National Manpower Commission Committees	Civil Engineering Advisory Council
Interdepartmental Employment Creation Committee	Building Industries Advisory Council/Building Research Advisory Committee
Action Committee on Manpower Surveys	Road and Transport Research Committee
Liaison Committee for Manpower Research	Scientific Research Advisory Committee
Task Group on Unemployment	Sectoral Advisory Committee (Convener)
	Committee of Inquiry into the Effective Application of the Policy of Industrial Protection
	Standing Advisory Committee on GATT
	Working Group for the Monitoring of the Employment Creation Strategy

Table 5: CEAS representation in councils, committees, and commissions (CEAS, 1985; 1986)

Working Group for the Monitoring of the Employment Creation Strategy This is not to say that other functions of the Treasury, such as fiscal and monetary policies, would not have been influential in the broader political economy. However, the inability to manage the economy, neutralise excessive liquidity, and exercise treasury control weakened the Treasury at the beginning of the decade. As a result, the media describe finance minister Owen Horwood as an unsuccessful technocrat (McGrath & Holden, 1984). It is not easy to see how the media did not see the Treasury as unsuccessful, giving legitimacy to Heuins' argument of a fragmented government approach to economic policy reform.

Surprisingly, contestations over economic policy reform occurred concurrently with class conflict within the NP. However, there was no evidence that contestation between Verligte and Verkrampte shaped contestation over economic policy reform within the state. On the contrary, the government's unwavering support for capitalists was clear. CEAS's first annual report, published in 1985, recommended privatisation, commercialisation, or private financing of public services, as well as relaxing statutory monopolies, all of which revived and strengthened the foundation for the transition to neoliberalism. Although, by 1985, CEAS had moved back under the control of the Treasury.

The South African debt standstill of 1985 occurred because $13 billion in short-term foreign debt was due and could not be repaid after international banks refused to rollover. They instead called in the outstanding loans and denied new loans. This was preceded by the crash of the gold price from $850/oz (1981) to $250/oz (1983), several years of economic downturn and a significant oil crisis (Padayachee, 1990). In addition, the United States Federal Reserve Board's rise in interest rates from 6 to 16 percent in 1979–1980 caused a debt crisis in South Africa and across the continent (Bond, 2008). International and domestic factors caused the South African debt crisis.

One crucial factor was the rise in anti-apartheid, labour, community, and student protests during the mid-1980s. The rise of anti-apartheid followed the revival of resistance after political parties were banned in the early 1960s, notably the Durban dockworker strikes of 1973 and the 1976 Soweto uprising. As the labour movement began to organise despite apartheid repression, the government instituted two commissions of inquiry, the Riekert Commission in 1979 and the Wiehahn Commission in 1982, intending to raise productivity through labour market reform. But critical labour scholars (de Clercq, 1979) saw these commissions as giving in to business demands. This gave the capitalist class control of a growing workers' movement and economic dominance over politics, which was like the ideological coup d'état by the capitalist class in the early 1970s.

The debt crisis and how South Africa handled it brought the Treasury back into the driving seat of influence. From December 1st, 1986, CEAS moved to the Treasury with all its functions and reported to the finance minister. The move left the Ministry of Administration and Economic Advisory without any strategic importance. The securocrats, faced with a crisis of political legitimacy, relinquished power. However, Van der Westhuizen (2007, p. 148) believes that "the securocrats in Botha's administration still held the upper hand [in the late 1980s]", be it through the state of emergency. It's possible that Van der Westhuizen is right, since the 1987 budget was based on plans and priorities set by the State President's Committee on National Priorities (Mostert *et al*., 2002). It appears that securocrats' loss of power was gradual and began with reconfiguration within the state, a process that appears to have been contested.

Only after FW De Klerk became State President in 1989 did the securocrats relinquish power completely. The Labour Party of South Africa, at its 24th Annual Conference, noted: "with satisfaction, the decision of FW De Klerk as State President to break with the hold the South African security forces had on the country by reinstating the former position and authority held by the Cabinet and Parliament." By the late 1980s and early 1990s, there was no doubt that the Treasury had obtained the power to drive economic planning and coordination, particularly with the formulation of a long-term strategy, Restructuring of the South African Economy: A Normative Model Approach. The Department of State Expenditures was made to focus on controlling spending, planning, financial computer services, and working with other governments. The split of fiscal functions did not seem to take away from the Treasury's ability to set economic policy.

The period between 1990 and 1996 was characterised by uncertainties, efforts to re-organise the apartheid state into a democratic state, and trial-and-error. For a moment, CEAS was once again moved to the Presidency to assist in implementing the RDP. However, by that time, most of the CEAS key personnel had assumed positions of power within the Treasury. For example, Estian Calitz, Chief Director of Economic Advice in CEAS, was appointed Treasury Director-General. By 1996, it was widely accepted that the Treasury’s central function was to take responsibility for overall economic policy.

The rise of neoliberalism in the 1970s placed treasuries at the centre of the global political economy, as international financiers enjoyed power exercised through treasuries as local agents in nation-states. The history of the South African Treasury since the unification in 1910 shows a struggle to bring public finance under control and to control economic planning and coordination. It was only in the early 1990s that the Treasury entrenched Treasury control of South Africa and had the power to make all its economic decisions.

3. CONCLUSION

The chapter looked at the history of the Treasury through a study of railways and South Africa’s political economy, the struggle to establish control over expenditure, and British influence, and placed these in the context of contestations over economic policies. The chapter also looked at some contestations over economic policy reform that emerged in the transitional period and changes within the state as contestations collided with democratising South Africa. The next chapter closely studies the Treasury and the road to transition.

CHAPTER 5 – THE TREASURY AND ROAD TO TRANSITION

"I believe that we are today crossing the Rubicon. There can be no turning back" – Botha (1985)

1. Introduction

This chapter details the Treasury's role during South Africa's political, financial, and broader economic crises between 1985 and 1991. This period is central to South Africa's Road to transition. The chapter focuses on how the Treasury used the 1985 debt crisis, international trade sanctions, and realignment within the global and national political economy to reposition itself to become a central role player. The chapter limits itself to the 1985 debt crisis negotiations and what they meant politically in subsequent years. The Treasury increased its control over expenditure and budget deficits, restructured economic policy-making, and adopted neoliberal policies. The chapter draws on data and reports from the Treasury and other archives to illustrate how the height of the political, financial, and economic crises placed the Treasury at the centre of South Africa's political economy. Lastly, the chapter looks at how the Treasury set up a framework for economic talk that was strengthened during transition negotiations and well into the time after Apartheid ended.

2. Rubicon speech, debt crisis and the Treasury

The Treasury emerged in post-apartheid South Africa as a central institution with considerable influence, embedded in all facets of society through explicit and implicit means. To follow the Treasury's rise to its position of influence, we need to backtrack to the mid-1980s, when it became evident that there was no possibility to reform apartheid short of its removal. As early as the 1970s, reform of apartheid occurred through the co-option of black people, which led to separate development[11] policy (Nolutshungu, 1982).

[11] Sabbagh (1968) described the "separate Development" apartheid policy as the last phase of apartheid that sought to develop Bantu Reserves for all black Africans through independent states and viable economies to legitimise the viability of white-only South Africa.

However, apartheid would reach a turning point, symbolised by an address by P W Botha on August 15, 1985. Botha gave a speech that is considered among the most significant in the history of South Africa, known as the Rubicon speech (Cloete, 2019). Because he failed to cross the Rubicon, Botha's speech proved a turning point for South African politics (Evans, 2017). The speech was considered a fiasco in that it achieved the opposite of what many thought Botha intended, i.e., to break the deadlock between the apartheid government and mass democratic movements to pave a path towards the restoration of accumulation and to curb the looming debt crisis that faced South Africa (Welsh, 1988).

Botha's speech failed to meet the expectations of international diplomats and financiers as well as local anti-apartheid activists. Instead, the speech had immediate negative consequences. For example, one of the immediate consequences was South Africa's August–September 1985 debt crisis, as Chase Manhattan and nearly all other international banks refused to roll over short-term foreign credit (Harris, 1986). Because Botha and the securocrats controlled economic policy, the negotiations for debt repayment terms became a source of contention and a tool for "econocrats" in the Treasury and the SARB to weaken Botha and the securocrats' political influence.

By 1985, Afrikaner political and economic elites and English capital had agreed on a theme for South African society: "free enterprise" based on trickle-down growth reforms and, perhaps later, redistribution. The agreement was solidified by the "verligte"-versus-"verkrampte" split within the NP. The "econocrats" advocated economic liberalisation inside the NP, the State and South Africa, as demanded by the capitalist class, laying the foundation for South Africa to transition from racial to economic apartheid. This process elevated the Treasury to become an important institution in South Africa's political economy (Charney, 1984). Welsh (1988, p. 162) pointed out that "Botha was making attractive noises: he showed an unprecedented commitment to private enterprise and political reform – in short, he was speaking the language of business."

However, as social protest rose from the 1973 Durban labour strikes to the 1976 Soweto uprising, through the late-1970s Black Consciousness and the birth of a civic movement and the Vaal uprisings of mid-1984, the emphasis on economic liberalisation was replaced by a siege mentality within the Afrikaner ruling class. By the end of 1984, the “securocrats” held greater influence. They led the economic “laager” approach represented by deconcentration points, artificially low-interest rates, and other strategies inconsistent with what was known across the world as the Washington Consensus, imposed by the IMF and World Bank elsewhere where debt crises were emerging at the same time. What had been agreed earlier between the apartheid state and capitalists (e.g., at the Carlton Centre in late 1976 when Harry Oppenheimer, Clive Menelle, and Anton Rupert initiated the Urban Foundation that picked Cyril Ramaphosa as a future leader), was disrupted by the political crisis of 1978 (Butler, 2019). Slowing down promised reforms to liberalise the economy, Botha soon prioritised the securocrats’ approach and subordinated all other interests to repressing rising black dissent.

The 1985 debt crisis, combined with the political crisis and demands for South Africa to table a long-term political solution that would move the economy away from a militaristic-securocrat state, elevated the Treasury to the centre of South Africa’s political economy. The result was a move from a unique, transformed racial apartheid to economic apartheid. The influence of Treasury staff included:

1. A leading role in the 1985 debt crisis negotiations.
2. Restructuring of inner State working apparatuses, mainly for economic policy-making, between 1985 and 1991.
3. Establishing Treasury control.
4. Combining the import of policy ideas from Washington, on the one hand, with addressing the domestic, economic, social, and political problems on the other hand, especially when the neoliberal strategy led to a 1989-93 depression, the country’s longest ever.

2.1. Origins of the 1985 foreign debt crisis

In 1985, Desmond Tutu, Alan Boesak and other anti-apartheid activists, in association with campaigns such as British End Loans to South Africa, the German Kein Geld fur Apartheid (no money for Apartheid) and the Free South Africa Movement, put pressure on creditors' banks to end loans to South Africa (Hirsch, 1989). Albert Luthuli started the campaign earlier in the 1960s when he noted that the American financial sector extended some US $40 million in loans that propped up apartheid. Joined by Martin Luther King, he called for an end to these loans (British Anti-Apartheid Movement, 1977). By the time the 1980s campaign began, there was already a lot of groundwork covered (British Anti-Apartheid Movement, 1977). Tutu and others wrote to banks, asking them not to reschedule South Africa's debts until there was a political solution and an end to Apartheid. Because of this, over $14 billion in short-term foreign debt was due, and banks refused to reschedule existing loans, calling in outstanding loans and not giving the country any new loans (Harris, 1986).

The debt crisis was preceded by the crash in the gold price from $850/oz (1981) to $250/oz (1983), several years of economic downturn, and a major oil crisis (Padayachee, 1989). But also, more importantly, in 1979, Volcker's "shock" raised the U.S. dollar value and crashed gold (Helleiner, 2008). Thus, international factors and domestic political problems as resistance to Apartheid intensified caused South Africa's debt crisis-despite banks citing economic and not political reasons for their refusal to reschedule maturing debts. While banks have not taken a formal position on apartheid and the dehumanisation of black Africans, there are accounts show that they supported apartheid, evident by loans.

When the ANC called for financial sanctions for more than three decades, banks such as Barclays National and Standard Bank were more involved in apartheid South Africa and were accused of channelling black people's wealth into the white economy (John, 2000). Between 1951 and 1967, the World Bank loaned Eskom more than US$100 million, ignored a 1966 United Nations General Assembly directive not to lend to apartheid South Africa, and loaned South Africa money to build dams in Lesotho despite sanctions against apartheid (Bond, 2003).

In September 1985, Finance Minister Barend Du Plessis announced a freeze on foreign debt repayment until the end of the year and the closing of the Johannesburg Stock Exchange (JSE) for three days in August before introducing capital flow restrictions (Harris, 1986). While only 10 per cent of the debt was ascribed to the central government and the rest was owned by the private sector and state-owned entities, holding sufficient hard-currency funds for repayment was the responsibility of SARB and the Treasury. They had run out of dollars and European currencies by mid-1985. The country's reputation for honouring debts was damaged, and the "investment grade" for state borrowing was only restored in 1994 (Harris, 1986). However, De Kock's initial failure to convince major creditors to roll over maturing loans laid the foundation for the econocrats' greater influence because of the economic disaster that unfolded. They used the debt crisis to neutralise and undermine securocrat players. This laid the foundation for the Treasury's ascendency to power.

Rogers (2009a) shows how British Treasury officials used the depreciation of a country's currency – and the acute crisis that such crashes represent – as an opportunity to advocate the adoption of neoliberal policies. Friedman (1982, p. xiv) believed that:

> *"Only a crisis - actual or perceived - produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable."*

While there is no evidence to suggest that Treasury officials allowed the debt crisis for political reasons, the governor who replaced De Kock, Chris Stals, refutes any suggestion to that effect (Stals personal communication, 14 May 2020). Friedman had an enormous influence on central bank officials, including Treasury officials (Rossouw, 2017).

The debt standstill offered the Treasury an unprecedented opportunity to gain influence. The economic crisis was now at the centre of political debate and undermined securocrats once the alliance between Pretoria and white business leaders collapsed. Gavin Relly of Anglo America, Tony Bloom of the Premier Group, and liberal politician Zach de Beer took a trip to Zambia in mid-September 1985 to start talks with the ANC. This trip was a symbol of that.

The process to neutralise and undermine the securocrats within the state took different forms. The process began with the appointment of Fritz Leutwiler, described as a conservative ‘eminence grise” of Swiss and international banking and a friend of apartheid South Africa (Van Vuuren, 2017). British Prime Minister Margaret Thatcher and Paul Volcker were close allies of Leutwiler, who had a lengthy association with the Treasury dating back to Horwood’s time there and was aware of Treasury challenges as he assisted during the 1982 crisis (Van Vuuren, 2017). Due to Leutwiler’s secret talks with Thatcher, the British government decided that the best way to change things in South Africa was to have more contact with Barend du Plessis (Walls, 1989).

Leutwiler was appointed as a mediator by the finance minister, Du Plessis, to mediate between South Africa and foreign banks. As a “respected international specialist banker” (Blumenfeld, 1985), his mandate was to establish feasible short-term loan repayment conditions for $13 billion in debt under a standstill. The debt rescheduling negotiations happened away from the heat of political and economic decision-making in Botha’s office and State Security Council (SCC). In addition to the appointment of Leutwiler, the Debt Crisis Committee (DCC) was, for all practical intents and purposes, kept strictly technical, keeping it away from officials’ political decision-making spaces (Stals personal communication, 14 May 2020).

Deputy SARB governor Stals, who replaced De Kock in 1989, is said to have been the architect of South Africa’s debt restructuring, which he helped to plan, said,

> *“members of the South African DCC were professional bankers, financiers and lawyers, without any political representatives” (Stals personal communication, 14 May 2020). Stals pointed out that, “with the assistance and support of Leutwiler,*

[DCC] made it clear at [their] very first meeting with the creditor banks that, although the [the DCC] realised that the predicament [they] found ourselves in was caused mainly by political issues, the committee was not in a position to discuss political issues with them" (Stals personal communication, 14 May 2020).

Stals' approach to the depoliticisation of the Reserve Bank appears to have informed his approach to negotiations on the debt crisis. His approach was to remove politicians from repayment terms and restructure fiscal policy in the debt crisis negotiations; the approach was to handle matters as technical and not political. Stals' approach to the depoliticisation of the SARB was only an issue towards the democratisation of South Africa and debates about the independence of the SARB. All along, Stals was not just a technocrat. He was also involved in Afrikaner power politics and played a key role for the white minority in keeping the main economic policy levers out of the transition (Hickel, 2021).

Despite Stals' success with depoliticising the SARB, he does not believe depoliticising fiscal policy, or the Treasury could have been accomplished in the same way it was achieved at the SARB (Stals personal communication, 14 May 2020). However, given the nature of demands and pressure for democratisation and an end to apartheid from various campaigns, negotiations were not entirely technical, as Stals claimed, and had political character and effect. After signing the short-term arrangement with international creditors in 1986, he claimed that banks had understood that it was not their responsibility to bring about political change (Lohr, 1986). According to Leutwiler, Western bankers were more interested in short-term loans, and certain Swiss and German banks were willing to put the money back into South African financial markets. (Powell, 1986). Furthermore, Western bankers believed that commitment to democratisation and the abolition of apartheid would lend legitimacy to the debt rescheduling agreement and that commitment as a means to a goal would be sufficient.

According to Harris (1986), SARB governor De Kock acknowledged that commitment to democratisation and the abolition of apartheid was a prerequisite for debt rescheduling. De Kock even suggested that the government had heeded Leutwiler's advice to take political reform seriously. (Harris, 1986). Botha (1986) announced the planned framework for the future (See Box 3: P.W. Botha announces framework for the future). In a letter to Leutwiler dated July 22, 1994, Nelson Mandela said, “The central role [Leutwiler] played in re-negotiating South Africa’s foreign debt in the ‘80s had been well documented. What is less known is that you worked with Prime Minister Margaret Thatcher and Chancellor Helmut Kohl to put pressure on then State President P.W. Botha to release my comrades and me from prison”. Although a debt rescheduling arrangement was reached in 1986 and negotiations on repayment began, Mandela was only released in 1990 because he refused to renounce violence, a prerequisite for Botha to release him. Still, Stals wants us to believe that when Stals and Du Plessis had to give an analysis of South Africa’s financial and economic situation and future prospects, they didn’t think about political problems (Stals, personal communication, May 14, 2020).

PW Botha proposed framework for the future

1. Undivided Republic of South Africa.
2. One citizenship for all South Africans.
3. The sovereignty of the law as the basis for the protection of fundamental rights.
4. Human dignity, life, liberty and protection of private property.

Box 3: P W Botha proposed framework for the future (1986)

Consequently, debt rescheduling, and repayment agreements reached in 1986 and 1987 were based on commitments to democratisation, the abolition of apartheid, and long-term economic growth that included deregulation, privatisation, and austerity (Padayachee, 1988). There was no connection between activists’ calls for ending loans to the South Africa campaign and any demand for economic reforms. It was argued that bankers could not help the anti-apartheid campaign in South Africa without putting their interests at risk. However, the Treasury was aware of the negotiations’ power dynamics, the need to abolish apartheid and the likelihood of the ANC’s ascendency to power as a political party with widespread support and legitimacy amongst black Africans.

Although initial offers were rejected, South Africa offered to repay interest in only five years without paying the capital. When a “consensus” between South Africa and international creditors was reached in March 1987 on repayment terms, it implied that the situation had improved since the debt crisis broke out in August (Padayachee, 1988).

International creditors agreed to a three-year settlement, which South African negotiators said was a triumph for their country. However, others, such as the long-time liberal politician and lawyer Harry Schwarz, said the agreement should not be celebrated because the government was responsible for the debt standstill situation. Schwarz became South Africa’s ambassador to Washington, D.C., in the early ‘90s and worked to lift economic sanctions against the country.

The accord was welcomed by Treasury and SARB officials, particularly Auditor-General Jaap de Loor, as a step toward improving South Africa’s international financial status to get access to new loans and normalise trade. However, the financial crisis necessitated greater austerity measures and the establishment of treasury control. Crisis conditions necessitated restructuring South Africa’s economy so that the Treasury could lead this process and implement neoliberal policies that undermined the securocrats’ 80-20 Total Strategy to transform Apartheid (Padayachee, 1990). Whether apartheid ended, the country was united, or democracy had been established, creditor banks gave little weight to these issues, partly because of the soft conditions and new loans that were put in place following this agreement, as indicated above.

Finally, the Treasury and SARB emerged from the debt crisis as neutral and above the political challenges of the country, as the central economic institutions within the state machinery. The technical challenges and politics were separated, and the Treasury could do so. Even Du Plessis benefited from the financial crisis and the subsequent rescheduling agreement with creditors in his position in the Cabinet. Although Du Plessis (1998) believed he was not part of PW Botha’s kitchen cabinet, a group of trusted ministers, this is not the case. His duties have expanded noticeably, however, and now extend beyond the realm of fiscal and monetary policymaking. For example, Nelson Mandela was released from Pollsmoor prison in

1988 to a cottage where he lived under house arrest after Botha told Du Plessis to inform Thatcher that he would release him. Van der Westhuizen (2007) said that Botha's behaviour and decisions were "mercurial." It is possible that Botha's erratic behaviour and decisions led him to give Du Plessis political responsibilities. This could also explain why ministers outside of his "kitchen cabinet" and circle of securocrats were given unusual tasks that would ordinarily be given to trusted ministers if they were politically sensitive, like the example above.

2.2. Establishing treasury control and laying a foundation for firm austerities

Botha's administration had no intention of following a fiscal policy defined at best as mere recommendations amid an era of fiscal delinquency that Du Plessis inherited. As a result, in the first half of 1984, government spending was 14 per cent greater than in the first half of 1983 when Du Plessis was appointed Finance Minister in 1984 (Du Plessis, 1985). The government's budgetary overspending persisted under Botha's presidency until 1989, when he left office. Before borrowing, the deficit grew to R10.14 billion in 1987, which was 5.8 percent of the GDP and 1,1 percent larger than what the budget had anticipated, and this was exacerbated by the fall of the gold market (Pottinger, 1988). An intense economic crisis was caused by gold's collapse as government revenue lost R100 million in tax receipts per year, which continued until the 1985 debt crisis (Horwood, 1982).

According to Du Plessis (1998), he was under considerable pressure to deliver on the procurement of armaments. When it comes to security cluster spending, for example, in the 1987 financial year, there was a continuance of the overspending prevalent in apartheid administrations since the 1950s. Military spending increased because of South Africa's involvement in Namibia and Angola, and the deployment of soldiers to townships to quell increasing political unrest (Bachelor *et al*., 2002). Even in Botha's presidency's final years, the upward trend continued.

The Treasury had a tough time establishing Treasury control due to the secrecy of special accounts. Because of their secrecy, neither the Cabinet nor the Treasury had oversight over most defence and police special secret accounts (Canadian Security Intelligence Services, 1991). Botha stood between the finance minister and Treasury and their counterparts in the law-and-order cluster in Cabinet toward the end of his term as President. Du Plessis could not finish the 1987/1988 budget because no provisions had been made for 4000 new South African Police officers, R20 million in additional special constables, and R101 million in new municipal police officers to be hired after June 30, 1987. Du Plessis (1987) sent P.W Botha a letter at the last minute. He asked him to help make sure that municipal police were phased out and the police service was streamlined, and he told him about an enormous budget and a limit of R61 million.

By the end of 1987, the police budget had increased by 42 percent, thanks mainly to the better conditions of service (R65,6 million), staff expansion, the acquisition of the railways' police, and a new rank for a special constable. This was despite attempts by Du Plessis to curtail expenditure. This is a strong indication that Du Plessis' letter had no impact on the government's continued spending habits. However, as Botha explained, the police remained a powerful bureaucracy that would resist any reforms (Pottinger, 1988). Botha would talk about economic policy reform with private sector constituents but take Cabinet decisions that hindered Treasury efforts to establish Treasury control and austerity. For example, Botha (1980, para. 19) admitted that when he addressed Parliament, "the government has accepted that its economic development strategy would require the government to make certain sacrifices in limiting its demand on the country's economic resources." In practice, this has meant that the rate at which certain public services have been extended in the past has had to be reduced.

Even though Botha's downfall and the demise of the state's securocrat camp were closely linked, there were some successes in establishing treasury control. During Du Plessis' tenure at Treasury, much of the work began to bear fruit in 1988. When Botha addressed parliament in 1988, he acknowledged that the government would be spending within its means, establishing a treasury control foundation that had not been seen since the late 1930s. Spending restraint and austerity were, on the other hand, more concrete and nuanced in the budget, a sign of ongoing disputes. For example, R400 million in aid to farmers was extended over a longer period, and R152,4 million was cut since service standards had not been improved in 1988/89 due to budgetary constraints (Du Plessis, 1988). They can be seen as examples of how the Treasury was trying to get an advantage over its opponents by making changes to the way the budget works.

In addition, the establishment of Joint Management Centres (JMCs) eroded the fiscal autonomy of municipal and provincial government sectors established in the 1970s, which made it difficult for the Treasury to establish spending control. However, after the JMCs were abolished in 1986, the Treasury was able to gain control as more money was shifted back to the central government budget. Nevertheless, despite the proclaimed results of the imposed austerity measures and the Joint Financial Adjustment Committee, which claimed to reduce TBVC states' deficits and overdrafts, the Treasury position was not firmly entrenched but created a framework for the future.

After failing to make significant progress toward establishing Treasury control in the early 1980s, the Treasury made significant progress toward the end of the decade. On the other hand, Du Plessis argued that significant progress had been made in the area of fiscal openness, particularly with secret military and police accounts. Because Treasury now had access to formerly secret military and police accounts, Treasury and Auditor-General officials were better equipped to assess government spending now than they ever were. Treasury control was improved by having access to these accounts. Du Plessis had access to special defence accounts and audited project information by line item, which suggests that even if the Treasury was aware of overspending, it did not have authority to control overspending (Van Vuuren 2017). However, between 1989 and 1993, the government's overall spending increased due to expansionary fiscal policy. According to Calitz and others, expansionary fiscal policy and substantial budget deficits counter the recession or expansion of services to previously excluded black groups. The Treasury could not manage the situation, as it was beyond its control.

That being said, there is a second reason for the rise in public debt, which has been neglected. Du Plessis (1998) felt he could leave South Africa heavily in debt with the IMF and other foreign lenders if he could leave South Africa heavily in debt with the IMF and other foreign lenders. Du Plessis (1998) argued that a severely indebted South Africa would be constrained to specify fiscal and monetary policy constraints as a safety net (Box 4: O'Malley interview with Barend Du Plessis in September 1998). As a result, there was a dramatic growth in the national government debt from 36.4 per cent in March 1989 to 49.5 per cent in March 1996 due to the budget deficit rising from 1.4 per cent of GDP in 1989/90 to 7.3 per cent in 1992/93 before any hint of democratic reforms. Because of this, Du Plessis's strategy has been overlooked because empirical studies have focused on fiscal and monetary policy with little attention paid to state institutions at the forefront of economic policy reform and their attention and interests in South Africa's political economy.

