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A Developmental State in Africa

What can policy makers in Africa learn from the idea of Developmental State?

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A Thesis submitted to the Faculty of Arts, University of the Witwatersrand, Johannesburg, in partial fulfilment of the requirements for the degree of Master of Arts.

DECLARATION

I declare that this research report is my own work. It is submitted for the degree of Master of Arts in the Department of Development Studies at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination at any other university.

LARISSA INEZA SUBIRA

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List of Acronyms

AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative of South Africa
BEE	Black Economic Empowerment
BDP	Botswana Democratic Party
COPE	Congress of the People
COSATU	Congress of South African Trade Unions
DA	Democratic Alliance
DDS	Democratic Developmental State
ECA	Economic Commission for Africa
GEAR	Growth, Employment and Redistribution Strategy
GNP	Gross National Product
GNU	Government of National Unity
HIV	Human Immunodeficiency Virus
ID	Independent Democrats
IEC	Electoral Commission of South Africa
IFIs	International Financial Institutions
IFP	Inkatha Freedom Party
IMF	International Monetary Fund

ISI	Import Substitution Industrialisation
JIPSA	Joint Initiative for Priority Skills Acquisition
MITI	Ministry of International Trade and Industry
NIC	Newly Industrialized Countries
NDR	National Democratic Resolution
NP	National Party
OAU	Organization of African Unity
RDP	Reconstruction and Development Programme
SAP	Structural Adjustment Programme
SACP	South African Communist Party
SSA	Sub- Saharan Africa
TAC	Treatment Action Campaign

A Development State in Africa

INTRODUCTION

The purpose of this study is to verify the relevance of the developmental state theory in the African context. The research question is: *what can policy makers in contemporary Africa learn from the idea of developmental state?* Much has been written on the state of development on the continent, generally the prognosis has been negative. What came to be known as the developmental state theory was used to explain the economic success of East Asian countries such as Japan, South Korea and Taiwan. The interest lies in the fact that these states were once considered underdeveloped and are now fully developed states just over two decades.

The idea of the 'developmental state' has had periods when it held the attention of policy makers. The idea gained credence as theorists sought to explain the impressive rate at which East Asian states were developing during the 1960s and 1970s. The aim was to offer an alternative account of the economic phenomenon to that advanced by International Financial Institutions (IFIs). IFIs claimed that the adoption of neoliberal policies had brought rapid growth whilst theorists such as Johnson, and Evans demonstrated through specific case study research that purposeful state involvement was a significant factor in their developmental success.

Two definitions of the developmental state will be utilized to provide an understanding of what adopting a developmental would actually entail for an African country. These definitions are the classical and contemporary definitions of the developmental state. In the case of the classical definition of the developmental state, Chalmers Johnson's four points and Evans' notion of embedded autonomy will set the foundation for the subsequent discussions on the classical developmental state. The more current explanation conceptualized as the 21st century developmental state theory will be seen through Mkandawire, Edigheji and Evans' conceptualizations. Before further discussion on the conceptualisation of developmental state, the significance of this study will be given.

RATIONALE

The aim of this research is to ascertain what can be learned from developmental state theory in the African context. There will be a discussion of the issues surrounding development in Africa. Through the discussion of the relevant features of both the classical and 21st century developmental state, my intention is to explore its relevance to African development. In considering the above factors, a context will be given for the South African case study with all its particularities. The aim, at the end of this research, is to give a holistic view of the development state theory through the South African case study. My initial interest in developmental state theory was that it provided an alternative view of development. Instead of dialogue on where the state should acquire loans or aid from, it demonstrates a methodology that states have used to bring about development.

The decision to use a case study in South Africa was based on my ability to access information. There were limitations of time and resources to pursue a more holistic understanding of a developmental state in Africa. The South African case study does not portray your typical African state. The colonisation and development process was different. Institutionally, structurally, politically and economically; South Africa is more advanced than most African states. The advantage of researching South Africa is that its history is well documented. Additionally, the leading party, the African National Congress (ANC), has expressed interest in pursuing a developmental state. Limitations exist in pursuing such an endeavour. The value of pursuing this research is that it seeks to merely extend on the discourse on the developmental state in Africa. The world is experiencing many changes today. In this continent alone, countries such as Angola, Mozambique and now Sudan are moving towards peace and rebuilding their state while others who have been stable like Egypt are now in turmoil. This means that one should not bank on the age-old African pessimism and instead seek for different approaches to finding solutions to issues of poverty and inequality. There are limitations to the lessons that could be learned from this particular case as they are based on the particularities of the South African economic and political landscape.

LITERATURE REVIEW

The purpose of this discussion is to discover what African policy makers can learn from developmental state theory. I will firstly discuss the conception of the classical developmental state. Secondly, the current understanding of the developmental state will be discussed. An inquiry into the possibility of transferability of developmental state theory to present day will follow. Finally I examine what all this would entail for an African state.

Classical Developmental States

Chalmers Johnson has been identified as one of the first emerging theorists on the developmental state through his analysis of the Japanese economic growth during the Cold War Era. He introduced the label of a 'developmental state' through his analysis of Japan's impressive economic growth following the Second World War. He utilized this term to explain the role of the Japanese state in bringing about economic growth: 'I invoked the concept of 'developmental state' to characterize the role the Japanese state played in Japan's extraordinary and unexpected postwar enrichment' (Johnson 1999:3). Johnson points out four essential features he felt were key to this process: firstly, 'the existence of a small, inexpensive but elite state bureaucracy staffed by the best managerial talent available in the system' secondly, 'a political system in which the bureaucracy is given sufficient scope to take initiative and operate efficiently' thirdly, 'perfection of market-conforming methods of state intervention in the economy' and finally, 'a pilot organization like MITI' (Johnson 1999:6).

He further advocated that an institution should be assigned responsibility of being the centre of policy decisions. The main advantage to centralising the development process within the government apparatus is that it aids them in focusing the process and better organizing it. This is linked to the reason why only highly educated individuals were employed in the government. The project of developing Japan was taken very seriously which explained the need for highly skilled personnel to be employed. The main idea behind MITI was an organ that dealt specifically with the detail of the development process meant that other areas of the government apparatus could focus on their functions.

More than that, Johnson emphasized the commitment of the Japanese state to development. However he was opposed to the copy-and-paste ideal that was encouraged by the United States (Johnson 1999:9). Johnson found himself justifying and defending his views as what

he was proposing worked against neoclassical claims that East Asian success had more to do with its apparent adherence to 'free market ideals' rather than the role of the state was left out of their analysis. 'I came to realize however, that my book was an ideological red flag to the bull of Anglo-American cold war orthodoxy about economic correctness' (Johnson 1999:34). Nevertheless Johnson's research demonstrated how the state used its tools to bring about economic growth and how instrumental it was. He even quotes himself: 'A state's first priority will define its essence (…) For more than 50 years the Japanese state has given its priority to economic development' (Johnson 1999:37). This feature is present in South Africa in that the government was instrumental in defining the essence of her industrial policy.

Evans (1989) also emphasizes the state apparatus and its links to the private sector. He speaks to the issue of the bureaucracy of