Box 4: O'Malley interview with Barend Du Plessis in September 1998

21 SEP 1998: DU PLESSIS, BAREND

Barend Du Plessis: I would have loved to leave my position as Minister of Finance with SA deeply in debt with the IMF. I would have loved to leave SA in debt with the IMF because we were under-borrowed internationally anyway.
Padraig O'Malley: Why?
Barend Du Plessis: Because we would have had to stick to certain parameters as far as our fiscal and monetary policies are concerned. Now we have a degree of freedom which I think is restricted, yes, by what's happening internationally because we are part of this global village, but that didn't stop Tito Mboweni from putting through these labour laws. That didn't stop Trevor Manuel from talking about a lot of other taxes that are coming. That didn't stop Mugabe from doing what he's doing. There's no security in it that it will be a safeguard. With respect, it's not really a safeguard.

Du Plessis was not the only finance minister to use IMF negotiating to deal with domestic opponents of economic changes (Vreeland, 1999). Owen Horwood, the predecessor of Du Plessis, also used negotiations with the IMF in 1982 to persuade Botha that cutting down on government spending was more important than employing rhetoric. In the early 1980s, the country maintained an expansionary fiscal policy (Horwood, 1982). While Finance Minister Horwood was in Ottawa, Cabinet met. made R100 million available to assist farmers. In a letter to Botha, Horwood (1982) hinted at the necessity of cutting spending in other areas to fund subsidies. Horwood (1982) believed that any increase in expenditure could jeopardise negotiations with the IMF if it was not accompanied by budget cuts elsewhere and larger economic policy reforms, regardless of whether such expenditure was financed through taxes or loans. The Treasury has suggested five years of austerity and a 1% cut to all civil service positions. The IMF loan of R1.24 billion was successfully negotiated by South Africa, with the IMF agreeing to restrictions on the increase of money supply, liberalisation, and a reduced current account deficit (Padayachee, 1988). In 1985, South Africa’s economy was in the worst shape it had been in since the Great Depression, according to a 1984 report by the Center for International Policy.

2.3. The restructuring of economic policy-making inside the state apparatuses between 1985 and 1991

Botha’s office had regained control of economic policy before the debt crisis. By the time Du Plessis replaced Horwood as Finance Minister, Botha had already regained control of many of the economic policy-making tasks assigned to the Treasury since 1973. Horwood (1984) said he resigned to enable the implementation of the new constitution and the finance minister’s time to become familiar with the finance industry. But by the time he quit, he was seen as a failed technocrat whose reputation had reached a new low (McGrath & Holden, 1984).

Botha’s rationalisation of government services started centralising economic policymaking towards the end of 1980. When the EAC was restructured, the re-centralisation of economic policy-making inside the state began. In the late 1960s, Botha formed the Economic Planning Branch in his office, and the director of this branch served as the EAC’s chairman. The branch operated as the secretariat of the Cabinet Committee on Economic and Financial Matters. As a result, the most significant councils, committees, and working groups tasked with formulating and implementing economic policy had the Economic Planning Branch’s top personnel on board.

Under the increased effort due to the centralisation of economic policymaking under Botha’s direct authority, he assigned Heunis, rather than the finance minister or Treasury, the task of developing and implementing economic policy and overseeing the interface between the public and private sectors. Heunis already mentioned a staff function for economic policy analysis, planning, and consulting in the preceding chapter. Botha's CEAS shaped much of South Africa's economic policy rhetoric. Many people link Botha's effort to solidify his power base in the face of challenges to his authority and the delegitimisation of apartheid with the rationalisation of economic policymaking (Pottinger, 1988). Because of his role as head of state, Botha thought he had to be in charge of government policy, make decisions for government agencies, and balance security and economic policies.

Economic policymaking was returned to the highest echelons of political power, which Botha referred to as the government's policy-making hub. The Office of the Prime Minister's Economic Planning Branch provided the Treasury with operational directives by 1985. For a long period in the early 1980s, the Office of the Prime Minister's Economic Planning Branch, supported by CEAS, was the state's most powerful economic policy-making agency.

The government's neoliberal policy path, which began in the early 1970s and was later reinforced by the De Kock, Wiehahn, and Riekert Commissions, was unaffected by the restructuring of economic policy-making within the state. Botha (1969) said the government strongly believed that a market-oriented economic system with the largest possible private initiative has been demonstrated to be a much superior system to any other economic system that has been tried in the history of mankind. As long as the country's greater political goals to reform apartheid did not conflict with the private sector's, agreements were reached with the capitalists. A market-oriented economy was also an important policy commitment from the government.

As a secretariat and think tank, CEAS presided over economic policy and strategy discussions prior to the debt crisis in numerous formal and informal decision-making forums. CEAS and its powers were transferred to the Treasury in December 1986 and now report to the finance minister. The Ministry of Administration and Economic Advisory lost its strategic significance due to the decision. Economic policy instruments, analysis, and planning (as part of an ongoing economic development process) were among CEAS's new responsibilities when relocated to the Treasury.

When CEAS moved to the Treasury, its new job was to create and maintain economic policy instruments (CEAS, 1986). It also gave advice on economic policy as a whole and tried to get policymakers to work together.

Diverse economic-related divisions within various departments were relocated to CEAS as part of the reorganisation effort. One such example is the Chief Directorate of Regional Economic Development, which was transferred to the CEAS from the Department of Land Affairs to enhance integrated economic policymaking at national and regional levels. When it comes to post-debt crisis economic policy, the Treasury and the finance minister once again have a key role. When CEAS became the professional secretariat of the Macro-Economic Policy Working Group, its influence on the Treasury and the finance minister grew. In addition, other official government bodies, such as the Building Industry Advisory Council and the Civil Engineering Advisory Council, got advice from it.

Concerns regarding the EAC's effectiveness began to surface as early as 1985. Botha (1985) felt that the EAC should be restructured since its decisions did not represent economic policies. The EAC was reorganised, and its membership was based on gross domestic product and covered a broader range of industries. The President chose its leader. As a result of his role as the Prime Minister's economic advisor, Secretary of Finance H. Steyn led the EAC in 1960. This appointment demonstrated the significance of the EAC. The State President was responsible for much of what happened in EAC, which directly impacted how government policy was put into action.

Even when the Treasury and Finance Minister moved towards neutralisation and ostensibly gained the upper hand, the Treasury and Finance Minister continued to fend off expenditure proposals from the securocrats and PW Botha himself. These included a proposal to assert state control over interest rates and exchange control, the use of 1986 figures for imports as a basis to proportionally allocate foreign exchange to importers: and others. In the second half of the 1980s, with CEAS reporting to the finance minister, the securocrats, faced with a crisis of political legitimacy, lost power. However, Van der Westhuizen (2007, p. 148) believes that “the securocrats in Botha’s administration still had the upper hand [in the late 1980s]” using police and military force.

FW De Klerk became State President in 1989, and only then did the securocrats lose total control of the state. With satisfaction, the Labour Party of South Africa (1990) celebrated De Klerk’s restoration of Cabinet and parliamentary authority at its 24th Annual Conference. In the late 1980s and early 1990s, Treasury was clearly in charge of economic planning and coordination, especially with the development of a long-term strategy in 1993, Restructuring of the South African Economy: A Normative Model Approach. Budgeting, intergovernmental relations, and computer services were all important aspects in the setting up of the Department of State Expenditure (DSE). It is possible that the founding of the Department of State Expenditure hampered efforts by the Department of Finance to implement austerity policies and reduce state debt. The creation of two separate agencies in charge of elements of fiscal policy influenced South Africa’s neoliberal policies, especially its fiscal austerity (Department of Finance, 1994).

Between 1990 and 1996, the apartheid state’s transition to democracy was marked by a period of uncertainty and negotiated trial-and-error. For a short time, the Public Service Act of 1994 brought CEAS back to the Presidency as one of the organisation’s entities. However, most of the CEAS’s top officials had already been promoted to Treasury positions of power at that time. As an example, Estian Calitz, CEAS’s Chief Director of Economic Advice, became Treasury’s Director-General. As evidenced by the changing format of budget speeches, the finance minister’s prominence, and his growing position in the Cabinet.

2.4. Combining imported economic policy ideas, on the one hand, and domestic economic, social, and political problems on the road to transition, on the other hand

Much of the time was spent explaining expansionary policies like exchange controls and debt when Du Plessis took over from Horwood in August 1984. Little time was allocated to alternate economic policy. The consolidation of economic policy research, planning, and coordination under Botha explains why expansionary policy, exchange control, and debt were prioritised. The focus shifted to economic policy after the Treasury secured a debt rescheduling agreement with a reorganised economic policy-making inner working apparatus. South Africa had already adopted market-oriented policies; thus, the transformation was not as dramatic as one might expect. The difference was that the Treasury oversaw economic policy-making when the Treasury was in the background in the past.

For the most part, Du Plessis made it clear that South Africa had embraced the notion of introducing more market-oriented policies in his speeches at several events in 1985 and at the National Party Congress in 1986. However, he was never short on praise for the International Monetary Fund and the World Bank. According to Du Plessis (1988, 3), "[South Africa] also adheres to [the] Fund and the [World Bank] instructions on privatisation and deregulation of small enterprises and the informal sector." "We have already achieved great progress in these areas," he continued. Between 1986 and 1989, the Treasury used this method of making economic policy as its standard way of working.

There were many unknowns on the way to a negotiated transition, not the least of which was the direction of economic policy. Many believed at the end of 1989 or early 1990 that the ANC would be in power in South Africa and that the country's transition to democracy would be negotiated. According to Hirsch (2005), South Africa was confronting "the main economic challenge facing the ANC: what is the ideal balance between growth and redistribution?" One way Hirsch (2005) described this challenge was by asking, "How could [the ANC] set South Africa on the path of economic growth and at the same time assure fair, just, and politically required redistribution outcomes?" There may be a way for South Africa's economic growth and redistribution to complement each other. One of the ANC's most pressing issues was the relationship between economic growth and redistribution in South Africa.

The adoption of neoliberalism, which promised economic growth, served as a foundation for viewing the link between economic growth and redistribution as a major issue in South Africa. Neoliberal ideas were widely considered the only path to economic progress in the 1970s, and South Africa was one of the first countries to embrace them. Neoliberalism, however, led to fiscal austerity that hampered economic growth. According to some, neoliberalism's ideological flows and backflows were caused by the economic crisis in the rest of the globe; in other words, neoliberalism's adoption in diverse geographic regions was a direct outcome of the economic crisis.

Although trade financing and cross-border financial activities continued, South Africa experienced an organic crisis that resulted in the country's being banned from international financial markets following the 1985 debt crisis (i.e., gaining medium- and long-term credit). Saul and Gelb (1986) used Gramsci's "organic phenomenon" to locate South Africa's crisis as a decades-long crisis with unresolvable structural contradictions of both political and economic nature that the political elite tried to solve within constraints to defend the existing system, as structural contradictions were formative stages of the reconfiguration of South Africa's political and economic landscape.

Even before it became widely believed that the ANC would win elections in a free election and seize power from the NP, the focus was on implementing market-oriented policies to restart accumulation and safeguard the privileges of those who had benefited from apartheid and were already rich. As a result, severe economic concerns arose, including nationalisation, when the ANC asserted that it would not allow huge firms to continue as they did under Apartheid, especially after South African business met the ANC in Lusaka in 1985. As Padayachee and Van Niekerk (2019) demonstrate, health, education, and welfare have long been central to the ANC's social democratic objectives. There have even been calls for nationalisation at times.

Most people feel that the ANC in exile has paid little or no attention to economic issues other than generalisations influenced by the Freedom Charter, which called for the nationalisation of businesses and other assets. Prior to February 1990, the ANC's unbanning, many of the interactions were complicated, fragmented, and unplanned. However, South Africa was thrown into a serious economic discussion after the unbanning of the ANC and other organisations. The ANC and the NP initially disagreed on what economic structure would be best for post-apartheid South Africa, focusing on market-oriented concepts. The years 1989–1991 were critical for the Treasury because they provided the groundwork for economic policy reform during the transition.

3. Conclusion

The chapter examines South Africa's mid-1980s turning point and how the debt crisis propelled the Treasury to the centre of the political economy. Using the turning point and debt crisis, the Treasury established authority and laid the groundwork for harsh austerity measures. As a result of the implementation of neoliberal policies, economic policymaking in the government was radically restructured. The next chapter focuses on the Treasury's reorganisation and ascent to prominence.

CHAPTER 6 – INSTITUTIONAL RECONFIGURATION OF THE TREASURY

"*The need for centralisation of the budgetary process so as to let one person wield the knife"* – Juns (IMF, 1986)

1. Introduction

This chapter considers the Treasury's role during the democratic transition at a time of its own internal institutional architecture reconfiguration. Treasury's architecture was important to insulate and consolidate to sustain neoliberal economic policy reform agreed upon during the period preceding, during, and immediately after the democratisation of South Africa. The chapter covers the constitutional provisions of Treasury's functions and powers, the amalgamation of finance and state expenditure departments under Treasury; and the introduction of the Treasury Control Bill in 1998, renamed the Public Finance Management Act. This helps unravel how the institutional architecture of the Treasury was used to entrench economic policies that favoured market-oriented policies and how subsequent post-politicisation techniques maintained the Treasury's dominance and the continuity of neoliberal policies. These processes are confirmed by interviews with key individuals, including a former senior Treasury official with intimate knowledge of the inner workings of state apparatuses who had been present during the transition and the formative moments of the democratic state.

2. Reconfiguration of the institutional architecture of the Treasury, related legislation, and organisational design

2.1. Constitutional powers and functions

The drafting of the constitution was an area that was contested during the democratisation of South Africa. A proper understanding of the context of the 1993 Interim Constitution of the Republic of South Africa and the 1996 Constitution, being hailed as a breakthrough for the market-orientated economic system, is premised on understanding the 1983 Constitution. In November 1983, South Africa's white people voted in a referendum for a new constitution which would establish a tricameral parliament with coloureds and Indians participation and participation in government (Welsh, 1984). The United Democratic Front (UDF) and the National Forum (NF) rejected the Constitution.

Prior to 1983, South African constitutions did not refer to private initiatives or competition. The 1983 constitution was a breakthrough for the Verligtes after the NP split, and Verkrampte left over responses to the political and economic crisis. More profoundly, the 1983 Constitution made it clear that hegemonic ideas that favour market-oriented policies in the flows and backflows across and between ideas, institutional moments, and practices were best settled through the supremacy of the Constitution. For example, the 1983 Constitution made it clear that it was a national goal to “further private initiative and effective competition.”

From the point when the Constitution was amended in 1983 onwards, private initiative and effective competition were more than just budget speeches; they were ideas that the country aimed to achieve as political objectives. Regardless of how provisions come about, once they are adopted, they are binding on all, the main feature being protection of private property, which was concretised in the 1993 Interim Constitution and later the 1996 Constitution. This is a way to use power that uses political economy as a technical tool, decides on the shape and nature of future economic restructuring in South Africa, and sets limits for it.

The shift to concretise private initiative and effective competition in the 1983 Constitution was in line with the strong links between the idea of freedom and the ideology of neoliberalism that had emerged in the early 1970s. The link between freedom and the ideology of neoliberalism was explicit. It served as the foundation for neoliberalism’s central argument that the role of government must be limited to allow for the advancement of private initiatives and effective competition through the production of individual acts to grow the economy. Friedman (1982, p. 11) argued that “the purpose of competitive capitalism is to protect freedom, which requires limiting and spreading out the power of the government”.

South Africa adopted its Interim Constitution in 1993, based on the outcome of the Convention for a Democratic South Africa (CODESA), a pact recorded as Constitutional Principles. This pact covered various aspects of public finance, i.e., the national revenue fund, the annual budget, procurement legislation, guarantees by the national government, tax functions, political office-bearers' pensions, the establishment of an Auditor-General, and the much-contested independence of the Central Bank. The Constitutional Principles were broad in that they only stated that "the national government and provincial governments shall have fiscal powers and functions which will be defined by the Constitution". There was no specific mention of the Treasury, its functions or powers, or what can be termed "Treasury control."

The Interim Constitution formed the basis of the Constitutional Assembly established in May 1994. The mandate of the Constitutional Assembly was to develop and adopt a credible and long-lasting constitution that adhered to the CODESA Constitutional Principles. The final constitution, which was signed in December 1996 and came into effect in February 1997, had a new provision, Section 216, that established the National Treasury with its functions and powers[12]. The process of drafting the constitution officially began in 1994. The first working draft was produced in September 1995 and did not include Treasury control. Instead, the Theme Committee debated issues of a balanced budget, disclosure and reporting of government accounts and budgets, and a statement of the costs of compliance with all bills laid before Parliament. At this stage, there was no indication that the Theme Committee was moving towards Treasury control. That concept first appeared in the December 1995 working draft of the Constitution. Even at this point, the working draft did not explicitly state that there must be national legislation to establish a Treasury.

[12]According to Section 216 of the Republic of South Africa Constitution, "National legislation must establish a national treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government, by introducing both transparency and expenditure control in each sphere of government, by introducing, a). generally recognised accounting practices, b). uniform expenditure classifications, c). uniform treasury norms and standard. Furthermore, Section 216 (2) states that the national treasury must enforce compliance with the measures established in terms of subsection (1) and may stop the transfer of Funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.

By January 1996, Treasury control was considered an outstanding matter at a multiparty meeting. It was only the 4th working draft in March 1996 that introduced Treasury control and the establishment of the Treasury by national legislation. Theme Committee 3, chaired by Rob Davies, was mandated to deal with financial and fiscal relations. Rob Davies was elected as a Member of Parliament in the first democratic election in 1994 and went on to become a deputy minister of Trade and Industry from June 2005 until May 2009 and was appointed a minister of Trade and Industry in May 2009 until he retired from Cabinet in 2019. Davies, Ken Andrew, and Christina Murray were all involved in writing the Constitution's finance sections, but they don't remember how Section 216 ended up in the final document (C. Murray, personal communication, 5 June 2020; K. Andrew, personal communication, 5 June 2020; R. Davies, personal communication, 25 April 2020).

Consensus exists that the Treasury control section that emerged much later in the development of the Constitution was not a source of great contention. It was treated as a technical instrument necessary after what Andrew and Barbara Hogan described as a period of “a shambolic state of public finances” in the years leading up to the negotiations and transition (B, Hogan personal communication, 15 June 2020) (K, Andrew personal communication, 5 June 2020). Horgan is a former finance portfolio committee chair, standing committee on public accounts chair, and standing committee auditor general chair, as well as a former minister of health and public enterprises. Instead, what attracted great interest were issues such as the independence of the Central Bank, the power of provinces to collect taxes, and constitutional restrictions on loan-raising by provinces. Issues like these are the focus of a lot of debate. Technical advisors to Theme Committee 3 wrote about them in their reports, and the media spent a lot of time on them, unlike Treasury powers and functions.

While it was difficult to establish how Section 216 developed or how it came to be in the final constitution, there are three possible explanations. The first explanation, as cited by more than one research participant, is that Section 216 was influenced by international experience. According to Andrew, there was consensus in Theme Committee 3 on looking broadly at international experience to benchmark and guide the process (K, Andrew, personal communication, 5 June 2020). The Canadian and

New Zealand constitutions are often cited as being influential in shaping the South African constitution-making process. However, neither New Zealand nor Canada mention functions or Treasury control in their constitutions. Trends around the world are to set up treasury departments through legislative acts. So far, the study hasn't found any other treasury that was set up in accordance with its country's constitution at that time.

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The second explanation is that Section 216 was shaped by domestic experience both inside and outside Treasury, including by attempts to formulate what was a short-lived (November 1995 – January 1996) "National Growth and Development Strategy" (NGDS). The NGDS is dealt with in more detail in Chapter 8 of the study. For many years, the Treasury failed to establish control, and this led to shambolic public finances. Even though the Treasury did not send a clear proposal to Theme Committee 3 to include Treasury control in the final constitution, engagements in the flows and backflows of ideas, institutional moments, and practices show that a consensus could have been reached between the Treasury, the Constitutional Assembly, and the major political parties in the Constitutional Assembly to include elaborate Treasury control in the constitution.

Different parties would have advocated for constitutionally established Treasury control for different reasons. According to Andrew (K, Andrew, personal communication, 5 June 2020), there was a general concern in the Conservative Party, Democratic Party, and the NP that the ANC would engage in reckless spending (by printing money) to try and solve all societal ills. Calitz, former CEAS senior official and Treasury Director-General during the transitional era, shared an anecdote from a meeting in Parliament in 1994 wherein he expressed concern about the kind of unrealistic expectations members of the Constitutional Assembly had (E, Calitz personal communication, 10 May 2021). From the meeting, he got the idea that parliamentarians need to be kept away from public money.

Also, some leaders of the ANC – Trevor Manuel, Maria Ramos, Ismail Momoniat, and Alec Erwin who together with Derek Keys approved GEAR – claimed to have been shocked by the levels of debt and general lack of controls. Erwin claims he was convinced that there was a need for stronger Treasury control. Given their proximity to Manuel, people like Ramos and Momoniat, who had recently joined the ranks of Treasury, and Erwin, who was the first ANC Deputy Finance minister under Derek Keys (formerly and subsequently leader of BHP Billiton mining house) and later Chris Liebenberg (Nedbank chief executive), did not have a difficult time persuading the ANC of the need for strong Treasury control, including its explicit mention in the Constitution (A, Erwin personal communication, June 14, 2021).

As a result of the negotiated 1993 Interim Constitution, the Government of National Unity (GNU) changed the institutional architecture of the State. However, in terms of personalities, the Treasury's orientation to capital's overall agenda remained relatively unchanged, as Mandela retained Keys as Finance Minister and later appointed Liebenberg to replace Keys after he was pressured by the IMF and Camdessus to retain Keys and Chris Stals (Bond, 2000). According to Liebenberg (2015), when Keys resigned in July 1994, Mandela said that after he spoke to a few people, he concluded that the country, the world, and white people in particular were not prepared for an ANC Minister of Finance. At the time of Keys' resignation, the drafting of the Constitution, much less the idea of a Treasury Control Bill, was at an infant stage. Liebenberg accepted Mandela's request that he succeed Keys on the condition that he remain politically independent and disciplined in both monetary and fiscal policy and 'government's economic policies would remain market-related' for the period he was finance minister.

There is a possible third explanation. It is well documented and undisputed that the World Bank and IMF, through CEAS and the Treasury, shared intellectual work with South Africa before the Constitutional Assembly was formed in 1994. It is also well documented that the process of drafting South Africa's Constitution received wide international support on various aspects, including the finance sections. IMF and the World Bank officials had a huge impact as ideologues on reforms in South Africa in the early 1990s described as "knowledge bank" (Bond, 2000; Padayachee & Fine, 2018). In January 1994, Anwar Shah, a World Bank economist, published a paper titled, "The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies." In his paper, Shah (1994) argued that in a decentralised environment such as that being proposed for South Africa, constitutional responsibilities should be clearly and precisely stated. Informally, Shah spent a considerable amount of time attending workshops and engaging with local stakeholders, an opportunity to further entrench his beliefs.

A host of workshops were convened during the Constitutional Assembly period and Shah was one of the professionals' present (R, Davies, personal communication, 25 April 2020). According to the minutes of the Constitutional Assembly Core Group 3 meeting that investigated the relationship between levels of government, Shah addressed a workshop and would have advocated for clear constitutional responsibilities, which could have led to the inclusion of Treasury control and fiscal decentralisation in the Constitution. Notwithstanding the lack of conclusive or corroborating information about the inclusion of Section 216 in the Constitution, Davies argues that the powers and functions outlined in the Constitution formed part of a strong push for neoliberalism that became embedded in several of the document's core Constitution principles (R, Davies, personal communication, 25 April 2020).

Other technical amendments, in addition to Section 216, contributed to what Davies refers to as neoliberal-driven "technical constitutional amendments" embedded in the Constitution (R. Davies, personal communication, 25 April 2020). According to Section 73 of the Constitution, only the Cabinet member responsible for national financial matters may introduce a money bill or bills that deal with equitable shares (i.e., central-local redistribution) and allocations of revenue raised nationally among the national, provincial, and local spheres of government[13]. In the end, Section 216 of the Constitution mandates that there should be national legislation that establishes the Treasury and specific constitutional powers reserved for the Cabinet member responsible for national financial matters. It's in addition to Sections 213, 215, and 217 of the Constitution, which set up a single National Revenue Fund and say that all budgeting processes must be transparent, accountable, and efficient.

The section above considered areas of the Constitution that planted the seed, one that would later give birth to the post-apartheid Treasury's power. The focus of the next section is to outline the legislation that established the Treasury through the Public Finance Management Act (PFMA). The implementation of the PFMA changed the overall nature and architecture of the state, the executive and Parliament. The section that follows only talks about how the Treasury was set up, what its powers and duties are, and how the government changed after the PFMA was passed.
The focus of the section below is limited to the establishment of the Treasury, its powers and functions, and institutional changes after the enactment of the PFMA.

[13]A money bill is a law that appropriates money; imposes national taxes, levies, duties, or surcharges; abolishes or reduces, or grants exemptions from, any national taxes, levies, duties, or surcharges; or authorises direct charges against the National Revenue Fund.

2.2. The Treasury and the Public Finance Management Act

The Constitution was adopted with much fanfare in most quarters of South Africa and came into effect on February 7, 1997. The South African Communist Party's Langa Zitha, the National Institute for Economic Policy, and the Institute for African Alternatives challenged Section 8 (4) of the Constitution, which grants juristic individuals the same rights as nationhood, but lost the case. Corporate personification is consistent with combining human and market freedom by granting corporations the same rights as actual individuals. The new constitution was celebrated as the best in the world.

Schedule 6 of the new Constitution required that the national legislation referred to in Section 216 be enacted within three years of February 7, 1997. The Treasury submitted a Treasury Control Bill intended to give effect to Section 216 of the Constitution in 1998 to replace the Exchequer Acts. The Treasury Control Bill, later renamed and adopted as the PFMA, established the National Treasury. It is not the purpose of this section to analyse public finance management reforms.

Tania Ajam (2016) and others have dealt extensively with Public Finance Management (PFM) reform since the promulgation of the PFMA. The focus has tended to overlook the implications for the PFMA, particularly the section that establishes the Treasury and the implications in respect of its role in South Africa's political economy. In her doctoral dissertation, Ajam (2016, p. 259) observes "a strong degree of consensus among analysts that PFMA reform outcomes reflect significant achievements in creating macroeconomic stability, aggregate fiscal discipline, and allocative efficiency through improved macro-prioritisation and one of the highest levels of transparency in the world." The idea that PFMA reform created macroeconomic stability is unusual as the Rand kept crashing (See Graph 5: Rand vs Dollar 1978 – 2016). The same can be said for aggregate fiscal discipline.

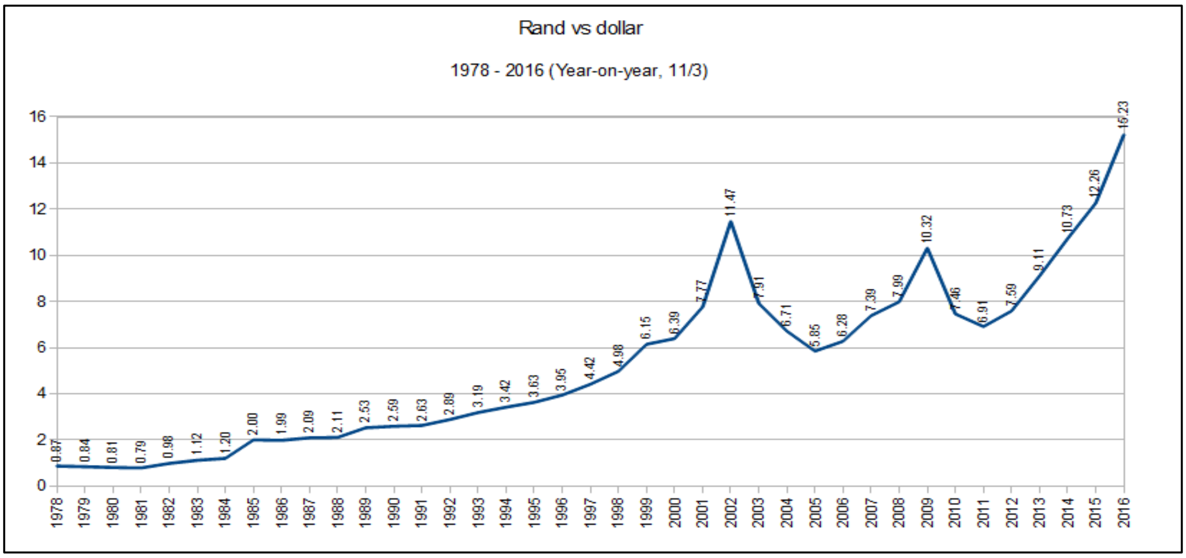


Figure 5: Rand vs Dollar in 1978 - 2016

Accordingly, there has been little or no interrogation of the legislative basis on which the Treasury is established and what it means for South Africa's political economy; analysis is limited to the political-administrative interface of the Treasury and other state institutions. Section 2 of the PFMA establishes the National Treasury as a national department responsible for financial and fiscal matters. The PFMA further confers on the Treasury powers to:

(1) Promote the national government's fiscal policy framework and the co-ordination of macro-economic policy.
(2) Co-ordinate inter-governmental financial and fiscal relations.
(3) Manage the budget preparation process.
(4) Exercise control over the implementation of the annual budget, including any adjustments budget.
(5) Facilitate the implementation of the annual Division of Revenue Act.
(6) Monitor the implementation of provincial budgets.
(7) Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of departments, public entities, and constitutional institutions.

While the PFMA confers on the Treasury functions and powers that appear technical and practically desirable in nature, they are less political in nature. The dominant interpretation is that there was a shift from input-based controls to an output-based focus and a framework of accountability (Ajam, 2016). The PFMA was framed as a management tool to link strategic plans, multi-year budgeting, linking outputs to inputs, reporting and management of financial performance. However, there were other consequences that are often overlooked. For this study, the PFMA served as an umbilical cord to establish wide-ranging links between the Treasury, Constitution, and Parliament. However, for the purpose of the study, the following links are relevant:

First, the Treasury, as the national department, is responsible for financial and fiscal matters—similar wording was used to confer constitutional powers on the finance minister. The PFMA serves as an umbilical cord that connects the Treasury to the constitutional powers of the finance minister. It is important to note that the Constitution does not confer powers to co-ordinate macro-economic policy in the manner that the PFMA does on the Treasury or on the finance minister. However, as part of the Treasury's constitutional mandate, the PFMA connects fiscal policy framework and macroeconomic policy.

Second, entrenched within the Constitution is the idea of fiscal discipline, common in its details to those of other countries. According to Section 215(1), "national, provincial, and municipal budgets and budgetary processes must promote transparency, accountability, and the effective financial management of the economy, debt, and the public sector." Effective management of the economy, debt, and public sector, particularly the constitutional requirement that budgets tabled must show the sources of revenue and the way in which proposed expenditure will comply with national legislation (sound management of expenditure), means that while the Central Bank's single most important constitutional objective is the pursuit of price stability, for the Treasury it is fiscal discipline. In a constitutional mandate that is intricately woven between the PFMA and the Constitution, it is difficult to determine where the Constitution ends and the PFMA starts.

The Constitution and the PFMA intertwine the Treasury and the finance minister, which is the third and last result. While other departments can be reconfigured, rearranged, or reorganised on a whim in the same way the Cabinet can be reconfigured, rearranged, or reorganised, changing the Treasury requires legislative changes, something that was not the case before the adoption of the Constitution in 1996 and the promulgation of the PFMA in 1999. From institutional and operational experience, the decision to confer legislative powers on the Treasury to coordinate macro-economic policy meant that the decision regarding where macro-economic policy is coordinated is not the president's decision but a legislated decision, hence the dismal of the Department of Economic Development (Davies, 2021).

The process of drafting the PFMA came at a time when there was a shift from the implementation of a macroeconomic policy framework to institutional reforms. The institutional reforms were framed as an intervention to improve the management of public resources, hence the focus on treasuries and central banks. There was a collaborative and concerted effort by the IMF and the World Bank to design policy-making institutions. During the time when market-based policies were being put into place, there was a lot of support for the independence of central banks. This was done to keep monetary policies from being influenced by politics, which was thought to cause inflation.

The same cannot be said about fiscal policy, as it is at the centre of government decisions in terms of expenditure, taxation, and borrowings in order to achieve canvassed political objectives (Black *et al.*, 2005). However, there was still a need for institutional arrangements ostensibly intended to promote fiscal discipline and restore or safeguard sound public finances. In many countries, this has led to the creation of fiscal rules that set up a legal framework for managing public money. For example, these rules separate the functions and powers of the Treasury from political power.

Ever since South Africa's re-integration into the global capitalist economy, the focus has been to attract international investors, and this has called for the need to send signals to attract international investors to ensure efficient policy coordination and avoid financial instability, high interest rates, rapid inflation, and the negative impact this can have on overall economic growth. To be fair, South Africa's growth in trade as a percent of GDP was in line with world trade (See Figure: South Africa vs World trade as a percent of GDP 1960 vs 2020). As has already been shown, there has been a shift around the world away from dialogue between political powers and toward technical management with full discretion. The claim is that this is done to make policy coordination more efficient, which has led to legislation isolating the functions and powers of the Treasury.

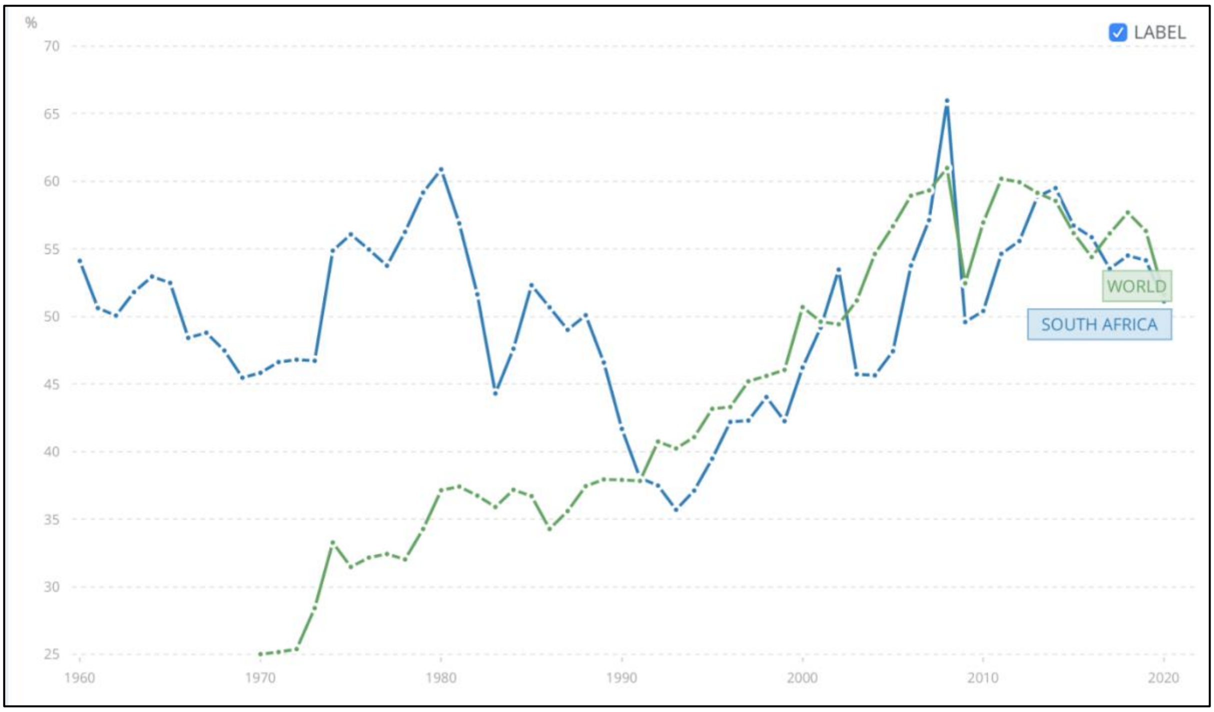


Figure 6: South Africa vs World trade as a percentage of GDP 1960 vs 2020 (World Bank, 1960-2020)

2.3. The Treasury and Money bills

According to Section 43 of the Constitution of South Africa, the legislative authority of the national sphere of government is vested in Parliament. Part of Parliament's mandate is to ensure public participation when passing legislation and overseeing executive functions, including money bills. Section 77 requires that "all money bills must be considered in accordance with the procedure established by Section 75 of the Constitution." An Act of Parliament must provide for a procedure to amend money bills before Parliament. "The Money Amendment Procedure and Related

Matters Act of 2009 (the Act of 2009) arose from the Oversight and Accountability report of 2002 to give effect to Section 77 of the Constitution.

Without the Act of 2009, Parliament would not be able to influence fiscal policy or amend any of the money bills introduced by the finance minister. Earlier in 1999, when talks of legislation to amend money bills emerged, Manuel was one of those against the bill. The finance minister was of the view that legislation to amend money bills could undermine the executive's independence to decide on a policy (Finance Standing Committee, 1999). Hogan, in her recollection, remembers how the Finance Standing Committee had to remain firm on its position (B, Hogan, personal communication, 15 June 2020). In the end, the talks of the Parliament Budget Focus Group and the Oversight and Accountability report led to the Act of 2009.

The Act of 2009 provides a framework in which committees of the National Assembly (NA) and the National Council of Provinces (NCOP) consider proposed money bills and the process to follow if there are to be any changes. In the process of developing the Act of 2009, between 1994 and when the Bill was before parliament, the Treasury operated with unfettered powers, including powers to shape the nature and character of money bills without contestation. Because the Act of 2009 was underpinned by the emphasised need for fiscal discipline, it has not had any identifiable influence. Instead, the money bills proposed by the Treasury have been adopted by Parliament, making the proposed fiscal framework a law.

2.4. Changes in the institutional architecture of the Treasury

At the beginning of 1994, the government took several steps that began the reconfiguration of the institutional architecture of the Treasury. These steps included the following:

(1) *Improved coordination between the Departments of Finance and State Expenditure, which fell under a single Ministry.*
(2) *Establishment of a Treasury Committee, which had broad responsibility for assisting Cabinet in setting budgetary priorities, evaluating expenditure requests and ensuring prudent fiscal management.*

(3) Development of a strategy for the transfer of functions and financial management powers to the new provincial governments in an orderly fashion.

(4) Design of an action plan to meet the objectives of a reconstruction and development programme without compromising fiscal discipline (Department of Finance, 1994).

As shown previously, by 1994, South Africa had two departments playing a role in the fiscal framework. The study argued that splitting the Treasury into two departments did not fragment emerging reforms or the growing powers of the Treasury as a macroeconomic authority. According to Calitz, there was no fundamental political reason why the Treasury was split into two except that the workload was too much for the 1984-92 Finance Minister, Barend du Plessis (E, Calitz personal communication, 10 May 2021). However, the split did effectively weaken one area of the Treasury’s work that was beginning to grow, i.e., control over expenditure, particularly a reduction in defence and police budgets and management of overall debt at a time when the deficit was in excess of 7 percent of the GDP.

The two departments continued to operate independently from each other after the 1994 transition, even when the Constitution was adopted in 1997 and called for national legislation to establish a Treasury. It was only after the promulgation of the PFMA that the powers and functions of the Treasury were outlined. While the challenges of coordination between the two departments continued between 1996 and 1999, particularly in revenue management, these challenges did not undermine the objectives of GEAR, a policy underpinned by austerity and guided by the minister responsible for both departments as the ruling party’s fundamental economic policy.

The process of formally changing the institutional architecture of the Treasury began once the legislation was in place in 1999. However, the process of reshaping the institutional architecture was influenced largely by global thinking around treasury reform as an institution important to the IMF and the World Bank. One of the decisive influences appears to have come from the IMF Fiscal Affairs Department, which had maintained strong ties with apartheid South Africa and played a key role in tax reforms during the mid-1980s, even when after 1982 South Africa was barred from accessing IMF lending facilities. Cecil Margo, chairman of the 1981 Commission of Inquiry into the Tax Structure of the Republic of South Africa, had numerous and frequent exchanges with the head of the IMF Fiscal Affairs Department, including family dinner visits (Tait, 1986). The Margo Commission's decisions and deliberations were often shared with the IMF—even IMF reports to the Treasury that were considered confidential were shared between Du Plessis and the Margo Commission (Du Plessis, 1985)

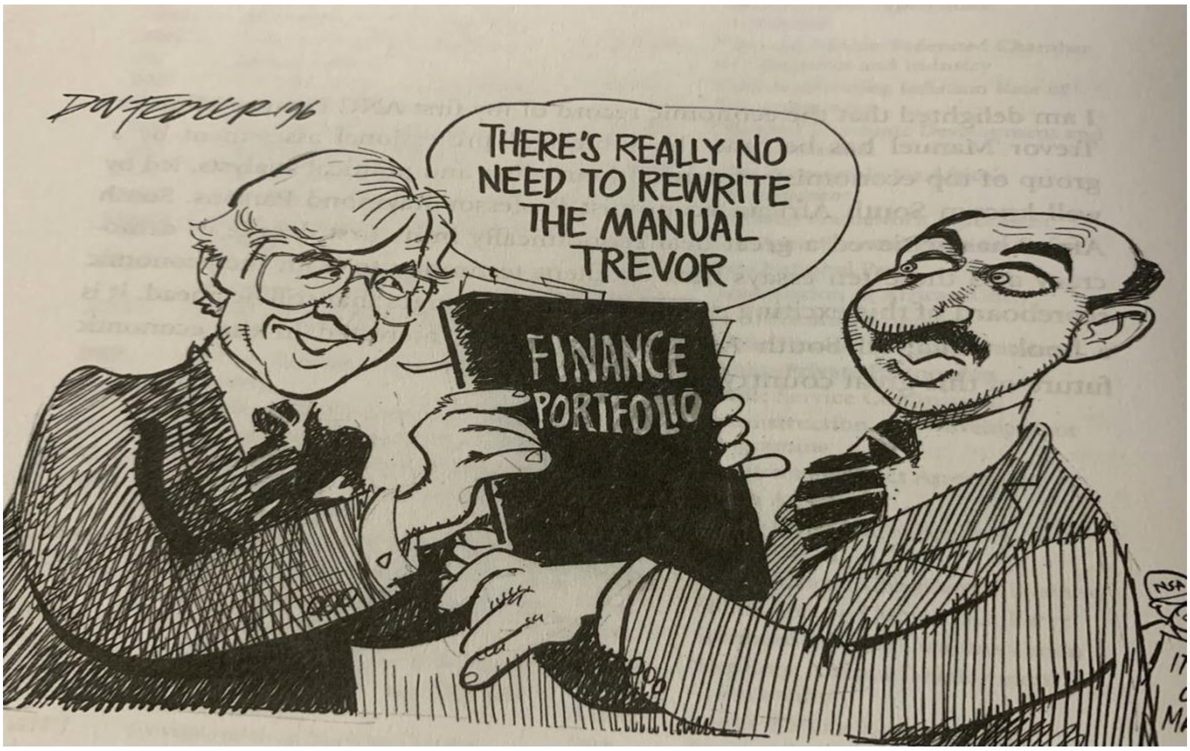
While Shah (1994) only argued at a high level that the constitutional responsibilities related to fiscal policy should be clearly stated, the IMF Fiscal Affairs Department was thinking broadly about the configuration of the Treasury as a whole. An ideal treasury, according to a paper published by the department in 1995 titled "Setting up a Treasury in Economies in Transition," is designed to successfully implement IMF-supported economic policy reforms. In many ways, South Africa was a society in transition, including, inter alia, the transition from apartheid to democracy and from a state-centric economy to a market-oriented management of the economy.

In their paper, Ter-Minassian *et al.* (1995) argued that in countries facing substantial economic and financial adjustment problems and/or rapid institutional change [including transition], it is desirable to give the Treasury a broader (rather than narrower) range of responsibilities in government financial management. Furthermore, Ter-Minassian *et al.* (1995) argued that "this is typically the case in economies in transition, in which under central planning, Treasury functions are dispersed among different agencies, including the Central Bank," as was the case in South Africa with CEAS, DoSE, and the Ministry of Administration and Economic Services in the President's Office. The paper by Ter-Minassian *et al.* (1995) and other interactions between the Department of Finance and other parts of the IMF provide an important source of ideas for how to establish and manage the Treasury, something that has been well overlooked even by seasoned scholars. The paper and others had a huge influence on active think tanks on constitutional reform (Wehner, 2000a).

One respondent who requested to remain anonymous argued that the study overstates the influence of the IMF and particularly the restructuring that occurred in the early 1990s by the old guard. Instead, the respondents argued that the new people who came to the Treasury from the ANC, particularly Maria Ramos, came to the Treasury with different reforms compared to reforms that were already underway. The evidence suggests that by the time Manuel was appointed Finance Minister in 1996, many of the building blocks that would later form part of the institutional architecture of the Treasury were in place. And many other new purportedly ANC-aligned officials, such as Trevor Manuel, Maria Ramos, Ismail Momoniat, Lesetja Kganyago, and some new faces, cemented what was already at an advanced stage. If anything, as students and apprentices of the old guard.

Liebenberg (2015) said:

> *"By the time I tabled my second budget, I had realised that the Finance Minister needs to be a politician with political clout. Most of the things I wanted to do in the short term were by then in place: we've cut the deficit; we've re-orientated spending; we've gone from an import parity focus to an export-competitive focus; we've scrapped the Financial Rand with the expert assistance of Chris Stals, and we've restructured the Departments of Finance and State Expenditure and established SARS. So, from there on driving things further was going to be more of a political job, no longer a job for an independent without political clout."*



Liebenberg's version is arguably the most accurate description of how changes to the institutional architecture of the Treasury occurred. What is significant about the changes attributable to Liebenberg is not the fact that by the time he handed over to Manuel, most of the reforms were already underway, but that Liebenberg's version of events was that he didn't see the reforms that he introduced as political, and the reforms would require political clout to carry the day. This included most public finance reforms like MTEF that were conceptually developed well in the mid-1980s. Many of the reforms that he claimed he introduced were presented as technical in nature when they were inherently political and often contested.

By 2000, the Treasury had been established as one of the anchoring institutions of South Africa's democracy, with far-reaching powers in all aspects of the state and beyond (Roux, 2017). Through responsibilities conferred by the Constitution and the PFMA, the Treasury institutional architecture allowed the institution to be involved in overall policy formulation, influencing sector policies such as human settlements, energy, transport, ICT, and social security, etc. The Treasury impacts people's lives every day in almost all aspects based on the principles of "fiscal discipline" and "austerity," which are made a part of the constitution, the PMFA, and other public finance related legislation.

Ajam (2016) links changes to the Treasury's institutional design to "New Public Management," which was motivated by impulsive reforms aimed at incentivising efficient use of public resources. She believes that reforms that modified the institutional architecture of the Treasury were motivated by larger reforms to improve government performance, as she follows the birth of NPM and the history of public finance development. The theoretical direction of NPW and public finance reform interprets several institutional transformations as reinventing government, particularly in Australia, New Zealand, and the United States. Technocrats, for example, drive PFM reforms at their convenience.

Even though Ajam (2016) sought to make a compelling argument for developing democracies managing the political-economic components of PFM reform, she does not regard them as a political-economic class project. Most research on NPW and public finance reform views reforms as the application of market principles to correct or prevent failures, and they don't consider politics and economics together. This is because neoliberal policies are being used as a class project, which has led to the growth of global capitalism and the use of post-politicisation techniques. Once NPW and public finance reform take hold, there is a concerted effort to keep politics out of the political-economic components of PFM reform, all in pursuit of market principles.

The method in which NPW and public finance reform's analytical orientation is visible in the understanding of changes, particularly the timeframe in which they occur. The impression is created, for example, that part of the PFM reforms involved increased political input into the budget process. According to reports, the Minister's Committee on the Budget (MinComBud) was founded to foster more political participation. The MinComBud, a GNU subcommittee, may have grown to fulfil that job, but it was originally chaired by the finance minister. As members, they included two vice presidents, the deputy finance minister, and the director-general of finance and expenditure. MinComBud approved all major government expenditures.

The MinComBud was created as a platform for Manuel to shadow Liebenberg as he was preparing to take over as Finance minister. "[p]art of what was done [to allow Manuel to shadow Liebenberg without anyone knowing what was going on] was to set up a committee of ministers on the budget—it's still there as MinComBud in whatever form," says Manuel (Green, 2012). If we were all there and talking about the budget quietly, then my involvement would not be remarkable." According to Liebenberg (2015), in addition to the MinComBud, "Trevor Manuel sat in the [dining room at the Groote Schuur estate with Gill Marcus, Alec and I on a weekly basis for about six months prior to their appointments, being coached by Alec and I and being briefed on what the expectations are, what is the reality, and so on." The way the NPM and PFM reform analytical frameworks are set up, the nature of a political-economic class project is often overlooked, and everything is shown as a loosely connected group of related reforms.

3. Reconfiguration of the Treasury as a political-economic class project in favour of market-orientated policies

3.1. The role of the Constitution and PFMA in the rise of the Treasury

Between 1970 and 1985, most conflicts for the construction of a democratic state were between the state and broad democratic movements backed by local and international forces. However, before South Africa's democratisation, rivalry between verkramptes and verligtes took place mostly within the state, with a focus on the character and structure of the economy. According to the findings, there was no ideological or rhetorical competition over the economic future of South Africa prior to the negotiations (Hirsch, 2005). Instead, the NP, some members of the ANC, and the Treasury all agreed that neoliberal policies needed to be strengthened.

The reconfiguration of the Treasury laid the foundation for the fundamental transformation of South Africa's political economy in a way that continues to shape economic policy making with minimal contestation inside and outside the state, including within the tripartite alliance. The agreed principles of the Interim Constitution of 1993, the subsequent process of drafting the Constitution, and immediate legislation to democratise and reorganise the levers of power within the State became a political-economic class project, heavily reliant on changes in the Treasury's institutional architecture.

The Treasury was given adequate powers by the Constitution, the PFMA, and other legislation intended to govern public finances, but only based on a state-managed capitalist economy, in a way that a socialist or even a Keynesian finance minister would be allowed to accomplish. In the period preceding the reconfiguration of the architecture of the Treasury as a political-economic class project, the political-securocrats' class project had entrenched itself in all the levers of the State, including life outside the State. The powers of the political-securocrats, primarily ministers in the security cluster and top police officers, were not legislated in the same way as the Treasury's. Instead, the State Security Council, the Joint Management Council, and the centralisation of economic policymaking in the centre of politics were the result of a gradual process of political and institutional changes that were not defined by clear laws or even a constitution.

In the previous chapter, it was argued that before the transition to a post-apartheid South Africa, Treasury under Du Plessis used the debt crisis, incremental restructuring of inner-state working apparatuses, and efforts to establish treasury control to lay the foundation for Treasury's turn to neoliberalism. The Constitution and PFMA conferred powers on the finance minister and the Treasury in a manner that entrenched their powers to guarantee the institutionalisation of neoliberal principles in the State, as agreed during the transition. With its powers firmly rooted in the Constitution and the PFMA, the Treasury was able to engage in actions and interactions with various state agencies and political actors from a position of power to promote the adoption of neoliberal policies. The Treasury promoted general neoliberal tenets of state withdrawal through a fiscal framework. To achieve this, the Treasury positioned the fiscal framework, drawn from specific economic ideas and models, to legitimise reforms as a constitutional requirement, an obligation the Treasury is legally mandated to carryout.

The Treasury was successful in positioning the fiscal framework as a constitutional requirement because the PFMA guaranteed its wide and deep involvement in all spheres of the state, both directly and indirectly. Before the promulgation of the PFMA, intra-state politics between competing departments was managed by the Cabinet without Treasury's involvement, as was the case in the pre-apartheid era. However, through the PFMA, the Treasury could now manage intra-state politics between competing interests based on specific economic ideas. This was done to dictate the process of resource allocation from the beginning of the process by setting guidelines for the introduction of money bills in the National Assembly by the finance minister.

The Act of 2000 was meant to be a check and balance mechanism to ensure that a democratic process was in place to decide on a fiscal framework and later control of public money. Before 1994, the NP subordinated Parliament to the wishes of the executive. In the previous chapter, it was argued that Botha subordinated Parliament to the wishes of the Cabinet in various ways, including treating parliamentarians as junior and members of the Cabinet as senior. In South Africa after apartheid, despite changes to the law that gave parliamentarians enough power to control the executive, the executive continued to control legislative processes.

The subordination of parliamentarians that undermined the Act of 2002 and entrenched Treasury's overall control of the fiscal framework manifested in several ways; one of the most significant was the way the ANC managed its internal dynamics and deployment to the state and legislatures. After 1996, senior members of the party elected to the ANC National Executive Council were the first to be deployed to Cabinet as ministers, with junior members being deployed to the legislature. The finance minister would develop money bills and present them to the Cabinet. Once approved by Cabinet, which consisted of members of the NEC, in an ANC-majority Parliament, it became difficult for junior ANC members to effectively implement the Act of 2002. This was true even when clear needs had been pointed out and promises of money had been made.

3.2. Treasury as central macroeconomic authority

One of the most significant reconfigurations of the Treasury as a political-economic class project was, however, to legislate the co-ordination of macroeconomic policy as an exclusive power of the Treasury. In the past, a lack of clear co-ordination of macroeconomic policy-making undermined Treasury efforts to reduce the involvement of the state as an active participant in the economy. When the state began to coordinate macroeconomic policy, it was linked with the political-securocrats’ class project to reform and maintain apartheid. This made it harder for the Treasury to keep spending under control, which led to a debt crisis.

The legislated mandate to co-ordinate macroeconomic policy meant that Treasury, through the fiscal framework aimed to promote the adoption of neoliberal policies, reduced direct state involvement in industrialisation in areas where the state had previously played an active role. In the past, the Department of Trade and Industry and its development agencies, such as the Industrial Development Corporation (IDC), had a lot of freedom to decide how much the government should be directly invest in the economy. This was because macroeconomic policy was not based on fiscal discipline.

However, the Treasury was entrusted with the co-ordination of macroeconomic policy and legislative powers to dictate the direct and overt involvement of the state in the economy by imposing fiscal discipline. Consequently, even when the Department of Economic Development was created in 2010, it was subordinated to Treasury’s fiscal discipline, and it had minimal influence on the role of the state in the economy, as the period after budget deficits began growing in 2009 meant major projects were undermined by austerity (Davies, 2021).

Aspects of Treasury’s reconfiguration as an institution hosting a political-economic class project favouring market-oriented policies were previously discussed. What is also clear after 1994 is that the institutional reconfiguration meant that Treasury was positioned as a key agency within the state apparatus, regulating various spheres of economic activity and markets. This showed up in two ways. To begin, the Economic Policy and International Financial Relations Division was established to link the fiscal framework to the expansion of financial markets. Second, the Treasury’s role in overseeing the development and proper operation of the market was to create an environment that encouraged private actors, particularly the financial sector, to accumulate capital, an important political resource that situates the Treasury as an allied institution within the State apparatus.

The Economic Policy and International Financial Relations division is responsible for overseeing financial sector development, financial services, and the sector's stability. It seeks to create a conducive environment for the accumulation of capital in a highly financialised economy. It has also emerged over the years as a key division within the Treasury and the broader political-economic arena. The influence of the division has manifested itself in the influence of its head, Ismail Momoniat, who often led the Treasury team in Parliament, including on matters beyond his division. He was not the only individual with expertise or a vast institutional memory, as there were other officials who had worked at the Treasury longer than him, such as Koen Kruger and Andrew Donaldson. During the consolidation of the Treasury, he was one of the Treasury's longest-serving and most respected officials, and arguably its most influential and senior figure.

Momoniat joined the Treasury from the ANC's Department of Economic Planning as a Deputy Director following a training session at the Work Bank. By 1998, Momoniat was head of the intergovernmental relations branch (Department of Finance, 1998). In that position, he led the formulation of the equitable share of revenue. However, most importantly, Momoniat was central to the development of the PFMA. By 1999, Momoniat was responsible for the largest program within the Treasury's Budget Office. In the process of reconfiguring the Treasury into one department in 2001, intergovernmental relations became a division, and Momoniat was appointed as Deputy Director-General (DDG) (Department of Finance, 2002).

In 2005, Momoniat was appointed head of tax, finance, and international economics, responsible for financial sector policy, international financial relations, and tax policy, a position he continued to hold into the 2020s as the longest serving DDG in the Treasury. His influence, often overlooked, is central to the functioning of the Treasury and manifests itself in several ways. First, when approached to participate in the study, senior people within the ANC and the State apparatus (former Finance minister Tito Mboweni and Governor of the Reserve Bank Lesetja Kganyago) referred me to Momoniat, even regarding questions related to their own personal experience. This included a wide range of areas for which he was not officially responsible, according to the Treasury organogram. Secondly, Momoniat often led the Treasury team to Parliament on all matters beyond his division. In 2018, Floyd

Shivambu raised the matter of Momoniat's overarching influence (Finance Standing Committee, 2018). This was dismissed as an issue that was the prerogative of the department and not Parliament.

More striking, however, yet not surprising, was former finance minister Malusi Gigaba's concession that Momoniat controlled everything in the Treasury. According to Gigaba, Momoniat's control is such that he subordinates the head of the Treasury (M, Gigaba personal communication, 8 September 2021). He claimed that Dondo Mogajane (Treasury Director-General) frequently needed Momoniat's approval on a variety of issues, as if Momoniat were the Treasury's head. Most people who could back up or disprove Gigaba's claim didn't take part in this study.

In the end, the Treasury has emerged as a formidable institution with political power sufficient to make it an autonomous actor within the political-economic field. The autonomy of the Treasury allows the department to expand and entrench neoliberal policies in South Africa's political economy with minimal resistance. There is no doubt that the Treasury played a key role in promoting the expansion and entrenchment of neoliberal policies within the State apparatus. Lastly, the study argues that the involvement of the Treasury in the process of drafting the Constitution and the Treasury Control Bill, which initially overturned Parliament's powers to amend money bills and later reconfigured Treasury's institutional character as the PFMA, was motivated by political-economic class project interests. This was done to construct and preserve its power and autonomy in neoliberal contestations—flows, backflows, across and between ideas, institutional moments, and practices, a process of circulation of ideas that develop, get reshaped, and reworked—that reconfigured power relations in South Africa's political economy.

4. Conclusion

The chapter explored how the Treasury powers and functions became part of the Constitution. The chapter also looked at Treasury's efforts to develop the PFMA and the Money Bills Amendment Procedures and Related Matters Bill. The chapter used the formulation of legislation to illustrate changes in the institutional architecture and argue that the process was a political-economic class project. The next chapter looks at the Treasury in the talks about democratising South Africa and shows how the RDP revealed further backflows between ideas, institutional changes, and practices that changed neoliberalism.

CHAPTER 7 – THE TREASURY AND THE RDP

"Meaningful reforms cannot be put over by an advisory and administrative elite that is itself the architect of the existing situation" – (Minsky, 1986)

1. Introduction

The chapter locates the Treasury in the period of debate over economic policy reform during negotiations to democratise South Africa and the period immediately afterwards. Contestation over reconstruction and development programmes in a post-apartheid South Africa was originally the idea of Treasury leaders, and was then championed by COSATU and later adopted by the ANC. The role of the Treasury in the evolution of the RDP began in 1990, when an Independent Development Trust (IDT) emerged. Four years later, the RDP was adopted by the government as a policy, and after another two years, the RDP's demise came. The chapter uses the RDP to illustrate how backflows, across and between ideas, institutional reconfiguration, and practices reshaped neoliberalism in South Africa and to show that the RDP was a highly contested aspect of the transition to a post-apartheid South Africa.

The Treasury archive allows us to depart from conventional debates about seeing the RDP as either right, centre, or left (or some combination), and to then posit a shift from RDP to GEAR. Instead, the chapter seeks to locate the Treasury in the backflows, across and between ideas, institutional reconfigurations, and practices that reshaped the adoption and entrenchment of neoliberalism in a society ridden with accumulation crisis and political upheaval. The RDP was defined by these contestations.

2. The balance of forces during the RDP's development

2.1. NP, Treasury, and business views – "talks about talks" and negotiations

In the period leading to the democratisation of South Africa, an important debate about restructuring South Africa's economy ensued. Once termed "The Great Economic Debate" (Gelb, 1990; Munck, 1994; Terreblanche, 1990), captured both elite and activists' attention. The debate came from all fronts, that is, the state, civil society, political parties, business and multilateral organisations such as the IMF, World Bank and others. Later, the transition and democratisation of South Africa would affect the debate about the future economic policy.

Much of what would have been Treasury's position on economic reform debates between 1980 and 1994 is captured succinctly in budget speeches and was not always a representation of the State as a whole. Du Plessis (1986a, para. 49) defined a "forced deviation from accepted principles of a market-oriented approach" when the government continued with expansionary fiscal policy that contradicted a market-oriented approach. Du Plessis repeated this in numerous addresses throughout the 1980s, in budget speeches, conferences, and functions (Du Plessis, 1986b). In short, the Treasury's position was to encourage increased participation by the private sector in the economy and to reduce the role of the government in the economy by privatising and cutting back on government spending.

Even in those instances where the apartheid government implemented policies and took decisions contrary to the Treasury's stated position in budget speeches, the Treasury would either restate the position or make attempts to link the policy with whatever policy was adopted by the government. To illustrate the above, a two-fold example stands out. First, when the government adopted the 'Total Strategy' discussed in the previous chapter, the Treasury attempted to link the strategy with the stated economic policy. Horwood (1980a, p. 5) told the National Assembly that the [economic] policy of curbing government spending while promoting economic growth in the private sector is in full accordance with the government's total strategy and the Prime Minister's new initiative regarding the Constellation of States in Southern Africa. There is evidence that the 'Total Strategy' resulted in expansionary fiscal policy and a discretionary budget that undermined Treasury control. However, there is not much debate on the stated policy of the Treasury during the period preceding the democratisation of South Africa.

The NP and apartheid governments had adopted a market-oriented approach much earlier. Du Plessis (1986a) reminded the NP Federal Congress that the government often stated its commitment to a market-orientated economy. De Klerk (1991) summarised the economic position that led to “talks about talks” and later negotiations about the democratisation of South Africa. “The government’s basic point of departure is to reduce the role of the public sector in the economy and to give the private sector the maximum opportunity for optimal performance,” writes de Klerk (1991, p. 40). In this process, preference has to be given to allowing market forces and a sound competitive structure to bring about the necessary adjustments. Politicians from the NP said these things repeatedly, both locally and internationally.

When he spoke to the Royal Institute of International Affairs and the Royal African Society in London in 1991, while he was still State President of apartheid South Africa, de Klerk was very clear that:

> “… *South African Government is committed to a market-orientated economic system. [Government] knows that, unless private ownership of property is appropriately entrenched, and unless those responsible for the task of development – of creating jobs – can be sure that their investments are secure, business confidence will wane. Our work in the constitutional field will not succeed unless it is underpinned by economic stability and reinforced by economy growth*. “

Perhaps the Development Bank of Southern Africa’s (DBSA) 1992 discussion paper, *“Towards a Democratic Economy in South Africa: An Approach to Economic Restructuring,*” encapsulates much of the concrete reshaping of neoliberalism in light of the 1980s experience, contestations, and the impending transition to democracy – with attempts to incorporate redistribution language within the concept of a market-oriented economic system. A similar position has been articulated by business on numerous occasions. This is documented in conference proceedings, brochures, and newspaper articles. Even the white business delegation that met the ANC at the

Mfuwe Game Lodge in September 1985 had already planted the seed for non-negotiable reform based on a market-oriented economic system that depended largely on growth (ANC, 1985). Gavin Relly made it clear that “[they] had come to the meeting [with the ANC] as businessmen, firm in [their] conviction that one could not create a stable society or introduce reform measures without economic growth.” Reform was simply not possible without economic growth, which became the IMF and World Bank neoliberal reform mantra in the mid-1980s (ANC, 1985, para. 6).

2.2. The ANC Road to RDP

There is an emerging interest in re-evaluating the evolution of ANC economic policy since its formation. The purpose of the study is not to go down this line of analysis. Instead, the study uses the RDP to demonstrate the role of the Treasury, an interaction that reshaped power dynamics between the State and the ANC and later shaped South Africa’s broader political economy. An analysis of this nature can be approached in several ways. However, the study examines the process followed when the RDP was adopted as an anchoring policy of the GNU. The March 1996 closure of the RDP laid the foundation for post-politicisation that was later entrenched by the adoption of GEAR. A starting point is to briefly recapture what the RDP is, under what conditions it was developed and adopted, and how it was later processed in the Government of National Unity, with an emphasis on the role of the Treasury.

Prior to the first democratic elections in 1994, the ANC had adopted the RDP, a programme born out of a mass, broad-based consultative process and through negotiations and consultation, “as its most substantive set of campaign promises” (Bond, 2000). Cronin points out that the process of developing and adopting the RDP democratises the ANC and South Africa in a manner that was last experienced with the adoption of the Freedom Charter – an element of policy-making democratisation that was often overlooked in empirical studies in a post-politicised society (J, Cronin personal communication, September 4th, 2020). The ANC agreed to use the RDP as the basis for all policies, including macroeconomic policy, which had been proposed and written by COSATU, negotiated with Sanco, and backed by the SACP (Padayachee & Van Niekerk, 2019). This was kind of like an electoral pact between the alliance.

Some in the ANC, particularly the labour movement, broad-leftists and the SACP, understood the RDP as an overarching programme intended to reorient the whole of society towards more labour-driven development – a vision for the fundamental transformation of South African society (J, Cronin personal communication, 4 September 2020; Nattrass, 1994). Terreblanche (2016, para. 1) described the RDP as "a clear and comprehensive description of all the "skewnesses" and injustices that became part of South African society during the century of racial capitalism, white political supremacy, discrimination, and apartheid." The RDP was a unifier and had support from all sectors of society, with an element of symbolic importance of the will of the people as it was "drawn up by the ANC-led alliance in consultation with other key mass organisations". As a coherent socioeconomic policy framework, the RDP tried to fix the uneven development of space during apartheid, which was caused by separating people by race both geographically and economically.

Mbeki (1996) summed the RDP very succinctly:

> *"That broader framework is the Reconstruction and Development Programme. This remains the policy anchor on which all government programmes have been and will continue to be based.*
>
> *As [National Assembly] knows, the Reconstruction and Development Programme is about the fundamental transformation of our society in all its aspects".*

A "growth through redistribution" policy, according to Terreblanche (2002, p. 4), was a plan for economic reform that put redistribution first and led to economic growth. Growth through redistribution became a recurring theme for the ANC and its alliances in discussion papers, draft formulations, and speeches beginning in the late 1980s. While Vella Pillay's unpublished paper presented at the Conference on Aspects of the Post-Apartheid Economy in Munich – held in August 1990 under the auspices of the Institut für Afrikanische und Internationale Studien – firmly established the principle of "growth through redistribution" in the formative years of

ANC policy formulation. Pillay, London School of Economics trained economist and a member of the Communist Party of South Africa who led the ANC Macroeconomic Research Group (MERG), was critical of some in the ANC and their proximity to international finance. COSATU's paper, which came out after a conference in May 1991 to talk about the state of the economy, solidifies the idea of growth through redistribution as a position for negotiations.

The RDP was classified as a growth through redistribution policy in the context of a larger and heated debate over "growth through redistribution" versus "redistribution through growth." The premise of the RDP was that if South Africa met the basic needs (i.e., job creation, land redistribution, housing, water, electricity, telecommunications, health, and social welfare) of most people, the redistribution would stimulate economic growth – a labour-driven post-apartheid development – continuing with the recurring theme. During the debate, Moll (1990) described the idea of growth through redistribution as a dangerous fantasy – a critique of ANC economic policy in its early formulation. Central to Moll (1990) and others' critique of ANC economic policy was the fact that no clear mechanism was spelled out in detail to show where large enough gains would be derived by manipulating the demand for goods and services at a macroeconomic level – a point the chapter deals with later. Terreblanche (2002) thought that the ANC was too naive to think that a state-led process of redistribution and re-direction of economic resources [without command of strategic sectors of the economy] would give black people more economic freedom.

Again, the study's goal is not to debate "growth through redistribution" versus "redistribution through growth," but rather to demonstrate that during "talks about talks," negotiations, and the early days of the GNU, the ANC's economic policy was based on growth through redistribution. At the South African Reserve Bank independence debate, the ANC attempted to raise a point after some, including Manuel, had already conceded to the argument put forward by the NP. The horse had bolted in the debate over "growth through redistribution" versus "redistribution through growth" – both in South Africa and internationally. The World Bank and IMF had spent much of the 1980s, through sponsored papers, demonstrating that growth was more important to poverty reduction than redistribution, owing to its negative effects. For example, Datt and Ravallion's 1992 paper titled "Growth and redistribution components of changes in poverty measures: A decomposition with applications to Brazil and India in the 1980s" is one example. Everywhere, the story was the same: economic growth was the most critical priority, and anything that could undermine market-oriented growth, including redistribution, was not tolerated (Waldmeir, 1997).

Once in political power through the negotiated GNU, the ANC adopted the RDP as the overarching policy of government in 1994. To understand what unfolded within the GNU once the RDP was adopted, it is important to look at the context in which the RDP was developed from the perspective of the NP and the Treasury. To do this, we must backtrack to examine comments made by politicians and bureaucrats in the RDP base documents when the final draft was published in early March 1994. When this document was published, politicians, businessmen, and bureaucrats expressed concerns that the process of democratisation, especially its demands on the fiscus, would have a negative impact on efforts to revive economic growth through neoliberal reforms underway. There were serious worries, especially about how much it would cost to implement RDP as a whole, which caused businesses to turn it down completely (Van Zyl, 1994).

2.3. RDP financing in question

The RDP did not spell out how much it would cost to implement the program. Instead, numbers were thrown around to estimate how much it would cost to implement. Before the 1994 elections, the figure of R39 billion was suggested when the RDP base document was first published (Horwitz, 2001). After the publication of the RDP White Paper, estimates changed to between R80 billion and R135 billion in the first five years, at a time when the government budget was just over R125 billion (Binns, 1998). The ANC DEP did not publicise cost estimates to implement the RDP. This led to accusations that the ANC DEP influenced the ANC to omit estimates of how much it would cost to implement the RDP to avoid panic from white businesses.

There is also another possible explanation. Outside of rhetorical political declarations, the ANC DEP and ANC alliance could not cost the RDP as a government policy. The ANC DEP staffers had not seen inside state apparatuses and had no real policy formation experience, let alone costing something like RDP, outside of the MERG process. It was only much later, after the ANC formed part of the GNU, that it became apparent that the party needed effective economic policy coordination (Mboweni, 1996).

For policymakers within the Treasury, the debate about the cost of implementing the RDP had the potential to undo the work already done to restrain government expenditure. The concern about democratisation and the cost to the state was articulated before the RDP base document was published. Treasury former Director-General (1993-1996), Estian Calitz (1989, p. 1) expressed the view that "constitutional and socioeconomic reform, by contrast, present fiscal demands which, if pursued indiscriminately, may in the long run destroy the very economic ability to meet these demands in a substantial manner". Calitz would later go on to become arguably one of the most senior officials to deal with the RDP in the Treasury. In an interview, Calitz did not confirm if he held a similar view about the RDP in 1994 to the view, he held earlier about constitutional and socioeconomic reform and their implications on fiscal policy. However, he did argue that, based on the state of the fiscus, considering the way the RDP was handled and the subsequent closure of the RDP office, he believed this would have been a commonly held view in the Treasury (E, Calitz personal communication, 29 April 2021).

Calitz and other Treasury officials expressed concerns over the fiscal demands of the constitutional and socioeconomic reforms, later RDP, in a more subtle way. The approach to expressing concern more subtly formed part of the institutional reconfiguration and practices that allowed the post-politicisation of economic reforms, much of which would have been informed by the pre-democratisation experience of the Treasury. But people who weren't working for the government were more direct about what they thought of the RDP (see Box 5: O'Malley's interview with former Finance Minister Barend Du Plessis in September 1995).

Du Plessis (1995) gives an insight into perceptions about the RDP in a more explicit way, and it is worth quoting:

> **POM**. The other element which ties in in a way to what you have said is regarding the RDP. All we've heard for the last three months is RDP, RDP, RDP, but when we go to the provinces and talk to Premiers, they all have a slightly different notion of what the RDP is about, sometimes they are directly contradictory to each other. Department heads have the same attitude, they just stare when we say, "What is it?" They say "Well it's not worked out yet". The ordinary person just glazes over the eye and looks at you. It was Mac Maharaj who told me after going into a township and spending an hour telling people why they should register for elections and the importance of the RDP, one or two people came up to him and said, "Now is the RDP a new political party?" and the other said, "Now these elections in November are they to vote Mr Mandela out of office?" So he gave up. It's like a blueprint which I understand, sort of like a wish list, but one question that no-one can answer for me satisfactorily is where does the money come from to fund it? It's certainly not going to come from cuts in the budget or domestic savings, that's just bull. This is one of the lowest domestic saving rates of developing countries in the world.
>
> **BDP**. Absolutely. Well they've got a little bit of money, dedicated money, and then as I understood it, the idea was in each of the various departmental budgets to identify which of those expenditures can be redirected towards achieving the goals of the RDP. In other words, instead of this department deciding on its own to build 1000 houses in location A the RDP says, "No, location Z is really the priority", and the houses must be such that that can then be redirected. That's why Jay Naidoo is the Minister without Portfolio so that he can negotiate with each and every minister to swing their expenditure patterns towards the RDP. That is how I understood the thing to happen, and nothing has happened.
>
> You see in this country we have not had the ability in our time, nor in the present time, and I concede that it is only a year, to get all ministers to really understand what the importance of fiscal matters is and that if there is a directive from the RDP that your expenditure must be structured in this way, it just doesn't happen because the ministers don't understand it and they don't have accountability to do that or otherwise get fired. And the best example I can take is, some ministers regarded it as politically advantageous to overspend and nothing happened to them, you see? Whereas I think if Margaret Thatcher, with her Thatcherism, if a minister didn't perform according to Thatcherism's guidelines he was out. So if he wanted to retain his job it was his job to find out what contribution he can make, not Jay Naidoo to come and tell him what contribution should be made. I think it's a style of government, it's a style of fiscally disciplined government that was lacking in our time and it's lacking now and it's one that is based on the expenditure side. Ministers like to talk about what they are going to do for the public but in order to see that the mechanism really does achieve it is a different story and many of these departments do not have the officials that can do that properly and the officials are not that well informed, they don't attend Cabinet meetings. So, it's a style of management that also lacks.

Box 5: O'Malley interview with Barend Du Plessis in September 1995

3. The Treasury, Economic Technical Committee, and the origins of alternative RDP

Once the RDP-based document entered the state machinery of a GNU, most senior bureaucrats were responsible for the administration of apartheid and economic reforms, and they were responsible for its transformation into a government official document, with Treasury as the leading department. What was later produced as the RDP White Paper was less prescriptive. The RDP White Paper did not make mention of nationalisation and emphasised the importance of fiscal discipline – reduced to what Nattrass (1994, p. 39) described as a “disappointing shopping list of principles”. Also, another aspect that emerged in the RDP White Paper was that, as government policy, it had moved towards becoming a market-friendly rhetoric pamphlet. This is a widely accepted characterisation of the RDP White Paper – the abandonment of progressive and radical aspects of the RDP. Within two years after the RDP was adopted, with Jay Naidoo as Minister without Portfolio in the Presidency, the RDP Office was closed and whatever remained was rhetoric. There are varying accounts of the fall of the RDP. Even if the debate isn’t brought up again, it’s important to set the scene to understand the Treasury’s role in the RDP process.

One side argues that the RDP was a casualty of an ANC shift to neo-liberal policies. Bond (2000), as the document’s main editor and drafter of the *RDP White Paper,* one of the referenced scholars in the debate, argued that, in addition to the fragmented voices that articulated the RDP base document, timid politicians, hostile bureaucrats, and unreliable private sector partners undermined the RDP. Others, like Adelzadeh (1996), argued that the RDP was abandoned because of the ideological pressures of international financial institutions. Others, such as Blumenfeld (1997), argued that the RDP failed because of its own institutional and analytical shortcomings. Unlike Bond (2000), Blumenfeld (1997) argued that the RDP was adopted as a government policy in a favourable political environment. Blumenfeld (1997) ascribes the failure of the RDP to different interpretations and tensions between the Ministry without Portfolio and other cabinet ministers; conceptual uncertainties; and funding and implementation failures. Nattrass (1994, p. 39) went a step further and characterised the RDP White Paper as a disappointing shopping list of principles without a clear programme: “It fails to offer a coherent policy programme, is often vague and passes responsibility on to an ill-defined consultative process leading to a National Strategic Framework."

In these accounts, it is often taken for granted that readers understand the evolution of the RDP from the time it was developed by the ANC-led alliance as an election manifesto to what later became a White Paper. These accounts overlook the backflows across and between ideas, institutional reconfiguration, and practices, and consequently the conditions in which post-politicisation techniques operate. There are two points to make here: (a) the failure to pay attention to processes that reshape neoliberalism leaves out institutions such as the Treasury in the process of on-going unstudied state formation; and (b) most importantly, the failure to study the evolution of the RDP lessens the significance of the democratic process to develop the RDP and what later became post-politicisation of its implementation and future economic policy-making processes.

It is widely accepted that the progressive and radical aspects of the RDP were dropped once the RDP went through the GNU state machinery. However, there are aspects of the RDP that dealt directly with the Treasury function that can be studied empirically to begin to show the Treasury's role during the transition – financing the RDP. The RDP base document made the following broad articulations as the means to finance the RDP (ANC, 1994):

(1) Finance for the RDP will come from revenues, issuing debt (including general obligation and revenue bonds) and grants.
(2) The largest portion of all RDP proposals will be financed by better use of existing resources.
(3) Government contributions to the financing of the RDP must, therefore, avoid undue inflation and balance of payments difficulties.
(4) In the long run, the RDP will redirect government spending – through a programme of restructuring public expenditure to finance the democratic government's contribution.
(5) The democratic government must end unnecessary secrecy in the formulation of the budget.
(6) The democratic government should establish a Reconstruction Fund – which should draw on specific reconstruction levies i.e., capital transfer, land and luxury goods.

The RDP did not have any further details other than the broad articulations above. However, the RDP White Paper articulations on financing the RDP were not as broad and comprehensive as was the case with the RDP base document. The RDP White Paper listed five clearly identifiable sources of funds (South Africa, 1994):

(1) The Fund will initially draw its resources from money appropriated by Parliament for the fund through savings by the departments. In the 1994/95 Budget R2.5 billion was allocated to the RDP Fund. This amount was expected to increase to R5 billion in 1995/94 and will progressively increase to R10 billion in 1997/98 and R12.5 billion thereafter.
(2) Government's receipt of international and domestic grant aid will be directed to the Fund.
(3) The RDP Fund will benefit from interest earned from the investment of money standing to the credit of the fund.
(4) The RDP Fund will benefit from proceeds from [privatisation]
(5) The RDP Fund will draw upon other sources of funds, including revenue from lotteries and gambling.

Contestation over funding of the RDP ultimately shaped what the RDP meant once in government. In his autobiography, de Klerk (1998, p. 344) claimed that "during the first year [of GNU], we were able to make good progress in reaching common approaches to a number of critical issues." I felt that [NP] exercised a positive influence in ensuring that the government's Reconstruction and Development Programme (the centrepiece of its social planning) would be funded in a responsible manner. It was important to me that the RDP should not be regarded as simply an ANC policy but, in its improved form, as an initiative of the whole Government of National Unity and all three parties that served in it. I went out of my way to ensure that the programme would be funded according to sound budgeting procedures. Most of what de Klerk said in 1998 backs up what Calitz and Du Plessis said, and this was also the position of the Treasury when it came to the RDP, even before it became GNU policy.

There is evidence that Treasury was central in the process of ensuring that the RDP was funded in the manner it was. It is important to point out that the ANC had already adapted to the idea that the RDP must be funded within the limits of fiscal discipline, even though the point was contested within the alliance. However, just because the ANC had conceded to restraining government expenditure did not mean no efforts were made to concretise that position of restraint. ANC officials spent much of the period between 1990 and 1994 in constant engagement with businesspeople, multilateral organisations, academics, and politicians who espoused market-oriented policies. However, the Treasury was in a unique position to provide nuanced details. Erwin stated that Finance minister Derek Keys made efforts to demonstrate to ANC policymakers that they would inherit a government facing a fiscal crisis with high levels of government debt and that there would be limited room for economic manoeuvre (A, Erwin personal communication, 14 June 2021).

Most accounts credit Keys with the ANC shift that would eventually allow the complete consolidation of the ANC-led RDP into an RDP Fund that would account for only 2 per cent of total government expenditure. Waldmeir (1997, p. 257) believed that “from that [Keys] crash course [facilitated by Treasury] in fiscal reality, the ANC emerged with as powerful a commitment to budgetary discipline and fiscal conservatism as white South Africa could have wished.” To fully appreciate the role of the Treasury, it is important to consider two significant changes that occurred at Treasury, which brought Keys as finance minister to the centrality of South Africa’s transition, particularly economic reform. This fast-tracked the ANC’s shift to fiscal conservatism.

In the period during “talks about talks”, particularly between 1990 and 1992, the Treasury attempted to remain true to its aloof and apolitical position. Analysis of correspondence between Treasury officials and the finance minister at the time, Du Plessis, shows that there were instances where the ANC and other organisations attempted to engage the Treasury on policy issues, but the Treasury refused to engage, particularly publicly. For instance, Manuel (1992), through ANC DEP, wrote to then Director-General of the Treasury Gerhard Croeser, requesting him to contribute to the ANC National Meeting on Electrification planned for February 1992. Croeser declined the invitation and argued that his participation would create a precedent for public officials participating in pre-organised meetings of political parties. In January 1992, Manuel wrote to Du Plessis to make a similar request. Du Plessis (1992, para. 1) replied to Manuel and said:

> "*I refer to your letter, under signature of Mr Theron of 13 January 1992. After discussing the matter fully with Mr Croeser, I must say that I cannot fault the stand he has taken on an important point of principle namely that Government officials are there to serve the interests of the taxpayers/people of the country first and foremost and not those of any particular political party including those of my own party.*"

The exchanges between Manuel and Du Plessis in December 1991 and February 1992 show an important circumstance that would later define the context under which the RDP was introduced to Manuel and, consequently, the ANC DPE. Up until February 1992, the Treasury had avoided engaging with political parties and particularly engaging in public discourse. Given the sensitivity of the transition, there are numerous instances of the Treasury firmly clarifying its position in relation to politics. For example, in 1991, du Preez invited Croeser to subscribe to Barometer on negotiations. Du Preez (1991) congratulated Croeser on his participation in CODESA. "With reference to your letter of March 27, 1992, I would like to bring to your attention the fact that I have no commitment or affiliation whatsoever with the National Party," Croeser (1992, para. 1) responded. The clarification was made not only to the research organisation but also to political parties.

Analysis of archival material shows that Treasury officials noted debates on economic policy formation by political parties, particularly the ANC, and the department developed strategies to counter these without engaging political parties directly. For example, the issue of nationalisation that became contentious earlier when Mandela was released was well analysed by the Treasury. Le Roux (1990) expressed the view that while nationalisation was an ANC policy, it also saw a lot of problems with it and recommended that the Treasury should establish a R3 billion Reconstruction Development Fund to counter the nationalisation debate.

In April 1992, Du Plessis resigned as Finance Minister and from all his political positions. At the time of Du Plessis's resignation, Keys, who had been Minister of Trade and Industry since 1991, was appointed Finance Minister. There is enough data from the Treasury archive to show that, well before Keys' appointment as Finance Minister, there had been correspondence between South Africa, the IMF, and the World Bank beyond mandatory Article IV annual missions. Correspondence dating back to 1989 exists between residents Le Roux and Croeser about the normalisation of South African international financial relations, including with the IMF and World Bank. Du Plessis had a discussion with Baker, the U.S. Treasury Secretary, about the possibility of South Africa's renewed access to the IMF as the greatest need (Renwick, 1990). The Treasury archive contains a large volume of correspondence between the South African Mission to the IMF and the World Bank in Washington, DC and Bretton Woods Institutions.

However, le Roux and Taverner's (1993) memorandum appears to have had an enormous influence on the role of the Treasury in South Africa's transition and post-apartheid South Africa, particularly economic reform. In the memo, le Roux and Taverner (1993, para. 4) argued:

> "*Progress in constitutional negotiations and recent pronouncements by the African National Congress (ANC) on sanctions (e.g., Trevor Manuel in Nairobi) all underline the need for South Africa to reassess its framework of operations and interactions with the IMF and World Bank Group. This memorandum is an input from this mission in an attempt to initiate such a debate which will be a very important issue for a future government.*"

The fifteen-page memo concluded with (le Roux & Taverner, 1993, para. 46):

> "*In re-engaging with the international financial community, it is common for a country to access an IMF standby/structural adjustment facility. The importance of this to the World Bank (and other financiers) is that it creates greater certainty on the macroeconomic environment in which sectoral programs/investment projects will operate. In South Africa's*

case, there will probably be a clear need for a standby facility once there is an economic upturn. Less certain is whether South Africa will first access IMF facilities (which is the norm) or IBRD support."

According to le Roux and Tarvener (1993, para. 11), South Africa should make sure that:

(1) Consensus on macroeconomic policy direction,
(2) Clear sectoral policies that support macroeconomic policy,
(3) Assessment of investment priorities within each sector, and
(4) Clear institutional arrangements for implementation.

Most importantly, le Roux and Tarvener (1993, p. 12) advised that "while few would deny the need for growth and redistribution in South Africa, these needs must be articulated in a development program that can be presented to the international community." They recommended that, to help this happen, a credible central working group would be needed. It would have two main jobs:

(1) Longer term focus on assisting a future government in formulating longer macroeconomic and sectoral policy on as inclusive a basis as is feasible.
(2) Immediate focus on facilitating the formulation of development programs that can be implemented as soon as possible."

Lastly, le Roux and Tarvener (1993, para. 32) further recommended that, "although it is difficult to imagine the formation of a formal entity prior to the formation of a government of unity, the paper suggests that it is critical that technical planning in favour of such a body begin immediately. Careful selection of personnel to work on technocratic issues now will help to ensure continuity once such a body is legally established." Former ANC DEP staffers like Maria Ramos, Ismail Momoniat, and Lesetja Kganyago were appointed to the Treasury and SARB in response to le Roux and Tarvener's advice, aided by the IMF.

Ramos had visited the IMF as an ANC staffer in DEP before being appointed to the Treasury on trips organised by the Treasury (Taverner, 1994). The Treasury's Ramos travels are not to be confused with other litanies of training trips, some of which were organised by Mboweni through his connections with Goldman Sachs. When le Roux and Tarvener (1993) pushed for the appointment of people who would become part of the government in the future, they were already familiar with people like Ramos, which contributed to their appointment to the Treasury. Through their appointments to the Treasury, Ramos, Momoniat, Kganyago, Manuel, Mboweni, and others played important roles in South Africa's financial sector and now hold top jobs in the sector.

While Padayachee and Fine (2018) and Padayachee and Van Niekerk (2019) argue that contrary to what Bond (2000), Krasil (2017), and Terreblanche (2012) argue, the IMF's role and influence on economic policy in South Africa's transition was negligible. Ramos' proximity to the IMF in what appear to be clandestine meetings facilitated by the Treasury suggests otherwise, given her influence and later role in post-apartheid South Africa. It appears that when Camdessus told De Klerk that "whilst he was aware that certain people in the ANC viewed the IMF as a difficult institution, the IMF was making progress in convincing the ANC of the need for macroeconomic order" (Department of Finance, 1993c). People like Ramos and ANC DPE staffers would be the ones he was referring to. For Padayachee and Fine (2018) and Padayachee and Van Niekerk (2019) to say that the IMF didn't have any influence on the ANC or South Africa's economic policy during the transition, they leave out important information from the Treasury archive that strongly suggests the opposite.

There is evidence to show that the IMF may have been responsible for much of what le Roux communicated to South Africa from Washington, DC, as was expected. In March 1992, Le Roux argued that the IMF would require South Africa to have a coherent medium-term economic strategy with the stamp of approval from all groups that are likely to form a future government. He further argued that his interpretation of Russo's message during the IMF visit was that any application that did not have the support of all groups likely to form a future government would not be well received. Le Roux and Tarvener (1993, para. 53) concluded the memo with the following recommendation:

> "*It is recommended that the [Treasury] consider ways to (1) actively encourage and participate in an economic debate on the future economic strategy of South Africa, and (2) start working closely with the IMF (and hopefully in the near future also with the other [political] groups in South Africa) on the development of a medium-term economic plan that the Fund will be willing and able to support.*"

Le Roux (1992) made a similar call earlier to the Treasury after the ANC's April 1992 visit to the World Bank and IMF. There is evidence to show that Du Plessis had made the proposal to establish an economic working group in which major political groups would participate. In a letter to Du Plessis, Manuel Guitian[14] (1991, para. 2) said the IMF was interested in the [Treasury] "proposal to establish an economic working group in which the major political groups would participate to ensure that the ANC post-transition adopts market-friendly policies."

Keys convened a meeting at the SARB attended by Treasury officials and political members of political parties15 (Department of Finance, 1993a). At the first meeting, Keys suggested that the committee at the time be called ETC, an abbreviation for Economic Technical Committee (Department of Finance, 1993a). Coincidentally, the ANC DPE has also established the Economic Transformation Committee (ETC). This was the ETC's first meeting, and Andrew confirms this (K, Andrew personal communication, 5 June 2020). Padayachee and Van Niekerk (2019) suggest that ETC meetings began in 1992; this is not correct. What this does confirm, however, is that Keys and Manuel began their unofficial meetings in 1992, before the establishment of ETC, including meetings with COSATU, Naidoo, and Erwin.

[14] Manuel Guitian was IMF Deputy Director during his visit to South Africa in 1992.
[15]Economic Technical Committee first meeting (3 June 1993) attendees: D Keys (Finance minister), Dr Burton, Dr E Calitz, Mr G Croeser, Dr C Stals, Mr C Roets, K Andrew (DP), Dr F P Jacobsz (NP), Dr D Madide (PAC), M Malatsi, T Manuel, N Morrison and C Uys (CP)

Other meetings would continue to take place at the DBSA and Treasury offices, almost in secret, because participants were asked to keep the meetings and what was said in them secret.

The ETC is often confused with the National Economic Forum (NEF). Whether this is deliberate or not, is unclear. The NEF was called the “Golden Triangle,” which was a term made up by Keys to describe the idea of a three-way economic forum where the state, capital, and labour could meet to talk about economic issues (Nattrass, 1992). Various stakeholders held different views about the positionality of the NEF, its intended purpose, and effectiveness. The NEF was meant to focus on economic growth for social development; unemployment and job creation; investment in productive capacity; international competition and trade; incentives for private entrepreneurs; and worker education for economic literacy for Keys and businesses in general (Nattrass, 1992). Labour, particularly COSATU, thought the NEF would be some form of economic CODESA with powers during the interim government.

In the end, the NEF formed an important part of the backflows across and between ideas to reshape the Treasury and institutional reconfiguration and practices that made the idea of ETC more appealing to the Treasury. In Waldmeir (1997, p. 257), Erwin claimed that “it was at the NEF that South Africans finally bridged the reality.” Bond (2000, p.64) categorised the NEF as a body that worked “single-mindedly to promote the forum and to protect its influence on policies.” However, with a broad, unstructured membership of 17 business organisations, 55 trade unions with two million members, and government and representation from TEC, there is no evidence to suggest that the NEF played any role, much less a decisive role, in forging consensus towards an economic pact, macroeconomic growth strategy, or reconstruction and development strategy. Instead, as Terreblanche (2002) puts it, the NEF was, more than anything, merely a toothless body.

In fact, Green (2008) gives a more elaborate explanation of what Manuel, and arguably the government led by Keys, thought about the NEF. According to Green (2008, p.363):

"*Manuel understood [there was a wider group that needed representation beyond labour, business and government] by then. When he addressed the NEF conference that year, he dampened any expectation that such a forum would have a major hand in determining macroeconomic policy. 'There are vested interests in the Forum'. He told the conference, 'In some sectors, business and labour may be united in an attempt to retain the present inefficiencies in order to guarantee profitability and save jobs as a trade-off in marginal industries. Such decisions may not be in the national interest.*"

Between June and November 1993, despite having a membership of less than fifteen people, the ETC was able to reach more consensus on several significant decisions during "talks about talks," negotiations, and post-apartheid South Africa. This was later characterised as economic reform and post-politicisation in South Africa. The World Bank and IMF gave credence to the decisions of the ETC in a bid to ensure that, whatever the outcome of the negotiations, decisions such as the $850 million IMF CCFF loan were not challenged later. The ETC was also able to reach agreement on a final agreement to terminate the debt standstill and the final offer in terms of the Uruguay round in the GATT procedures (Department of Finance, 1993a, 1993b).

Isaac Sam (1994) submission to Transitional Executive Committee

"The last Annual Meeting of the Bank in Washington provided a turning point, when – for the time – South Africa was represented by a multi-party delegation. The same group, known then as the Economic and Technical Committee, had worked successfully together on a number of proposals, renegotiation of South Africa's debt standstill and a drought-linked application to the IMF for access to $850 million from the Compensatory and Contingency Financing Facility (CCFF)".

Furthermore, the RDP was pivotal in entrenching Treasury's role in South Africa's political economy during the transition. During an interview with Erwin, I put it to him that he may have confused the NEF with the ETC over the years and the central role of the Treasury. Surprisingly, he argued something unexpected: according to him, COSATU had more technical economic proficiency and took the lead in most engagements with the Treasury (A, Erwin personal communication, 14 June 2021). He argued that the Treasury, like the rest of the apartheid government, was isolated from new knowledge being generated from the rest of the world and ended up working with backward models (A, Erwin personal communication, 14 June 2021).

The Treasury records, on the other hand, show that Erwin's allegation is false. The data reveals that the South African Mission's continuing presence at the IMF/World Bank in Washington during the 1980s allowed the Treasury and other state agencies in charge of economic policy to maintain contact with the international financial community despite sanctions. In 1985, CEAS joined with Colorado State University's Department of Agriculture and Natural Resources Economics in collaboration with the Council for Scientific and Industrial Research (CSIR). On a technical level, CEAS (1986) claimed to have "excellent ties" with the IMF. "It would, however, be appreciated if the Commission would not refer to the IMF Report in its Report in view of the sensitive nature of our very close relationship with the IMF," Du Plessis (1985, para. 4) writes in a letter to the Margo Commission of Enquiry into the Tax Structure of the Republic of South Africa. In fact, Padayachee and Van Niekerk (2019) said that, despite decades of sanctions and the fall of the apartheid state, the apartheid regime's economic institutions were still well-funded and connected to the rest of the world. There is evidence to back up their claim.

During the first ETC meeting, Croeser briefed the meeting about the IMF, particularly the Compensatory and Contingency Financing Facility (CCFF), as a priority and urgent matter (Department of Finance, 1993a). Croeser explained that an application by South Africa could be considered by the IMF in November 1993 and would involve a visit by an IMF mission which would help draft the letter of intent to the IMF (Department of Finance, 1993a). Croeser went on to say that "in this statement of future policy, it can be expected that the IMF would not require further monetary policy restraint, but it seems certain that they would expect some commitment to curbing government expenditure for South Africa to be deemed to be cooperating" (Department of Finance, 1993a, para. 2). At the second ETC meeting, it was said again that the main condition of such a letter of intent would most probably be that that the major political players agree to limit government spending (Department of Finance, 1993b).

More significantly, the second ETC meeting discussed the need for South Africa to have a clear development programme. The meeting was informed that a team led by Wiseman Nkuhlu had started work on a technical study in July 1992 aimed at creating a development programme (Department of Finance, 1993b). Croeser indicated that consultations with political parties had already begun in the first half of 1993 and that if sufficient political consensus was reached, the content could be used for negotiation purposes at the next World Bank Annual Meeting. Manuel agreed that it was necessary to reach agreement on an internally consistent reconstruction programme.

However, Manuel, who was sceptical of "ill-conceived development projects driven by international institutions," warned the ETC not to seek consensus before political parties or movements finalised their own political manifestos, in which priorities were likely to differ (Department of Finance, 1993b, para. 40). In the end, Keys had the last say on the drafting of the development programme and instructed La Grange to convey the content of the ETC discussion to the technical support group responsible for the compilation of the draft discussion document on a development programme for South Africa and to request that they urgently finalise the proposed document for presentation to the ETC (Department of Finance, 1993b).

In addition to the CCFF and the development programme drafted by Nkuhlu's technical team, the Treasury had begun to draft a discussion document titled "Towards formulating a Long-term Fiscal Programme for South Africa." In summary, the purpose of the discussion document was to exchange views and reach some agreement on (a) the merits, or lack thereof, of a longer-term "fiscal program" for SA; (b) the purpose and nature of such a program; and (c) the process and conditions for constructing it (Department of Finance, 1993c). The discussion document shows that it was underpinned by neoliberal policy, particularly the initiative to roll back the state. This was still a political project. It grew out of political conflicts over how corporations tried to deal with falling profits and over-accumulation in the 1980s, when apartheid was ending, and democracy was starting.

Reading the minutes of the second ETC meeting reveals that the discussion document, referred to as a “fiscal program” was not contested but rather supported – a viewpoint shared by Andrew Donaldson (Department of Finance, 1993c). Donaldson went on to become a senior official who contributed to the reshaping of the Treasury in a post-apartheid South Africa. Manuel was among those who expressed support for the discussion document and proposed that the fiscal program should include expenditure control. He further emphasised that the timing element of policy would shift once the programme was in place. Keys told the meeting that “consensus on the broad restructuring programme is very close and could be achieved within a month after the implementation of a [Transitional Executive Committee” (Department of Finance, 1993c, para. 34). At the end of the meeting, Keys and the Treasury showed that the implementation of the fiscal program and the reconstruction program that Nkuhlu’s technical team was making were meant to work together.

The research found that on the economic front, Treasury emerged from the ETC meetings and negotiations as the authority as they began to act as facilitators for the compilation of many draft documents presented to the TEC and later official policies of GNU. The argument is based on a reading of seven other ETC meetings and the consensus reached on the 1994 Foreign Debt Settlement, fiscal program, reconstruction, and development, CCFF, GATT, and South Africa’s membership application to the Multilateral Investment Guarantee Agency (MIGA) and African Development Bank membership. Consequently, parties’ participation in economic reform was more formalistic than substantive.

Furthermore, the research found that the creation, design, and function of the Subcommittee on Finance of the TEC was a residue of the ETC, and therefore, Treasury’s central role during the negotiations continued. An impression was given that the ETC became the TEC Finance sub-committee and that a more transparent and democratic TEC Finance sub-committee paved the way for South Africa’s re-entry into global finance and that it opened the way to formal discussions with the IMF (Jaycox, 1993). The study argues that work towards paving South Africa’s way back to global finance had already been done by the secretive ETC, and in fact, by the time the TEC was established, South Africa had already made formal commitments in the global finance space. The World Bank and the TEC Finance subcommittee had the same idea about how the ETC changed over time. In a letter from December 20, 1993, the World Bank confirmed that decisions were made earlier by the ETC (Sam, 1994).

Based on the Treasury archive and the work of the ETC, we learned the following:

(1) There is a high likelihood that the RDP idea came from Treasury in 1990 in the form of a development fund of R3 billion. Due to resistance from labour and Sanco, the RDP was not conceptualised as a policy but as a fund, which then became a policy in the contestation to reshape neoliberalism. It became a policy. The resistance came in the form of workshops attended by a hundred members each from democratic movement structures, making it arguably the most democratic process (Vishnu & Sherbut, 2011). If we accept this, we can conclude that Manuel was correct in his assertion that the idea of RDP followed the May 1992 policy conference and was initiated at a meeting between himself, Erwin, and Jeremy Cronin. However, what Manuel does not confirm is whether or not the idea came from Keys (Treasury). Based on the unofficial meetings and the ease with which consensus was reached at the ETC, the study argues that this laid the foundation for the RDP. Manuel told Mandela in his answer about the World Bank's proposed policy that he was working with Nkuhlu.

(2) The DBSA paper, titled "Towards a Democratic Economy in South Africa: An Approach to Economic Restructuring," drafted in 1992, appears to be the same document that was presented and agreed to at the ETC meeting and would have been shared with Manuel, Erwin, and Naidoo. This explains John Sender's point that Naidoo formulated the final RDP draft by himself.

(3) Even if we accept Erwin's version that the RDP was a COSATU initiative from start to finish, we cannot refute the centrality of Treasury based on the data. This is even more clear when we look at the fact that the 1990 Development Fund proposal was given a budget of R3 billion, and the RDP was given a budget of R2.5 billion when it became government policy. The study argues that this was not a coincidence.

(4) RDP was neither a department, nor a planning nor implementation body, much less a policy. The Treasury’s successful conceptualisation of the RDP as a R2.5 billion fund meant that no other government institution could challenge it on resource allocation. More importantly, Treasury rejected the notion that RDP would result in broad changes in the allocation of public resources or policy formulation, undermining Treasury’s fiscal policy authority.

4. GNU, the Treasury, and the fall of the RDP

The ANC published the final draft of the RDP booklet sometime in March 1994 and it was accepted as the ANC election manifesto. Bond (2000) argues that the RDP had right-wing elements. While he denies Treasury influence, there is significant evidence of earlier work done by the DBSA/Treasury technical team led by Nkuhlu and ETC consensus and acknowledged by Manuel, Erwin, and Naidoo, of which Bond and Cronin are unaware. South Africa held its first democratic election in April 1994. Mandela (1994) delivered his first State of the Nation Address framed around reconstruction and development, and the RDP became the policy that anchored all other policies. The RDP office came under the Presidency, with a Minister without a Portfolio. In his address, Mandela went further to claim that, without the RDP, the government would lose its people-centred character. Although, as Bond (2000) demonstrates, Mandela did not thoroughly read the RDP, since he once denied that the word “nationalisation” was in it.

In June 1994, the Treasury, through Keys, tabled a memorandum in Cabinet to establish the RDP Fund (Ministry of Finance, 1994). According to the memorandum, the RDP Fund would be funded from money appropriated by parliament, domestic and foreign grants, interest derived from any investments of money standing to the credit of the Fund, proceeds from the sale of state assets, and money accrued to the Fund from any other source. Also, the Treasury memorandum said that the state had already set aside R2.5 billion for the 1994/95 fiscal year to help implement the RDP. This is less than the R3 billion that had been proposed for a development program in 1990, when the Treasury thought a development fund would stop the debate over nationalisation (Ministry of Finance, 1994).

The Fund was established and administered by Treasury, and the Minister without Portfolio was responsible for allocating funds with the assistance of CEAS. CEAS, which formed part of the Treasury for most of the transition period (as shown in the previous chapters) and was at the forefront of drafting the Normative Economic Model (NEM), was tasked with assisting in evaluating and co-ordinating programmes and projects and monitoring the progress of RDP-related expenditure and projects. Interestingly, CEAS, whose capacity to develop policy was in question after much of its capacity had moved to the Treasury, was now an entity pivotal to the implementation of RDP. Also, the DBSA, chaired by Nkuhlu, who led a technical team, went on to play an important role in a post-apartheid South Africa (DBSA, 1995).

Consequently, the RDP was treated as a funding mechanism to mobilise resources for key initiatives and as a bridge between existing commitments and new priorities of the state, instead of an overarching programme intended to reorient the whole of society towards more labour-driven development. What was later implemented as the RDP, with high-profile Presidential Lead Projects (which included free medical care for pregnant women, a primary school feeding scheme, electrification, and rebuilding of township services), had lost all their character as an integrated, coherent socio-economic policy framework. It had simply become a development programme. It was accepted that the RDP was going to be implemented within the limits set by fiscal discipline – an RDP that was accepted by the NP, domestic and international businesses, and international financiers. Blumenfeld (1997), Green (1994), and others later described the reasons for the RDP's failure.

Keys argued that the RDP was bound to fail because all other ministers would protect their areas of deployment and therefore defy the Minister without a Portfolio, which would later undermine the RDP. Keys and a lot of other people who looked at the RDP for Nkuhlu and ETC don't say that when the RDP was first thought up, it was meant to be a small fund that didn't have the power to change government spending like COSATU and other members of the tripartite alliance. According to Calitz, the Treasury did not go out of its way to ensure that the RDP failed (E. Calitz, personal communication, 10 May 2021). However, he conceded that there were concerns in Treasury that the RDP that was adopted and presented as government policy could negatively impact government expenditure—many thought it was already high and they were concerned about a populist parliament (Calitz, 1989). However, David Green (1994), a Treasury consultant to Tanya Lamola in Naidoo's office, points out that the RDP office did not have sufficient communication with the Treasury. Because of this, the RDP Office didn't understand the financial implications of a policy they were supposed to carry out.

As Keys had predicted, the RDP office was later closed in March 1996, with the RDP being abandoned as a government guiding policy. Admittedly, the RDP objective (as advocated by COSATU and adopted by the ANC) to democratise the state as a vision with the potential to break South Africa's apartheid and colonial past, went against the fiscal policy that aimed to curb state expenditure. Efforts to concretise the RDP as government policy led to resistance and reworking of neoliberalism in contests over ideas, policies, and politics. There followed a re-emergence of contestation over macroeconomic authority in a state that had just emerged from a history of a poorly coordinated, highly contested, and badly managed economic reform process. As shown above, others referred to the RDP as a site of socialist struggle. The study argues that the RDP was merely a site of resistance and reworking of contested ideas, policies, and politics by the Treasury in reshaping and naturalising neoliberalism within global finance.

The Treasury was located in the backflows, across and between ideas, institutional reconfigurations, and practices that reshaped the adoption and entrenchment of neoliberalism in an accumulation and political crisis-ridden society. The RDP was simply another layer of contestation which had begun in mid-1992 in the backflows, across and between ideas that Treasury had undergone in the process of reshaping neoliberal policies and the institutional reconfiguration and practices of the Treasury as an institution. Also, the process of trying to get everyone to agree to a neoliberal agenda through the ETC, and then making the RDP obsolete, hurt democratic economic policy-making.

5. Conclusion

The chapter looked at the balance of forces towards the development of the RDP to locate the Treasury in the backflows, across and between ideas, institutional reconfigurations, and practices that reshaped the adoption and entrenchment of neoliberalism in an accumulation and political crisis-ridden society and how the RDP was a casualty of this contestation. The chapter showed that efforts to concretise the RDP as a government policy led to political and tuft-based resistance and left South Africa not with a social-democratic reform programme but instead with the reworking of neoliberalism in sectoral contests over ideas, policies, and politics. By 1996, the unsettled balance of forces also set the stage for the re-emergence of contestation over macroeconomic authority. This later undermined the democratic, consultative economic policy-making that had emerged in the period preceding 1994, interwoven with the democratisation of South Africa.

The next chapter seeks to illustrate how the Treasury, which emerged as an authority on economic reform in the early 1990s through backflows, across and between ideas, institutional reconfiguration, and practices that reshaped the adoption and entrenchment of neoliberalism, adopted post-politicisation to adopt GEAR as another layer of resistance and reworking of neoliberal policies.

CHAPTER 8 – THE TREASURY SHIFTS SOUTH AFRICA INTO GEAR

“A lot of your owners of capital in the country, since 1994, have always thought that the transition was too good to be true” – Thabo Mbeki (2017)

1. Introduction

Treasury’s role in South Africa’s political economy cannot be understood without a study of the process that led up to the adoption of GEAR. The chapter begins by reminding of the context for debates about South Africa’s economic reforms. The chapter proceeds to analyse contestations over macro-economic authority by looking at the challenge to Treasury authority, how GEAR was framed and what it displaced, initial elements of post-politicisation and later how Treasury reworked neoliberalism. The chapter ends with a quick look at how the Treasury evolved, once GEAR was put into place in 1996 and onwards.

2. Treasury, GEAR And Post Politicisation of economic reform in South Africa

2.1. Old debates

South Africa’s economic reform in the period preceding negotiations was left to the discretion of advisors and administrators. Many of the advisors and administrators who were responsible for economic policy reforms that emerged in the period preceding the transition were also responsible for democratic-era economic policies (Webster, 2020). The neoliberal character of GEAR had its roots in both international and South African economic reforms, beginning in the 1970s. South Africans are still split on these issues, mostly into neoliberal and Keynesian/Marxist camps.

As shown earlier, the neoliberal agenda in South Africa was first pushed by advisors and administrators in the Economic Advisory Council (EAC), Central Economic Advisory Services (CEAS), and later the Treasury. The NP began to implement neoliberal policies in the 1980s, as deputy finance minister Org Marais (1989, para. 1) explained in 1989, “*in [the 1980s] decade [government had] begun implementing a complete overhaul of South Africa’s tax system. The unstoppable process of privatisation has begun with major implications for levels of taxation which will unlock powerful modernising economic forces. Hand-in-hand with this has been the process of deregulation.*”

Once in power in 1994, the ANC abandoned the RDP with its radical and progressive elements and adopted GEAR, which favoured neoliberal policies. This interpretation moves from the argument that South Africa’s negotiated settlement was an elite deal; the ANC’s economic policy framework changed – certainly compared to the 1955 Freedom Charter – in favour of a neoliberal economic policy framework, a coup d’état of sorts. Scholars say that the BWIs played a big role in making sure that South Africa adopted neoliberal policies through a variety of ways, including the World Bank advisory services starting in the 1990s and the IMF CCF $850 million loan (Bond, 2000; Terreblanche, 2002).

Others argued that South Africa’s transition to democracy happened at a time when the world had accepted market-friendly policies, and to avoid isolation, the ANC had no choice but to follow suit—there was no alternative (Padayachee & Van Niekerk, 2019). Among those making this point were some in the ANC, such as Manuel, Erwin, Mboweni, Ramos, and others who had influence in the party. Joel Netshitenzhe and Frank Chikane, who maintained that if neoliberalism was not self-imposed, it would be forced through BWIs, were perhaps the most articulate. After they were made aware of the state of the South African economy, including the fiscal crisis and fierce global contest over macroeconomic policy changes (especially when Derek Keys presented them with a slide show in 1992), the ANC’s neoliberal wing argued that adopting anything other than market-friendly policies would be catastrophic. It’s still up for debate whether the ANC was pushed or jumped before being pushed.

Interestingly, neither account makes a direct relationship between post-apartheid economic reforms and the role of the Treasury, aside from carrying out functions at the margins. In fact, the behind-the-scenes success of the Treasury’s role in economic reform, especially the Normative Economic Model’s transition into GEAR and every macro-economic policy since, is demonstrated by these narratives, which put all the blame on the ANC leadership. Furthermore, no attempt is made to contextualise the social and economic policies implemented during this period as part of a process of backflows among and between ideas, institutional reconfigurations, and practices that confirmed the shift to neoliberalism. A few scholars have looked at how social and economic policies are adopted in the context of global backflows, examining how ideas, institutional reconfiguration, and practices are used to promote global finance's objectives. Terreblanche (2012, p.3), for example, calls the post-apartheid political-economic system a "neocolonial satellite of the American-led neoliberal global empire." This means that the weakest members of society can't take part in the global economy.

However, even those who have located post-apartheid economic reform within a neoliberal global empire have continued to marginalise the Treasury's role. The transition-era Treasury is usually positioned under the umbrella of an apartheid state, as if all institutions collectively represented the same politics; and the same is true for its treatment by most scholars under the ANC government. So, literature hasn't paid enough attention to the Treasury as a key institution that links South Africa to global finance.

To be sure, the Treasury isn't well-known in South Africa, so very little of its internal workings are considered by scholars of the country's political economy. Still, Padayachee and Van Niekerk (2019, p.233) recently concluded as one of their general findings that:

> "*The late-apartheid government, though weakened in some significant ways, nevertheless retained control of the not inconsiderable capacity and resources of key institutions, including the Treasury, the South African Reserve Bank, the CEAS, and agencies such as DBSA and the Land Bank. All of them had bought into market-friendly economics since the days of the National Party's economic reforms, beginning in the late 1970s. The positions tabled by the National Party – including on SARB independence, the national debt and fiscal policy, as well as on the number and composition of provinces – carried the day almost by default as the*

ANC/DEP were underprepared to engage on such issues from their own platforms. These key economic institutions remained untouched across the pivotal years of the transition to democracy and were allowed the freedom to continue to retain a disproportional influence in shaping economic policy thinking immediately after 1994. "

This chapter does not offer yet another analysis of GEAR, as symbolic of South Africa's turn towards the global neoliberal empire. Numerous studies go into detail about the socio-political context in which GEAR was adopted, resistance to it, and what it sought to achieve. Instead, the chapter highlights circular continuities of backflows across and between ideas, institutional reconfigurations, and practices, a process that cuts across different phases and periods between prior, during, and after the transition. The study concurs with Padayachee and Van Niekerk (2019), who show that the Treasury, along with other apartheid economic institutions, had a disproportionate influence in shaping economic policy thinking immediately after the transition, which the study argues that it began in the preceding period. The findings of this research show that the reason Treasury continued to exercise disproportional influence in shaping economic policy-making after 1994 was because of reworking and resistance through contestation over ideas, politics, and policy to reshape neoliberalism. The study argues that the Treasury had its own agency and acted on it, including by entrenching post-politicisation strategies.

2.2. Framing displacement: from National Growth and Development Strategy to GEAR

Post-apartheid economic reform literature presents South Africa's shift from RDP to GEAR in 1996 as a point of departure to critique the new government's unwillingness to restructure the economy. According to Green (2008, p. 425), "the closure of the RDP office [in 1996] was often conflated with the introduction of the macroeconomic stabilisation policy known as GEAR." Green spent four years interviewing Manuel, his family, and Treasury officials, to whom she is grateful. To illustrate, Wehner (2000b, p. 185) argued that "GEAR replaced the RDP with regard to the method as well as the immediate object of development policy." Padayachee and Van Niekerk (2019), who revisited contestation and compromises in economic and social policy between 1990 and 1996, also considered the move from RDP to GEAR as occurring without intermediaries that formed part of the backflow, across and between neoliberal ideas.

Most studies overlook the period between 1994 and 1996, when the RDP was a Government of National Unity (GNU) policy. Mbeki (2016) long argued that government's preparations for GEAR between 1994 and 1996 entailed a technical exercise, of giving the RDP a macro-economic policy framework. He contended that "no rational presentation could be made to prove" that GEAR replaced RDP, as Mbeki, in 2016 claimed they were complementary. The drafting of GEAR began in January 1996, according to the archive documents in the Treasury archive, as shown below, when there was a formal parallel process that started in 1995 to draft the National Growth and Development Strategy (NGDS). However, a look at how the Treasury played a role in this important time shows that there was a critical point between RDP and GEAR (November 1995 and April 1996) that helps explain why there are some things that aren't just technical but political strategies in contestations.

On June 14, 1996, Mbeki and Manuel presented GEAR to Parliament. Mbeki opened his address by reminding the National Assembly that the RDP remained the government's policy anchor that sought to transform society in all respects (See Box 6: Thabo Mbeki's GEAR preamble speech). This occurred after the RDP Office under Naidoo was closed earlier in March 1996, barely six months before GNU embarked on a process to draft the NGDS. In the process, the closure of the RDP office ended what Naidoo described as the RDP 2.0, a document that was being drafted in his office in January-February, but Mbeki opposed (Naidoo was redeployed to Posts and Telecommunications where his new mandate was to privatise a large share of Telkom). What Mbeki told the National Assembly that formed part of the backflows across and between ideas further reshaped neoliberalism.

Thabo Mbeki’s (1996) GEAR preamble speech “Members are aware that in February of this year, the Intergovernmental Forum, bringing together central and provincial governments, and following its meeting in November 1995, met here in Cape Town to discuss a growth and development strategy for the accomplishment of the vision spelt out in the Reconstruction and Development Programme.

At that February meeting this is what we said:

“The National Growth and Development Strategy will take the RDP forward by setting out concrete steps that will accelerate growth and development and hence reach our targets of reducing poverty, increasing employment and improving the quality of life of our people. Earlier in the same speech we pointed out that “The draft before (the Forum) must also be viewed as an elaboration of the RDP base document and not its substitute.”

Among other things and to give concrete expression to the vision contained in the RDP, that draft spoke of a sustained annual growth rate of the Gross Domestic Product of at least 6 per cent by the year 2 000 and the creation, annually, of between 300,000 and 500,000 new employment opportunities by the end of this century.

In addition, it identified other areas of focus including:

- *(1) national crime prevention to secure life and property; a system of social security and social development;*
- *(2) investment in the social and economic infrastructure; restructuring the public sector and the state; and,*
- *(3) investing in people for human resource development.*

On the occasion of the assembly of the Intergovernmental Forum 4 months ago, we indicated that we would be reporting to the nation and government on work done at various times during the course of this year. The debate today provides an appropriate occasion for us to report on work done in the elaboration of the macro-economic framework that both provides the perimeters of all our future socio-economic work and will underpin the key pillars of our strategy.

Today, the finance minister, having been mandated to lead our work on this element of our growth and development strategy for the implementation of the RDP, will present the government’s macro-economic policy.

This policy is the central compass which will guide all other sectoral growth and development programmes of the government aimed at achieving the objectives of the RDP.”

Box 6: Thabo Mbeki’s (1996) GEAR preamble speech

Mbeki's statement gives the impression that GEAR

(1) was an outcome of a consultative process
(2) flowed from the RDP and NGDS,
(3) was the macroeconomic policy of NGDS. Although immediately after establishing the link between NGDS and GEAR, Mbeki went on to say GEAR was the central compass which would guide all other sectoral growth and development programmes, thereby displacing the NGDS (about which nothing further was heard after Naidoo's redeployment).
(4) was an outcome of a process that Cabinet mandated the Treasury to undertake, of which there is no evidence, unlike the mandate given to Jay Naidoo to oversee the development of NGDS.

However, with the benefit of a previously unseen Treasury archive, the study was able to analyse the timeline, draft documents, and conceptualisation of GEAR allows more clarity on another layer of backflows, across and between ideas, institutional reconfiguration, and practice.

2.3. Resistance: NGDS challenged Treasury's authority

On November 27, 1995, de Klerk chaired the Intergovernmental Forum (IGF), a meeting Mbeki (1995) described as a historic meeting. At the meeting, Naidoo, as the Minister responsible for the RDP, presented (under the item "Towards a Growth and Development Strategy") a framework that was designed to translate the RDP vision into strategies and programmes throughout government. Naidoo went on to present resolutions after discussions and inputs by provincial senior officials (See Box 7: National Growth and Development Strategy). Treasury's role in the two-day discussion was modest since the department simply offered financial limits that Naidoo's office had to operate within. The IGF concluded that the RDP and Mbeki's office would oversee the entire NGDS-making process, rather than the Treasury, whose role was unclear.

TOWARDS A NATIONAL GROWTH AND DEVELOPMENT STRATEGY

The Inter-Governmental Forum (IGF) meeting held on 27th November 1995 in Pretoria and the subsequent meeting of national and provincial Directors general on the 28 November 1995, discussed the process to finalise a National Growth and Development Strategy and agreed on the following:

1. The process initiated by the President's Ad-Hoc Cabinet Committee on Growth should be accelerated and a draft National Growth and Development Strategy drawn up by February 1996;
2. The high-level targets presented to the IGF should be quantified by the relevant departments for inclusion in the above strategy;
3. The six key pillars of the growth and development strategy presented to the IGF were endorsed as a framework to guide the work of the departments and provinces;
4. An action plan for these pillars was endorsed and the lead Ministry for each activity is requested to report back to the extended Cabinet meeting to be held on the 24th and 25th January 1995 [error – meant 1996] on progress;
5. A draft National Growth and Development Strategy will be presented to the President's Ad Hoc Cabinet Committee on Growth and thereafter to the IGF Summit on 26th and 27th February 1996;
6. The Office of the Minister without Portfolio will receive inputs from departments and provinces, and consolidate them for the President's Ad Hoc Committee to consider;
7. On the basis of the National Growth and Development Strategy a Medium-Term Expenditure Framework and a Medium-term Personnel Framework will be drawn up.

Box 7: National Growth and Development Strategy (Source: Ministry in the Office of the President, 1996)

The Cabinet processed the resolutions of the IGF meeting in November, and Mbeki (1996) communicated Cabinet decisions and NGDS timelines to all parties. According to Naidoo (1996), the development of NGDS was meant to be completed by January 24, 1996. (See Box 8: NGDS Deadlines). The earlier conceptualisation of the NGDS point of departure was that the government was failing to redirect resources and activities as required by the RDP. This does not appear to be directed to the RDP fund alone, but also the government budget. The study argues, in its totality, that the frame and approach to developing NDGS were intended to have a greater influence on the government overall in the medium term.

Box 8: NGDS Deadlines (Naidoo, 1996)

JANUARY 1996

31 Ministers submit first results

FEBRUARY 1996

1– 6 Draft team produce first draft
9 Committee of DG's meets to edit; Ministers requested to comment on sections affecting them
10 – 13 Drafting team revises draft
14 Committee of DG's does final edit
15 Draft submitted to Deputy President Mbeki
16 President's Ad Hoc Committee
17-25 Discussion of draft by Cabinet
IGF Development Planning Summit

MARCH 1996

28 – 29 Conference on private sector participation in infrastructure

However, with Naidoo's office at the helm of NGDS, the consequences would have been that two ministers would have had a major say in the fiscal policy and not only the finance minister and the Treasury. Naidoo's office would possibly have emerged with more power, as it would have resulted in a case of "the tail wagging the dog", the "tail" being Naidoo's office and the "dog" being the Treasury.

There were already sites of contestation that had begun to emerge well before the formulation of NGDS started. For example, during the November 1994 World Bank Mission, opening interactions and substantive discussions were held with the RDP Urban Development Task Team (UDTT), including discussions about institutional and financial issues that would ordinarily have been discussed with the Treasury (Ministry in the Office of the President, 1994). Additionally, the tradition of the BWIs stemming from the founding articles was to engage governments through departments responsible for fiscal policy – the RDP Ministry was not a fiscal authority. In an earlier memo to Lamola, in the days of GNU, David Green (1994, para. 12) puts it succinctly:

> "*The fundamental problem with RDP is that it is neither a planning agency nor an implementing agency. It should probably evolve into a planning agency and leave project implementation of the line ministries. To the extent that RDP objectives require changes in project formulation and design standards, these changes should be applied generally. Transformation into a planning agency or ministry, RDP would be involved in (1) preparation of national development plans [later conceptualised as national growth and development strategy], including establishing targets for progress in improving the social and economic well-being of disadvantaged groups, (2) the programming and budgeting of public sector expenditure, (3) preparations of studies on specific development issues, (4) development of special plans and programs to meet identified social and economic needs, as identified in the RDP, and (5) preparation annual progress reports on the implementation of the plan and the achievement of its targets. RDP, as a Ministry of Planning, would also continue to play a major role in the approval of all projects proposed for international funding. This transformation would move RDP to the centre of the process of allocation of public expenditures…*"

The irony of David Green's recommendation to the RDP was that he had initially come to South Africa as part of a World Bank mission at the request of the Treasury (Links, 1994). In a letter to the World Bank from Treasury, the mission was required to support the Treasury in strengthening its domestic institutional capacity in development assistance coordination (Links, 1994). The letter coincidentally mentions that the mission would also need to guide the RDP Ministry in preparation for the task ahead. The study argues that these differences show that neoliberalism is changed by contestations, institutional changes, and practices.

Several changes and inconsistencies occurred in early 1996. On December 12th, 1995 [although the letter is dated 1996, which appears to be a typo], Mbeki wrote a two-page letter to all ministers, deputy ministers, and premiers to spell out the approach to NGDS. Letters between Mbeki (1996), Naidoo (1996), and Fanaroff (1995) show that NGDS had to be finalised by February, in line with deadlines communicated in Mbeki's letter. However, in his December letter, Mbeki (1996) stated, "my office and the office of Minister Naidoo will offer assistance where necessary and will act as a coordination point and clearing house." At this point, it seems like Minister Naidoo's office is at the centre of making the NGDS and that it will continue to be as open to consultation as possible, including with social partners like NEDLAC.

Between 12 December 1995 and 16 February 1996, a detailed confidential NGDS draft was circulated, and it outlined in more detail the NGDS framework, with six chapters already drafted (Minister in the Office of the President, 1996). The draft NGDS contained two significant objectives: a) to successfully implement deep-seated change in the structure of the economy and government; and b) to ensure co-ordination by the Office of the President with dedicated support from the Development Planning Branch. It was envisaged that the offices of Mbeki and Naidoo would no longer coordinate the formulation of the NGDS once it was accepted in principle in early 1996. Between April and September, consultation with stakeholders were to take place, and the final NGDS was to be sent to the IGF in November 1996.

In March 1996, Mandela announced the closure of the RDP Office and redeployed Naidoo to the postal and telecommunications portfolios. According to Bond (2000), the closure of the RDP Ministry was a sudden, ill-considered, and undebated matter, followed by a variety of neoliberal policy documents. Mbeki (2016, para. 10) states that "the RDP Ministry, which controlled this fund, was closed down in March 1996." The reason for this was that some of the ministries were not carrying out the critical work of fundamentally restructuring their budgets to reflect the changed nature of the South African state and society. Read at face value, Mbeki's assertion appears to be perfectly logical.

Nevertheless, since the RDP Ministry was closed, people who were directly involved have written autobiographies to reflect on many of the turning points immediately after 1994. The Treasury archive also allows scholars to place some of the missing puzzle pieces. Keys' resignation in July 1994 seemed appropriate after he had successfully delivered for the NP on key economic reform goals and continuity in neoliberal commitments from the NP to ANC leaders. The Treasury was in a strong position and could have continued in a post-apartheid South Africa as the authority on fiscal policy, which would later have become an important determinant of macroeconomic strategy. Also, on the advice of the IMF, the Treasury started to hire people from the ANC, like Ramos and Momoniat, who would be instrumental in putting neoliberalism into place for years to come.

While the Treasury was encouraged to appoint more ANC officials, Mandela and Deputy Finance Minister Erwin were advised to use existing capacity in the Treasury. Lance Taylor (1992), then a professor of economics at the Massachusetts Institute of Technology, advised the ANC leadership and DPE on how to use the Treasury, DBSA, and SARB's existing knowledge on economic policy reform. All of these moves towards assimilating ANC leaders and officials into neoliberal policy-making would have emboldened the Treasury. Because there were too many people inside the government (including progressive economists, political economists, and social scientists in social and economic analysis who went on to become Treasury consultants), one institution had to have authority over macroeconomic policy.

However, the earlier processes, undertaken through the IGF meeting of November 1995 to develop the NGDS, demonstrate the backflow across and between ideas and institutional configurations and practice the circular flow as part of the contestation over ideas, politics, and policy. It must have been clear to Treasury at the beginning of the NGDS process that its authority over fiscal policy could be challenged and it would be difficult for Liebenberg (2015) to remain independent, one of the conditions he had put to Mandela before accepting the job of finance minister. The NGDS was intended to develop both the Medium-Term Expenditure Framework and, later, the Medium-Term Personnel Framework, a direct challenge to Treasury's authority. The last chapter talked about other times when economic policy-making, reform, and implementation were very contested, and the Treasury did not have the most power.

At this point, it was too soon to talk about one government singing from the same hymn sheet. According to Padayachee and Van Niekerk (2019), apartheid officials remained in government and undermined the RDP Ministry's (and later the broader ANC's) authority, one of whom was then Keys' advisor, Japie Jacobs. After other more politically sensitive issues in the Constitution were finalised, internal debates shifted to the question of authority over economic policy reform. At issue was who held authority to formulate macroeconomic policy—e.g., resistance and reworking of power relations between the Treasury and the RDP Ministry—and symbolically, this meant a contest emerged between the Treasury, sponsored by the global finance establishment, and grassroots movements' "will and wishes." (The latter included not only COSATU, which firmly opposed GEAR, but a coalition of NGOs termed the "Campaign Against Neoliberalism in South Africa". It actively protested when IMF Managing Director Michel Camdessus visited in late 1996.

Mbeki's account of why the RDP Ministry was closed deserves attention. Mbeki does not make it clear whether the RDP Ministry was one of the ministries that was not carrying out critical work. If so, what meaningful work towards fundamentally restructuring their budgets to reflect the changed nature of the South African state and society could the RDP do within the space of a year since its formation? The RDP Ministry had a budget of R2.5 billion out of an appropriation of just over R125 billion, plus grant funding. So, it's not clear how the fact that other ministries didn't change their budgets led to the RDP Ministry's shutting down.

There were reports that Mbeki had never liked Naidoo and had frustrated the work of the RDP. According to Hadland and Rantao (1999, cited in Bond, 2000),

> "*a cabinet minister at the time (1994-1996) recalls how the growing animosity between Thabo and Naidoo became a common feature of cabinet meetings. "Thabo gave off strong indications that he hated Jay*

> *Naidoo", says the Minister. He used to refer to Jay in the most aggressive and frustrated terms. It got so aggressive at times. I couldn't believe it. But Jay was trying to coordinate all the activities of the Cabinet for the RDP…. Jay, in the Office of the President, a minister without portfolio, this was too much for Thabo.* "

Between May 1994, when Naidoo was appointed, and November 1995, when the NGDS became its mandate, the RDP Ministry spent much of its time establishing the office before the process of drafting the NGDS began. The main accomplishment was the rapid drafting of the first official government policy, in August-September 1994, the White Paper on Reconstruction and Development. There may have been other contentious political and policy issues between Mbeki and Naidoo. For example, Green (2008) shows that Mbeki pushed for what later became GEAR in late 1995 with Erwin (and not Liebenberg) as the political sponsor. This was at the same time as the NGDS was being drafted, with what became GEAR originally conceptualised as merely an NGDS chapter. The "straw that broke the camel's back" was the fight over who oversaw developing the government's overall policy and economic reform. This led to the closure of the RDP Ministry, with the crash of the Rand in late February 1996 and Liebenberg's resignation in early March serving as useful distractions for Mbeki to "send signals to the market," since the RDP Ministry staff was seen as more left-leaning than the other power brokers in the government.

Government attempts to formulate NGDS appear to be the first tasks with sufficient political sensitivity that the GNU had to undertake, considering that the RDP had been adopted and a White Paper was formulated without much contestation, at least internally. (The June 1996 RDP Green Paper had generated a major backlash by the Alliance's labour and Communist constituencies, with Roux its main drafter.) However, the NGDS had far-reaching consequences and was always going to be a contested matter. According to Liebenberg, "By the time [he] tabled his second budget, [he] had realised that the finance minister needed to be a politician with political clout," writes Liebenberg (2015).

Liebenberg does not specifically mention the process of formulating NGDS as the reason he felt that the job of the finance minister needed someone with political clout. There could have been other reasons, and the politics around NGDS could have been one of them. It is important to remember that at the time of the formulation of NGDS, the Constitutional Assembly was busy finalising the Constitution. As alluded to in the previous chapter, contestation over the NGDS would logically have been one of the reasons for the more explicit inclusion of Treasury control and functions within the Constitution. When other Cabinet ministers were participating in the process of formulating the NGDS from November 1995 to February 1996, the then Trade and Industry Minister Manuel was largely absent, and only emerged in March 1996 as the Finance Minister on his back foot after making controversial remarks (one about the rugby Springboks' domination by white players and the other about the 'amorphous' markets that were punishing the South African currency) that led the business press to question his commitment to *status quo* policy.

Did Liebenberg raise concerns about Naidoo's contestations of Treasury control as an issue that Manuel would need to resolve decisively once appointed Finance Minister? There is no Treasury archival evidence to corroborate this, and Manuel did not respond to a request for an interview. What cannot be disputed, however, is that the Treasury's authority was indeed challenged in this period. However, at Mbeki's urging, Mandela announced the closure of the RDP Ministry and the relocation of the RDP Fund to the Treasury. Along with the Reserve Bank – still run by Chris Stals, who in March 1995 had liberalised exchange controls (abolishing the FinRand) to prove his powerful autonomy – it was then clear that Treasury was effectively the main authority over economic reform. Crispian Olver, a former RDP Ministry official in charge of the NGDS, put it succinctly: "The Treasury hegemony was clearly established, and they were not development people. They were macroeconomic and fiscal people" (Hartley, 2014).

2.4. Treasury co-optation as the seed of post-politicisation

It is widely accepted that economic reform in post-apartheid South Africa, it was undertaken by a small group of people without any democratic consultative processes (Padayachee & Van Niekerk, 2019). According to Cronin, GEAR broke away from patterns of highly consultative democratic participation (J, Cronin personal communication, September 4th, 2020). GEAR was put together by a handful of people, described as a technical team[16]. Guy Mhone, representing the Labour Department, was the only black economist included (Bond, 2000). He attended only one meeting and never returned after his opinions were treated with contempt. Mhone later informed colleagues, so he was surprised to see his name on the list. Andre Roux and Iraj Abedian were the primary drafters, and they relied on two World Bank staff to run the main econometric model. Only Hirsch and Gelb had been involved in anti-apartheid movement politics; Mhone, the most Keynesian of the group, was a recently arrived immigrant (Bond, 2000). Da Silva and Ketley were both deployed by the World Bank. Several others came from the more conservative wing of the Stellenbosch Economics Department.

Not everyone agrees with this view. Donaldson, who was part of the handful that developed GEAR and went on to play an influential role in the Treasury, argued that GEAR did not diminish the policy-making processes (Center for Development and Enterprises, 1997). As Roux claimed, “GEAR is not an attack on the RDP [or the democratic consultative process that led to the adoption of the [RDP] but is in fact a necessary precondition for the implementation of RDP objectives” (Center for Development and Enterprises, 1997, p. 7).

However, there is evidence to show that the Treasury was discouraged by the World Bank from engaging in democratic consultative processes when dealing with reforms. In March 1995, after a mission visit to South Africa, the World Bank observed that the GNU was involved in a highly participatory approach to reforms and that there was a trade-off between consensus-building and the need for early

[16] 1. Andre Roux, 2. IrajAbedian, 3. Andrew Donaldson, 4. Brian Khan, 5. Ben Smit, 6. Daleen Smal, 7. Alan Hirsch, 8. Guy Mhone, 9. Ernie Van der Merwe, 10. Ian Goldin, 11. Stephen Gelb, 12. Drik van Seventer, 13. Servaas Van der Berg 14. Luiz Pereira da Silva, 15. Richard Ketley.

decisions on sector and program budget shares (Stevens et al. 1995). World Bank officials, Stevens *et al*. (1995), recommended that at some point in the not-too-distant future, top-down decisions on which departmental functions should grow and which should be contracted should be made. Stevens, Pereira da Silve, and Ketley were all World Bank officials, and Ketley ended up on a team that drafted GEAR**.** This planted the seeds for a non-consultative approach to economic policy-making.

In the end, the Treasury followed the advice of the World Bank (1996) to replace consultation with speedier policy, so by June 1996, GEAR was ready to launch. Whether the process of drafting GEAR was necessary to implement RDP or not, is beside the point. There was a deliberate intention to make the policy process less democratic compared to the RDP. Revealingly, one of the lead World Bank (1996) authors who recommended that the process for developing GEAR be made less democratic, Richard Ketley, went on to become one of the GEAR authors.

To fully appreciate the magnitude of the World Bank recommendation, it is important to fully understand the relationship between the Treasury and the IMF/World Bank. As one of the post-politicisation strategies that emerged in the 1970s and became the norm in the 1980s and early 1990s, treasuries began to work with the IMF and World Bank to introduce preferred policies, using the legitimacy of these institutions to do so. Rogers (2009) argues that the UK Treasury implemented various depoliticisation strategies to implement preferred policies during the 1975 crisis, using the IMF and the threat of the disciplinary potential of the market. Sometimes, the IMF would knowingly and willingly participate.

There is evidence to show that Treasury used similar tactics in South Africa to introduce preferred policies or to prevent certain inputs to policies as they were being developed. Du Plessis (1985, para. 4) stated the following in a letter to Judge Cecil Margo:

> "*It will however be appreciated if the Commission would not refer to the IMF Report in its Report in view of the sensitive nature of our very close relationship with the IMF.* "

The Treasury maintained a close relationship with the IMF, as evidenced by Du Plessis' (1985) letter to Judge Cecil Margo. It also shows that the IMF's ideas were accepted and spread through several different strategies.

As shown by Padayachee and Fine (2009), the IMF's December 1993 CCFF loan was not needed for balance of payment challenges but was mainly a stamp of approval to give credence to the reintegration of South Africa into the global financial world. It followed the foreign debt repayment commitment of the ANC in October 1993. However, the Treasury used the loan to enforce expenditure reduction (Calitz, 1994). The IMF loan was used both externally and internally by the Treasury for political persuasions other than technical balance of payment issues as initially claimed[17].

At times, the relationship with the IMF and the World Bank was less formal and represented a soft influence, yet it still had an impact on the Treasury's role in South Africa's political economy. For example, James Wolfensohn (1996) wrote a letter to Mandela to propose a strategy and programs for capacity building. When Mandela's office asked for a draft reply, Hugo du Toit, who worked for the Treasury at the time, wrote to Cyrus Rustomjee, who worked at the World Bank (as South Africa's executive director) at the time, to give his thoughts and suggestions for the draft.

Ultimately, GEAR's drafting process was based on ignoring democratic consultative traditions. The document was developed by a handful of individuals and presented as a technical team. Manuel's insistence on the non-negotiable condition of GEAR was typical, and in the only discussion with ANC allies (which occurred in a meeting on the Sunday before the

Du Toit fax to Rustomjee (World Bank)

"As you are no doubt aware, Mr. Wolfensohn [World Bank President] wrote to the President [Mandela] to inform him of the Report on Partnership for Capacity Building in Africa. The Department of Finance has been requested to provide the President's Office with a draft reply. I will greatly appreciate any comment or suggestions that you may have which can be incorporated into the draft reply. General comment by the constituency will also be appreciated."

17 Taking a different view, however, Calitz claimed that Treasury was communicating to all departments not only the commitment South Africa had made to the IMF in 1993, but also the continuation of a cautious fiscal and monetary stance (E, Calitz personal communication, April 29, 2021).

launch on Friday June 14), Alec Erwin explained the process similarly and refused to allow any copies of the document to leave the room. GEAR, as Mbeki, Manuel, and others would have us believe, was not a product of a democratic consultative process. Naidoo (2015) would go on to say: “GEAR introduced an era that saw the beginning of the end of people-participation and consultation.”

2.5. Reworking: GEAR and hegemony of the Treasury

The literature on economic and development policy in post-apartheid South Africa has thus far emphasised policies, with little effort made to understand the changing logic of institutions. Most studies of economics, public finance, and political reform in South Africa immediately after 1994, which were considered extensive, have overlooked the Treasury. There is a long list of arguments for and against GEAR and an assessment of its implementation as a government macroeconomic strategy. Many of the arguments in support of GEAR came from either people listed as contributors who developed the macro-economic strategy or official government documents. Arguments against GEAR came from the Left in the ANC-alliance or from progressive economists who were not swallowed up by established institutions, consultancy work or jobs in government.

Instead of offering yet another elaborate critique of GEAR, its implementation, or its consequences, we might use the policy as a window to further understand how, from an institutional perspective, the process of reworking neoliberalism and the post-politicisation of South Africa’s economic policy formulation and reforms occurred. The chapter does this by looking at three key things that locate the Treasury within the backflows, across and between ideas, institutional reconfiguration, and practices that reshaped neoliberalism in South Africa: a) the development of GEAR, b) the non-negotiable condition attached to its implementation, and c) the Treasury’s authority over macroeconomic policy.

(a) The basis of GEAR

The process that led to GEAR was kept secret until it became known that a group of economists were developing a macroeconomic strategy closer to the strategy's announcement. According to Padayachee and Sherbut (2011), the process of drafting GEAR began sometime in 1995. Padayachee and Van Niekerk (2019) correct this by means of a laborious account of various efforts at economic reform in the Treasury and move the timeline to a more plausible March 1996, when it became known that a team of economists was assembled to draw up GEAR. But, as was shown above, the process that started in November 1995 was the creation of NGDS. The lead authors of GEAR were expected to contribute only a chapter on a macroeconomic strategy.

> GEAR:
>
> *"In brief, government consumption expenditure should be cut back, private and public sector wage increases kept in check, tariff reform accelerated to compensate for the depreciation and domestic savings performance improved. These measures will counteract the inflationary impact of the exchange rate adjustment, permit fiscal deficit targets to be reached, establish a climate for continued investor confidence and facilitate the financing of both private sector investment and accelerated development expenditure".*
> *(DoF, 1996, para. 2.*

There is evidence to show that a renewal of the momentum behind GEAR occurred in April 1996, after the closure of the RDP Ministry and the appointment of Manuel as Finance Minister. The old bureaucrats were going ahead with efforts to redesign their 1993 Normative Economic Model (NEM), while the Presidency was busy with the development of NGDS. NP politicians and old-guard bureaucrats argued that GEAR was a reworked NEM. The policy framework for Economic Growth, Employment Creation, and Redistribution (later rephrased as Growth, Employment, and Redistribution) (which gave the strategy the acronym of GEAR) was drafted as an NGDS chapter just before the Rand crisis in late February 1996. This framework appears to be the first draft as it explains the context based on events that occurred in April. The archives suggest that Padayachee and Van Niekerk (2019) are correct when citing March 1996 as the first time the larger group of 17 economists met.
The processes of developing NGDS and GEAR differed in the following ways:

i. The NGDS was initiated through a consultative process which involved ministers, deputy ministers, premiers, and directors-general, including provincial directors-general. GEAR, on the other hand, was developed by a technical team made up of seventeen technical experts, of whom sixteen were white and sixteen were men. Six were economists drawn from South African universities: three from UCT, two from Stellenbosch and one from Durban-Westville. Three worked at the Development Bank of South Africa; two at the World Bank; two at the South African Reserve Bank; and one each from the departments of Finance, Labour, Trade and Industry, and the Deputy-President's office. Hirsh's (2005, p. 101) claim that "All the key government departments implicated in the strategy, as well as the SARB, participated in the analytical process that preceded the strategy" is true for the NGDS but had nothing to do with GEAR. There is, however, no evidence to support Hirsch's (2005) claim that GEAR was supported by all NGDS participants.
ii. The NGDS framework was circulated to all departments, who were instructed to submit sectoral inputs to be used to develop the MTEF and MTPF. Between April and November 1996, there was a clear plan to hold public consultations with NEDLAC and other social partners. This process was stopped when GEAR became the government's central compass.
iii. The RDP Ministry was tasked with the responsibility of developing NGDS with the clear intention of public consultation. However, the development of GEAR, led by the Treasury, did not go through public consultation.
iv. The process that led to the initiative to develop NGDS was characterised by an appreciation that the GNU would need a clear implementation programme, one that set out strategies to achieve RDP principles and concrete mandates. Interestingly, GEAR was launched on the back of public debate about the lack of macroeconomic policy after South Africa suffered an exchange rate crisis in February 1996 that persisted through July 1996. According to Aron and Elbadawi (1999), factors which contributed to the crisis included investors' uncertainty about economic policy arising from perceived differences within the government and between the government and other key stakeholders such as COSATU. There is no proof that economic policy is uncertain, since

the RDP White Paper was finished in November 1994 and explains how macroeconomic policies and strategies are made.

v. Carmody (2002) suggests that the Rand crisis was caused by a run on the Rand following a Union Bank of Switzerland report that the Rand was over-valued and rumours surrounding President Mandela's health. We have now learned that Switzerland and apartheid South Africa had a special relationship, and Switzerland played an important role in the apartheid regime's obtaining intelligence and weapons technology (van Vuuren, 2017). There are other coincidences that preceded the process of formulating GEAR. First it was the Rand crisis. Secondly, in February 1996, the South African Foundation[18] chastised the GNU for its lack of a coordinated macroeconomic policy and tabled a document titled "Growth for All." The document was against the RDP and pictured a South Africa where market forces were the most important (Terreblanche, 1999).

The SAF document led to debates about economic policy reform, with some in COSATU stating that the document was written in terms of the Thatcherite ideology of neoliberalism. The ANC had endorsed similar principles starting with the 1990 Harare declaration. Mandela's speeches at various meetings with captains of industry were, similarly, reassuring to international financial bureaucrats[19]. The ANC's "Ready to Govern", adopted at its 1992 policy conference, also shifted decisively from the Freedom Charter. Yet even the ANC issued a strongly-worded statement against the SAF document (African National Congress, 1996). In his capacity as chair of the ANC's economic policy committee, then Labour Minister Tito Mboweni, "lambasted proposals to cut the budget deficit and hike VAT and rejected the suggestion that privatisation could fund poverty relief as naïve. "

[18] The South Africa Foundation was an association of South Africa's largest corporations and major multinational companies with a significant presence in South Africa. The SAF is an independent, non-partisan voice of South African business leadership. The SAF seeks to formulate and express co-ordinated views on macroeconomic and other national issues and to promote the interests and further growth of South Africa's private sector both domestically and internationally.

[19] Finance Week Conference – Getting SA Working: the ANC and Business Plan for the Future April 1994, Heinz Foundation Lecture held at University of Pittsburg, Pennsylvania December 1991.

But he reserved his most withering comments for the most ridiculous of all proposals—the two-tier labour market—which he described as an affront to democracy.

In April 1996, COSATU published its rebuttal to the SAF document, "Social Equality and Job Creation," to give concrete expression to the RDP. Besides the statement from Mboweni, there was no detailed response from the ANC or government. There is no evidence to suggest that the government attempted to respond to any of these debates. However, it is noteworthy that the Rand crisis and the critique of the GNU on the lack of macroeconomic strategy all happened immediately after the "confidential" NGDS draft. The NGDS was meant to address the concerns raised by business, labour, and social movements. At least in theory, the planned consultation process would have added to the strategy and made it easier to talk about the future of South Africa's economic policy in the context of the RDP.

Hay (1999) defines the concept of crisis as an accumulation of contradictions leading to a moment of decisive intervention. Flinders and Buller (2006) argue that an objective crisis is necessary for the introduction of neoliberal policies in the economy. The presentation of a base scenario, an integrated reform package scenario, and sensitivity analysis stated: "Under the guidance of the Department of Finance and in collaboration with the Department of Trade and Industry, the Department of Labour, and the Reserve Bank, a team of economists has attempted to construct the integrated policy package in a way that (i) takes advantage of the ongoing depreciation [crisis]". Bond claims that in January-February 1996, two GEAR drafters, Abedian and Roux, told him that labour costs in South Africa were far too high (P, Bond personal communication, 17 March 2022). Either the price could be cut by waging a class war on labour, or depreciation could have the same effect but without the political turmoil. So, South Africa had to take advantage of the crisis by making itself more competitive and, as a result, more focused on exports.

In sum, the process of developing GEAR gained momentum in April 1996, providing more evidence of the backflows across and between neoliberal ideas. But as the February Rand crisis showed, that process sought to formalise what had been going on since the adoption of market-oriented policies, which in turn reflected a shift in class power towards capital, especially financial capital. Undertakings to formalise economic policy made by Treasury in late 1995 and April 1996, which involved institutional reconfiguration and practices, can be seen as part of the contestations regarding who held authority over economic reform. This reworking of neoliberalism was not well structured and, indeed, most chronological studies focus on the policies themselves and overlook Treasury's institutional role, as it emerged from the 1995-96 contestations victorious. In this way, Padayachee and Van Niekerk (2019) agree that the process of writing GEAR started long before the Rand crisis. This was part of a larger effort by the Treasury to keep control in a messy democracy, which was hard to do.

In this sense, Padayachee and Van Niekerk (2019) acknowledge that the process of drafting GEAR began well before the Rand crisis, in a broader effort within Treasury to retain control under the trying circumstances of a messy democracy.

(b) GEAR: non-negotiable

GEAR was presented as a technical response to the currency crisis by the Treasury to appease disquiet among international investors. The Department of Finance published a document titled "Growth, Employment, and Redistribution: A Macroeconomic Strategy," which listed a technical team of individuals from DBSA, UCT, University of Stellenbosch, World Bank, Department of Finance, Labour and Trade and Industry, SARB, and University of Durban-Westville, many of whom were neoliberal advocates associated with the apartheid government and the World Bank (Department of Finance, 1996).Cronin described a meeting, purported to be a consultation with the alliance (presumably on 9 June 1996), as a presentation of a mere five slides depicting a Rand crisis and the need for a response (J, Cronin personal communication, 20 September 2020). Davies recollects a meeting at the Treasury attended by a handful of parliamentarians for a presentation on GEAR by some official, but he doesn't have any recollection of details as it did not stand out to him as a significant policy shift in the government (R, Davies personal communication, 18 May 2020). This opacity was meant to allow Manuel the power to insist on the condition of the non-negotiability of GEAR. And that, in turn, followed earlier World Bank advice.

Manuel (1996) stated explicitly in his speech to Parliament when introducing GEAR that its “parameters are not up for negotiation at this stage.” The impression created within the ANC alliance and broader society was that technical strategies imposed by Treasury could not be debated; they were presented as there was no alternative and, beyond critique, were not for debate. Adelzadeh (1996) pointed out that the modelling aspect of GEAR, based on an outdated SARB model, was unsatisfactory and incomplete. According to Padayachee and Sherbut (2011), GEAR models were never made public for study by professional economists. However, perhaps the reason the model was not shared was that items that were central to GEAR “were not fully explored by the modelling team”. Adelzadeh was right to say that the GEAR policy scenarios were “unsatisfactory and incomplete,” even though there is no proof that he didn’t have access to them (they were market confidential and don’t seem to be in public libraries).

The way GEAR was introduced gave the impression that economic policies imposed by Treasury were not subject to debate and were non-negotiable, thereby removing opportunities for democratic and political debate, much less a platform to offer alternatives. Even with the last-minute attempt to orchestrate a façade of consensus, those who sought to challenge GEAR modelling, competence, or scenarios were marginalised (Padayachee & Van Niekerk, 2019). The toughest initial critiques were from COSATU and three leftists within the SA Communist Party (Vishwas Satgar, Langa Zita and Dale Mckinley). Since the adoption of GEAR, much of what the Treasury has subsequently presented has been in the same spirit, with minimal or no political debate – a form of post-politicisation less studied in South Africa. Policies that become the main compass for the whole government and the rest of society are supposed to get support from everyone else in the world.

(c) GEAR and Treasury authority

In its concluding paragraph, GEAR stated:

> "Within government, especially in the fields of monetary, fiscal, trade, industrial, and labour policies, there is also a critical need for coordination. Inconsistent approaches in any of these areas have the potential to undermine the credibility of the overall macroeconomic framework. Effective coordination of economic policy at Cabinet level has accordingly been given the highest priority by the government, together with supporting arrangements within key administrations and between the government, the Reserve Bank, the business sector, organised labour and other key constituencies (Department of Finance, 1996).

According to Hirsch (2005, p. 101), "GEAR was a serious attempt at a co-ordinated strategy." In reality, though, GEAR solidified the positionality of the Treasury as the authority on formulating macroeconomic policy. The Treasury in the driving seat of the post-apartheid South African economic reform agenda. According to Friedman (2004, p. 178), " [the treasury] increasingly came to operate as an almost Orwellian fiscal policing authority, imposing its will on central government departments." If the Constitution and the PFMA made the Treasury an important part of the State, GEAR and the way it was made and adopted made it even more important and made neoliberalism a part of post-political South Africa.

3. Treasury and South Africa post–adoption: 1996 and onwards

To some degree, Mbeki, Manuel, and, to some degree, Mboweni (once he was appointed the Governor of the SARB) appear to have been able to triangulate political power between the Presidency, Treasury, and SARB. In doing so, they were able to build a strong umbilical cord, described by Calitz as a must to regularise neoliberalism and fend off any resistance with ease. There were sites of struggle and resistance against neoliberal policies, especially from the SACP and COSATU. However, the co-option of leaders of COSATU, the SACP, and civil society into positions in Parliament, Cabinet and various state-owned entities – with high salaries as senior managers – decimated resistance towards the Treasury. Padayachee and Graham (2011) say that progressive academic economists lost direct contact with the more radical traditions of mass-based labour and social movements.

The period since GEAR has witnessed the Treasury continuing to rework neoliberalism and to entrench policies that have caused unimaginable inequality, poverty, and unemployment (Bond & Malikane, 2019). The one substantial break was the Economic Freedom March held by the ANC Youth League in 2011, led by Julius Malema, which raised the demand for nationalisation of strategic sectors of the economy, land expropriation, and other contentious economic policies last debated in the mid-1980s. Surprisingly, the march only targeted the JSE, the Chamber of Mines, and the Union Buildings without any mention of the Treasury. It would take the formation of the Economic Freedom Fighters in 2013 to revive debate on economic policy in a way that put a spotlight on what had been the exclusive domain of the Treasury.

There is no doubt that South Africa desperately needs to adopt economic policies that will address poverty, unemployment, and inequality instead of adopting policies that continue to be characterised by neoliberal policies, particularly the entrenchment of austerity and privatisation. Bond and Malikane (2019) have argued that a socialist solution is the only real resolution to the problems they have identified in the crisis of over-accumulation and the adoption of neoliberal macroeconomic policy. Bond and Tshimomola. (2020, p. 135) argue that any effort to change economic policy will be met with resistance by Treasury, a local agent important to the hegemony of ongoing local and international economic colonisation.

Between 1994 and 2015, when Zuma appointed Desmond Van Rooyen as finance minister, the interests of the political-economic class project to construct and preserve its power and autonomy through the Treasury were not challenged as far as institutional configuration was concerned, even though Van Rooyen's appointment only lasted for a weekend. Calitz is of the view that the Treasury was able to preserve its power and autonomy because of the umbilical cord that existed between the finance minister, the President, and the Governor of the SARB (E, Calitz personal communication, 10 May 2021). According to Gordhan (2018), the president and his or her finance minister must have a close and functional relationship. Accepting Liebenberg's five conditions would have established an umbilical cord between the two and protected the Treasury, particularly the condition that it remain independent. According to Liebenberg (2015, para 31), "Mandela never called [him] in and said, "I don't like what you've done there, or I want you to change this and not do that, and neither did Mbeki nor de Klerk." There were three or four other ministers who looked at the new budget, but they didn't make any changes to it. The Cabinet then adopted and approved the new budget as the government's budget to be used.

Mbeki and Manuel were inseparable in politics and policy. According to Green (2012), Mbeki had a hand in Manuel's appointment to Mandela's first Cabinet in 1994 and later as the ANC's first Finance Minister in 1996. When Manuel made changes to the economy that focused on regulating different areas of economic activity and markets (which made the Treasury a key part of the government through GEAR in 1996), it was Mbeki, who Mandela had left in charge of the government and

Cabinet and whose office oversaw coordinating economic policy, who protected Manuel from political fallout and made sure he stayed in power.

The transition from Mandela's to Mbeki's presidency had a high degree of continuity, including in the Treasury. Consequently, the respective finance ministers shared an inclination towards fiscal discipline and market-related economic policy, with Mbeki as the common denominator. However, the rise of Zuma to the Presidency of the ANC in 2007 (and later the country in 2009 as a victory for the alliance) came with expectations, including that the finance minister would work differently with alliance partners—unlike in the Mbeki and Manuel eras. Desai (2015) thought that there were clear signs that the ANC didn't like the economic policies that Manuel had put in place under Mbeki, and that new people in Cabinet might have thought about economic policy differently.

The ANC NEC recalled Mbeki as President of the country on September 20, 2008, six months before the end of his second term. When Mbeki announced his intention to resign, a number of ministers, including Manuel, resigned in solidarity. A press statement issued by the Treasury on September 23 announced that Manuel, together with deputy minister Jabu Moleketi, had resigned. The statement further indicated that they were "ready to serve the new administration in any capacity deemed fit". As a result, the markets reacted negatively, and Manuel agreed to return to work for acting President Kgalema Motlanthe until 2009, when Zuma appointed him to head the new Planning Ministry.

Once Zuma was sworn in as President of the country, he introduced drastic changes to the look and feel of the Cabinet and appointed Pravin Gordhan as the new Finance Minister in May 2009. Gordhan was not new to the Treasury. According to Green (2012), "Gordhan [was] a key colleague of Manuel's in the implementation of economic policy in the post-apartheid era." due to his prior role in parliament and as head of the SA Revenue Services. But Zuma chose Gordhan to be Finance Minister because he thought that Gordhan, who had strong communist views in the 1970s and 1980s (when Zuma was a member of the Communist Party), could start to change the way fiscal policy was run (M. Gigaba, personal communication, September 9, 2020).

The umbilical cord between Zuma and Gordhan as Finance Minister did not last long, as he was moved to Cooperate Governance and Traditional Affairs (COGTA) after the 2014 national elections. When Zuma promoted Nhlanhla Nene, who was formerly Pravin Gordhan's Deputy Finance Minister, the move did not raise eyebrows. As an MP, Gordhan had been instrumental in reshaping South Africa's local government in the post-apartheid era. However, according to Gigaba, Zuma realised soon after he appointed Gordhan as Finance Minister that the latter had been won over by big business (M, Gigaba, personal communication, 9 September 2021). There was therefore no panic after his appointment, in the way there was a panic over Manuel's initial appointment as finance minister in 1996. Zuma expressed unhappiness at the Treasury and said the Treasury was failing to align the budget with the National Development Plan, even though Manuel led the commission that developed the NDP.

However, it appears that Zuma never found a finance minister he could trust (until he appointed Gigaba in 2017). He continued to chop and change finance ministers, one after the other. Once the "umbilical cord" was broken, for the first time in the history of post-apartheid South Africa, the President and finance minister began to say different things and walk different paths. In March 2017, Zuma believed that his finance minister (Gordhan) and deputy minister (Mcebisi Jonas) were "conspiring with foreign forces against him" and showed some senior politicians a security agency statement to that effect. Zuma told the ANC's top six officials that by then his relationship with Gordhan had irretrievably broken down (Gordhan, 2018).

In the Mbeki era, from 1996-2009, Manuel became the country's longest-serving finance minister for a period of well over 10 years. During the Zuma era, South Africa had five finance ministers, including Desmond van Rooyen, who served as Finance Minister for only two days. These differences between Zuma as President and his finance ministers sparked the first contestations over the Treasury's power and autonomy, exposing the frailty of a political-economic class project based on the Treasury's power and autonomy, and this continues. Between 2018 and 2021, Ramaphosa has appointed four finance ministers, Nhlanhla Nene, Malusi Gigaba, Tito Mboweni, and now Enoch Godongwana.

Zuma regularly lambasted the Finance Ministry for frustrating the ANC's economic transformation agenda (Marrian & Malefane, 2017). Back in December 2015, after his Russian nuclear deal was sabotaged by Treasury, Zuma removed Nhlanhla Nene unceremoniously and appointed a little-known ANC backbencher in parliament, van Rooyen. However, after the Rand crumbled and following an outcry by big businesses, including Dave Munro (Standard Bank), Colin Coleman (Goldman Sachs), Maria Ramos (Absa), Jabu Mabuza (Business Unity South Africa), Motsepe and other eight banking executives and some in the ANC, Zuma was forced to remove van Rooyen and reappoint Pravin Gordhan (van Rooyen went to COGTA). Zuma later said Gordhan was a big business choice. But Gordhan also prevented Zuma from finalising the nuclear energy plant building project, as it would add R1.5 trillion to Eskom's debt.

On Tuesday, 30 May 2017, the Office of the Public Protector confirmed receiving a complaint signed by more than 100 people, including 90 ANC MPs and a faction called Radical Economic Transformation aligned to Jacob Zuma. The complaint called for the Public Protector to investigate the conduct, alleged collusion, and corruption at the Treasury. Many who had supposedly signed the complaint, including Malusi Gigaba, the then Finance Minister, denied having signed it.

Gordhan (2018) "believes that the capture of National Treasury was an essential objective of state capture [because] several key individuals within National Treasury leadership over the past decade displayed admirable determination and commitment to follow the law. The National Treasury was, however, placed under enormous pressure and was targeted in a vicious, personalised and relentless campaign that played out in the courts, the criminal justice system, through illegitimate intelligence reports, on social media and in some of the media."

Gordhan invoked the constitutional – not political – umbilical cord to argue that Treasury officials displayed admirable determination and commitment by "following the law by their commitment to follow the Constitution, comply fully with the applicable legal and regulatory frameworks, implement sound and sustainable policies." Gordhan believed that the Treasury was a primary target for "state capture", and this led to the attacks by some within the Cabinet and some media.

According to Fuzile (2018), Zuma was dissatisfied with the Treasury, particularly Gordhan and Nene, because of their unwillingness to sign-off on Cabinet decisions, i.e., nuclear procurement, the purchase of oil and petroleum company Engen by PetroSA, financial and governance decisions taken by SAA, social grant contracts, the Denel Asia Venture, and opposition to the main banks' closure of the Guptas' accounts. Based on Gordhan's engagement with Zuma and Fuzile's assertion, the Treasury was at odds with Cabinet decisions, thereby overriding these decisions by invoking its constitutional legislative powers, to have the final say on South Africa's fiscus and sovereignty.

In the end, both Zuma and Gordhan believed the relationship between the Treasury and the Presidency had broken down, and Zuma believed their relationship had irretrievably broken down. Consequently, the Presidency didn't engage the Treasury on legislative matters. For example, Zuma did not refer his concerns over the Financial Intelligence Center Amendment Bill to the Treasury. According to Gordhan (2018), "no meaningful engagement occurred between the Presidency and National Treasury regarding any reservations that Zuma may have had regarding the Bill". By the time Gordhan was fired as Finance Minister, he claimed to have had no contact with the former President, even though he remained Finance Minister. While Zuma and Gordhan's relationship represents a clear breakdown in the relationship between the presidency and the finance minister, former Finance Minister Nhlanhla Nene's relationship with Zuma appears to have suffered the same fate, as he was also removed in late 2015, ostensibly for failing to support the President on several policy and procurement initiatives. Zuma said at first that Nene would oversee the New Development Bank of Brazil, Russia, India, China, and South Africa (BRICS) in Johannesburg, but this turned out to be a lie.

Without the umbilical cord between the presidency and finance minister, the powers of the Treasury and its institutional architecture were susceptible to constant challenges from inside the state. During the period of this break, Treasury's institutional architecture was challenged in various ways, one of which stands out. According to the Treasury's former director-general, Lungisa Fuzile (2018), there were attempts to move the budget process from the Treasury to the Presidency. He contends that there was a broader political context that viewed Treasury as a problem that needed to be fixed. This led to a proposal to move the task of allocating resources to the Department of Monitoring and Evaluation, which he further contended was contrary to the Constitution. This was on the basis that only the finance minister could introduce a [money] bill. While this is correct, there is no law that prohibits the President from appointing a minister responsible for both the Treasury and DPME.

Today, the Treasury has unquestioned and uncontested power over economic policy reforms. In the post-transitional period, Treasury policy choices have contributed to persistent problems in post-apartheid South Africa (Bond & Malikane, 2019). As a result, South Africa suffers from worsening structural unemployment (Kingdon & Knight, 2004). The racial character of South Africa's structural unemployment is even more disturbing because it is still highest among black Africans (See Figure 7: Unemployment rates in South Africa: 1994 vs 2021). There has also been a rise in environmental degradation, greenhouse gas emissions, local pollution, and water system degradation, all of which have caused worsening food insecurity (Ledger, 2016) (Satgar, 2018). According to Statistics South Africa (2019), in 2017, 6,8 million South Africans experienced hunger. Cilliers and Aucion (2016), Malikane (2017), and Terreblanche (2012) all say that the economic reforms that the Treasury pushed for right after 1994 helped keep unemployment, inequality, poverty, environmental problems, and apartheid spatial planning going.

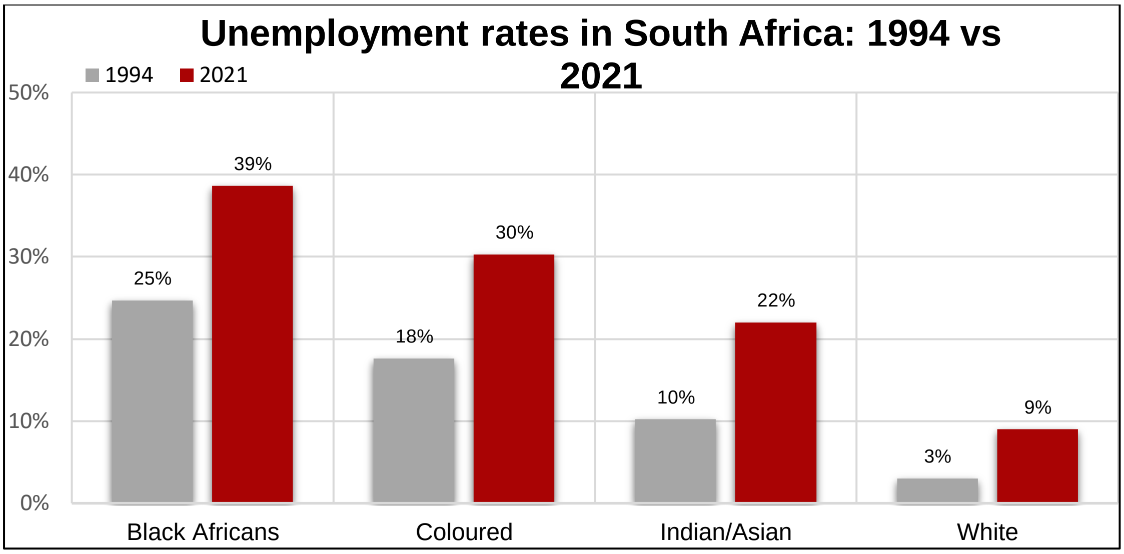


Figure 7: Unemployment rates in South Africa: 1994 vs 2021 (Source: Stats SA Q3)[20]

The Treasury continues to champion neoliberal policies despite their severe consequences, because there is little or no resistance to Treasury control. More recently, the Treasury was able to introduce yet another dose of neoliberal medicine to South Africa's economy as the government adopted the Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa policy. The strategy was made by a small group of people, like Robert Lawrence and Ricardo Hausmann, who are well-known World Bank consultants and have a history of being against democratic and consultative processes.

Ben Turok sent an open letter to Mboweni in 2019, to complain about bias towards the orthodox approach to economic policy-making and lack of consultation. The Turok letter had 42 signatories who noted the absence of civil society in the Mboweni laboratory of neoliberal medicine. But an open letter complaining about the Treasury's long-entrenched tradition of a non-consultative approach to economic policy-making reflects a poor scientific understanding of the Treasury's role in South Africa's political economy. Failure to understand the Treasury's role in South Africa's political economy stands in the way of any attempt to formulate modes of contesting

[20] In 1994, the unemployment rate stood at 20.5 per cent of the working population, although it excluded people in the Bantustans. In 2021, the unemployment rate has increased to 34,9 per cent, a total of 7,6 million people (South Africa, 2019) (Statistics South Africa, 2021). The unemployment figures for 1994 did not include Bantustans, which were only included in 1996.

economic power for a more redistributive economic policy reform in a manner that considers race, gender, ecological and class critiques.

Consequently, South Africa will continue to experience unemployment, inequality, poverty, and environmental degradation problems despite the country's state-owned "non-financial asset" wealth ratio being more than that of most countries (Figure: Public Sector Balance Sheets). Also, if we don't understand the Treasury, we can't fully understand South Africa's relationship with international finance and how that affects the country's long-term social, economic, and environmental decline.
Also, failure to understand the Treasury limits our understanding of South Africa's relationship with international finance and its impact on structural socio-economic and environmental decline.

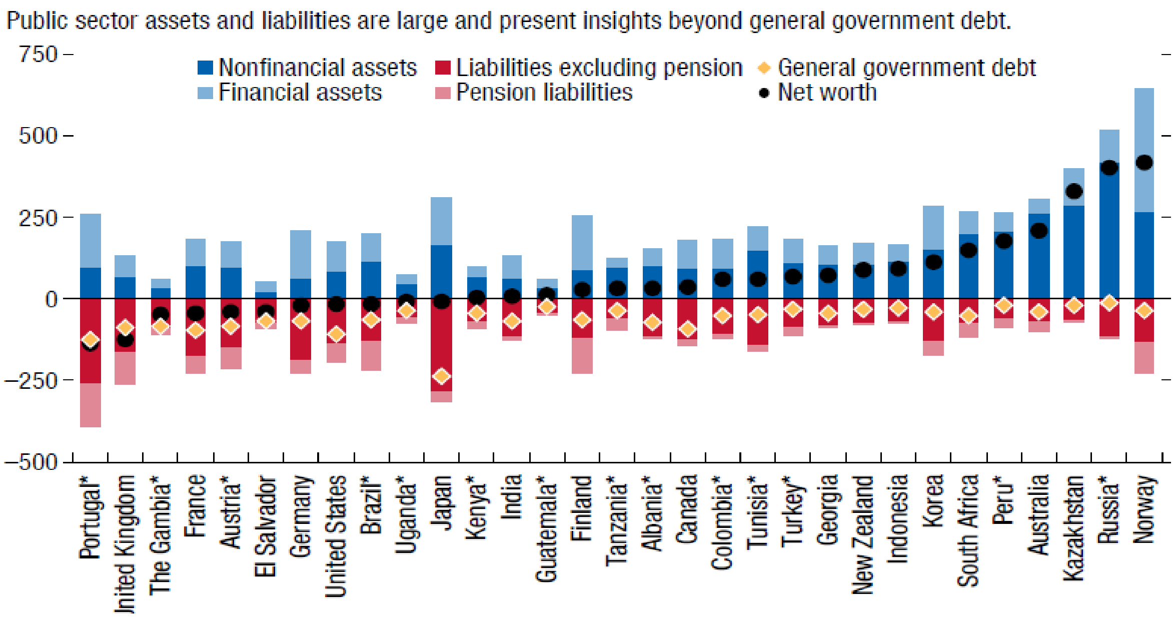


Figure 8: The wealth of selected states–- public sector balance sheets, as a % of GDP (2016)

4. Conclusion

This chapter examined contestations over macroeconomic authority by examining how GEAR was framed and how it represented early elements of post-politicisation, as well as how Treasury reworked neoliberalism. GEAR's implementation solidified Treasury as the authority on macroeconomic policy, which is sometimes the highest priority of government. This puts Treasury in the driving seat of the post-apartheid South African economic reform agenda with little or no resistance. Long after the adoption of GEAR in 1996, questions beyond the scope of the study include how to revive an intellectual commitment to economic justice, coupled with radical modes of contesting economic power. The following chapter provides some interpretations and conclusions that hint in these directions.

CHAPTER 9 – INTERPRETATIONS AND CONCLUSION

1. Introduction

The thesis demonstrated that the role of the Treasury in South Africa's political economy is critical to our understanding of economic policy reform before, during, and after the 1994 transition to a post-apartheid South Africa. The overall objective, throughout, has been to revive an intellectual commitment to radical modes of contesting economic power, no matter that the Treasury seems to have prevailed in discovering, imposing, and defending neoliberal ideology. The chapter re-evaluates the evidence to bring to the fore what has in the past been hidden in a "black-box" that undermined our understanding of an institution at the centre of capitalism's transmissibility in South Africa and possibly the continent. The thesis draws lessons of more general interest in at least four broad areas: the centrality of institutions; the contestations; shift from RDP to GEAR; and the post-politicisation of economic policy reform.

Several key intervals in South African political economy changed the Treasury's role and positionality during colonial and post-colonial history. These were influenced by the role of British colonial powers; increasing influence of states in the Keynesian-era; the collapse of the post-World War II boom during the 1970s; and the organic crisis South Africa experienced from the mid-1970s until the dawn of democracy. These include:

- In the 1910s, the Union of South Africa was formed under British colonial rule and aimed to form a state based on the mining and transportation of mineral resources in support of the extractive economy, laying the foundations for a weak Treasury.
- In the 1920s, the treasury view, an outcome of contestation between British Treasury officials and progressive forces that sought to get the state to intervene in the economy instead of the view that government borrowings crowd out private investment, shaped treasuries in most parts of the world. In South Africa, the Treasury's attempts to set up and strengthen orthodox

traditions of austerity failed, as shown by the fact that spending didn’t go down.

- States became essential to the global political economy in the 1940s because of Keynesian interventions in the Great Depression, which led to stronger redistributive policies, a development that meant the Treasury had minimal effect on the larger political economy during this period. Some did not regard the Treasury as a suitable government entity in South Africa to lead economic planning and coordination.
- Until the 1970s, the Treasury had no significant influence on the broader political economy beyond the inherent influences of its fiscal and monetary policy instruments. Nonetheless, because of political influence that preferred expansionary policies and state interventionist policies, these instruments went against the Treasury’s orthodox institutional practices and fiscal restraints. Only after 1973, when economic planning was transferred to the Treasury for the first time in the Union of South Africa’s history, did the Treasury become central to South Africa’s political economy.
- In the late 1970s and 1980s, contestations over economic policy reform within the state concurrently with class conflict within the NP, organic crisis that challenged apartheid and debt crisis, which brought the Treasury into the driving seat of influence.
- It was only later in the 1980s and early 1990s that the Treasury obtained the power to drive economic planning and coordination, in a process of backflows, across and between ideas, institutional reconfigurations, and practices that reshaped the adoption and entrenchment of neoliberalism in an accumulation and political crisis-ridden society.

During each of these periods, the Treasury underwent changes in its position and role in South Africa’s political economy, which demonstrate contestations over economic policy reform, how the institutional architecture of the Treasury was used to entrench economic policies that favoured market-oriented policies and how subsequent post-politicisation techniques maintained the Treasury’s dominance and the continuity of neoliberal policies.

2. Recap of research questions

We considered the following research questions:

1. What institutional restructuring did the Treasury undergo between the mid-1980s and mid-1990s, what precipitated the restructuring and who led the restructuring initiatives?
2. How did the institutional restructuring of the Treasury allow for rapidly reconfigured power relations in South Africa's political economy during the transitional and post-apartheid periods?
3. How did neoliberal policies get adopted and stay in place with the help of institutional changes and new power relationships?

3. Centrality of Treasury to capitalism's transmissibility

Historical research reveals that, despite the Treasury's essential role in the universality of capitalism over time, only a modest body of literature has paid attention to its role in the broader political economy, internationally and in South **Africa. This may be due in part to a long-held ritual of keeping institutions at the centre of capitalism's transmissibility as a** "black box." Without understanding the role of treasuries, merely empirical and jour**nalistic studies predominate. While treasuries have not always been central to economic management, their rise was linked to the rise of capitalism as the dominant system, as the case of Britain shows.**

Evidence suggests that treasuries have orthodox practices established in their institutional make-up, such as the "penny pinching" tradition. Because of the austere approach to budgeting, the "Treasury View" institutionalised orthodox customs and public expenditure and was not deemed significant in the political economy. There is evidence that the post-Great Depression Left-inspired social democratic consensus led to increased redistributive measures, weakened the "Treasury View" and treasury control, permitted "financial repression" (tough regulation of banks), and permitted more expansive state coordination of the economy. The rise of neoliberalism in the 1970s led to a rise in Treasury control, creating conducive conditions for the adoption and entrenchment of neoliberal policies. The Bretton Woods Institutions gave many countries' treasuries orders or at least advised on the formulation of economic policies.

The Treasury did not always wield the same power, prestige, and clout as it does now. According to the evidence, contestations shape the Treasury as an institution. Despite its inherently orthodox traditions, South Africa's Treasury battled for a long time to establish Treasury control due to mining capitalists' interests in expansionary fiscal policies, so as to build infrastructure such as railways, to facilitate capital accumulation through exports. Attempts to establish Treasury control were made, but they were unsuccessful, a product of ongoing contestations. This also represents evidence that treasury powers were naturalised through what Swyngedouw calls "post-politicisation." The post-politicisation, marked by the dominance of techno-managerial forms of interventions, entrenched the Treasury's newly found power and Treasury control.

Between 1910 and the mid-1950s, South Africa had not institutionalised economic planning and coordination. On the other hand, new ideas like John Maynard Keynes' state interventionism and the social democratic welfare state propelled South Africa's efforts to coordinate economic policy (on behalf mainly of white residents). This required increased internal capacity, so that the state could play a considerably more significant role in the economy. When the country began to move toward economic planning and coordination, the Treasury was not considered a suitable government agency, sufficiently supportive and capable of taking responsibility for economic policy formulation, coordination, and implementation. By 1933, South Africa was able to stabilise the economy by ending its ties to the gold standard. Even while the neoliberal Treasury View prevailed and the Great Depression raged in Britain and elsewhere, South Africa's racial-Keynesian strategies began, by delinking economic policy formulation, coordination, and implementation from traditional Treasury functions. Keynesian strategies included robust exchange controls, increased state spending relief measures, job creation for unskilled and semi-skilled white workers, public works programmes to assist mainly white communities, the sustained expansion of government services, and nationalisation of electricity, iron, and steel.

In contrast to the earlier era, the Treasury was often at the centre of South Africa's political and economic transition, from racial apartheid to neoliberalism and financialisation. The Treasury's leadership role in the 1985 debt crisis discussions prompted a reorganisation of internal state working apparatuses, including economic policy, between 1985 and 1991. Treasury efforts to gain control over expenditure were combined with imported ideas, policies, and politics that flowed from the Bretton Woods Institutions, as occurred in many sites of local and global contestation over macroeconomic policy. As a result, Treasury administrators and advisors were central to the formulation of economic policy during the apartheid-initiated state restructuring and laid the foundation for post-apartheid economic policy reform by assimilating their former opponents in the African National Congress. Even then, econocrats inside the Treasury could only fully adopt neoliberal policies once De Klerk was elected State President in 1989 and had dismantled the securocrats' hold on state authority. Neoliberal tactics were adopted to revive accumulation in response to falling profit rates.

The Treasury emerged from the 1985 debt crisis with a new-found prestige that gave the institution authority in the democratisation process. But the Treasury was not given free rein to implement economic reform. Instead, through their agency, econocrats inside the state and the Treasury played an active role in politics so as to ensure that its powers and functions were cemented into the Constitution and formed part of the strong push for neoliberalism. As a result, the adoption of neoliberal policies was confirmed through the constitutional powers and functions of the Treasury. These ideas were the basis for the Public Finance Management Act of 1999 and the creation of the Treasury as an institution in South Africa after apartheid.

Consequently, the Constitution, PFMA, and money bills all bear the hallmarks of the Ten Commandments of the Washington Consensus. Some of these, such as fiscal discipline, liberalised interest rates (through loosened exchange controls) and property rights, all find clear expression in the Constitution. Changes in the institutional character of the Treasury, informed by the Constitution and the PMFA, entrenched the Treasury's authority over South African economic policy. After that, legislation was passed that made coordination of macroeconomic policy the sole responsibility of the Treasury. This was done with the help of administrators and advisors who had actively supported apartheid, as well as a few co-opted ANC officials, some of whom were not elected to office.

To further entrench and preserve Treasury powers, an umbilical cord was tied between the Presidency and the Minister of Finance during the 1990s, much more so than when PW Botha ruled. That relationship served as a political-economic class project to preserve the powers and authority of the Treasury. This gave the Treasury the power to make economic policy without consulting anyone, so that neoliberal policies could be kept in place no matter who was the finance minister or what their political views were.

4. Contestations

The structural shifts that occurred in the mid-to-late 1970s and early 1980s resulted in significant increases in financial transactions, which resulted in the reassertion of financial hegemony because of contestation. As previously stated, the thesis did not seek to situate Treasury's role in South Africa's political economy within the theory of neoliberalism or any particular variant shown by evidence that it would have been difficult. Instead, the thesis weaves through the rise of treasuries, the **history of the Treasury, institutional reconfiguration, shifts from RDP to GEAR, and posy-politicisation to study contestations in the context of flows, backflows, cross- and between ideas, institutional reconfiguration, and practices.** Furthermore, the examination of the Treasury at significant periodical intervals in South Africa's colonial and post-colonial history demonstrated that contestations are a never-ending process of re-working neoliberal policies as part of capitalism's transmissibility.

Finally, Peck's (2010) approach to studying neoliberalism, which Leitner et al. (2007) adopted, demonstrates that contestations over geographical space and time reveal flows and backflows between neoliberal ideas and institutional reconfiguration that are important to our understanding of the transformation of society and its institutions as a class project. More importantly, the thesis takes advantage of Leitner et al.

(2007) to demonstrate that the Treasury itself contests economic policy reform in favour of neoliberal policies regardless of who happens to be Finance Minister.

5. Shift from RDP to GEAR

The alleged shift from the RDP’s ideology of social democracy to GEAR’s neoliberalism reflected contestation over economic policy during the democratisation of South Africa. Because of its powers and prestige, the Treasury gained ground in the early days of the transitional period and, with the help of the IMF and the World Bank, was able to create spaces outside broad contestation (such as the ETC) to rework economic policy reform with minimal political contestation as reforms were presented as technical rather than political. While the RDP was considered a progressive policy document established by the Tripartite Alliance, there is evidence to suggest that earlier, the rhetorical deployment of “development” finance may have been Treasury’s idea, conceptualised as a development fund and not a policy. This was part of the re-working of neoliberal policies to deal with social resistance during the democratisation of South Africa. Even more importantly, the RDP was meant to be a short-term fix to counter the ANC’s radical rhetoric before South Africa became a democracy. It was never going to be used for a long time.

While many understand GEAR as a shift in ANC policy, there is evidence to show that it was an incremental re-working and entrenchment of neoliberal policies both within the RDP’s Chapter Four, and in ANC policy shifts that had begun far earlier. There is evidence to show that the evolution of economic reform that led to GEAR would have happened with or without the ANC, but as a class project conceived of “homegrown” ideological coherence, with international flows of capital playing a decisive role. The debate is not over some sort of conspiracy theory involving the IMF, the Bank, other international financiers and Western governments to repudiate the ANC’s perceived programme of social-democratic transformation. The Treasury was already aware that the ANC was not going to embark on any radical economic policies as early as 1991. There was also evidence that the ANC had inadequate economic policy capacity, as the IMF had successfully convinced the ANC to follow the Ten Commandments of the Washington Consensus.

However, the evidence shows that the co-option of a few ANC officials such as Manuel, Mboweni, Ramos, and Momoniat (amongst others) ensured the **preserve of Treasury control in a post-apartheid South Africa and institutionalised post-politicisation through the imposition of GEAR, regardless of who the Minister of Finance was and his or her political orientation was, in order to entrench neoliberal policies as a class project.**

6. The post-politicisation of economic policy reform.

In post-apartheid South Africa, legislative reform was used to cement market-oriented economic policies linked with giving the Treasury powers to formulate and implement economic policy with little or no consultation. For example, the drafting of the Constitution sowed the seeds of the post-apartheid Treasury's institutional powers. The Treasury was given unrestricted powers under the Constitution to design and implement legislation that would change the overall nature and architecture of the state, with the Treasury at the centre. The thesis showed that, even though the efforts were framed as interventions to improve the management of public resources, market-friendly measures were put in place in a way that would make them hard to challenge or contest in the future.

The Treasury's institutional architecture enabled the institution to be involved in overall policy formulation, influencing sector policies such as human settlements, energy, transportation, ICT, and social security, among others, through responsibilities conferred by the Constitution and the PFMA. The Treasury has an almost daily impact on people's lives based on the principles of "fiscal discipline" and "austerity," which are enshrined in the constitution, the PMFA, and other public finance-related legislation. The Treasury, on the other hand, has taken a non-consultative approach to economic policymaking.

The Treasury has gotten away with a non-consultative approach to economic policymaking because of the relationship between the President and the finance minister. However, the thesis was able to demonstrate that Treasury's prestige was challenged for the first time in the Zuma era, breaking with the long-held tradition of

Treasury's unquestioned and uncontested power over macroeconomic policy reforms.

7. Possible research questions

Following is a list of potential future research questions arising from the study's findings and limitations:

1. What is the Treasury's role in South Africa's political economy in post-apartheid South Africa?
2. What role did the Treasury play in ANC politics in post-apartheid South Africa?
3. What is the relationship between the Treasury and Parliament like and how was it shaped by post-politicisation?
4. The relationship between the Treasury and the media and the role of the media in post-politicisation in the neoliberal era The Treasury's pro-fossil investor bias and the contribution of fiscal policy to environmental challenges in post-apartheid South Africa?
5. Lastly, and more fundamentally, what kind of social activist pressure can move beyond post-politicisation to challenge the Treasury's prestige in the face of continuing austerity?

8. Conclusion

Despite the severe consequences, the Treasury continues to champion neoliberal policies with ineffective opposition. Any attempt to revive the tradition of political economy, particularly in maintaining race, gender, ecological, and class critiques within a synthetic, mutually reinforcing balance, will be undermined if the Treasury's role in South Africa's political economy is not understood. Consequently, South Africa will continue to experience unemployment, inequality, poverty, and environmental degradation problems, despite the country's higher state-owned "non-financial asset" wealth ratio being more than that of most countries.

Our failure to understand the Treasury also limits our understanding of South Africa's relationship with international finance and its impact on the structural socio-economic and environmental decline, which will continue to undermine all efforts at shifting to more radical modes of contesting economic power, including that of the Treasury. In conclusion, the Treasury is the most important and powerful state institution in South Africa, one whose prestige is preserved by post-politicisation mechanisms that were a result of a class project to address the falling rate of profit. The Zuma era demonstrated that Treasury prestige can be challenged; all that is required is for intellectuals and activist campaigns to replace a neocolonial project of financial control with one that represents genuine economic decolonisation in pursuit of economic justice.

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APPENDIX 1: LIST OF INTERVIEWEES

1. **Andrew, Ken** – a former member of the Democratic Alliance, member of the ETC, and a former member of the constitutional assembly sub-committee responsible for drafting chapter 13 of the constitution that deals with finance, 5 June 2020

2. **Calitz, Estian** – former director general of the Treasury and a professor of economics, University of Stellenbosch, 29 April 2021, and 10 May 2021

3. **Cronin, Jeremy** – former first deputy secretary of the SACP Party and a former deputy minister of public workers, 4 September 2020.

4. **Davies, Rob** – former chairperson of finance, trade and industry, and constitutional assembly sub-committee responsible for drafting chapter 13 of the constitution that deals with finance, and former minister of trade and industry, 25 April 2020.

5. **Erwin, Alec** – former COSATU official and former deputy finance minister, former minister of trade and industry, and former minister of public enterprises, 14 June 2021.

6. **Feinstein, Andrew** – former member of parliament who served in the standing committee on finance – 9 June 2020.

7. **Gigaba, Malusi** – former minister of home affairs, public enterprises, and finance, 8 and 9 September 2021.

8. **Hogan, Barbara** – former chairperson of the portfolio committee on finance, standing committee on the public account, and auditor general, former minister of health and public enterprises – 15 June 2020.

9. **Mkhaliphi, Bhuti** – former co-chairperson of Joint Budget Committee on Appropriations, and Mayor of Msukaligwa Local Municipality – 24 May 2020.

10. **Murray, Christina** – a former member of panel of seven experts advising the South African constitutional assembly and the sub-committee responsible for drafting chapter 13 of the constitution that deals with finance, and a senior member of the Mediation Support Standby Team of the United Nations' Department of Political Affairs – 5 June 2020.

11. **Sikwebu, Dinga –** is a researcher for special projects based at the head office of the National Union of Metalworkers of South Africa (NUMSA) in Johannesburg. For close to 20-years, he headed the union's education department and was responsible for political education and internal training in the organisation – 21 September 2020.

12. **Van Heerden, Wally** – long-time senior official within the auditor general's offices – 26 May 2020.

APPENDIX 2: LIST OF EMAIL CORRESPONDENCE

1. **Stals, Chris** – former governor of the SARB and former director general of Treasury, 13 and 14 May 2020

2. **Parson, Raymond** – former board of directors of the SARB, former director-general of South African Chamber of Commerce, 7 June 2020.

3. **Le Roux, Frans** – former principal representative of South Africa Mission to IMF/WB and former deputy director general of Treasury, 25 May 2020, 5 and 16 October 2020.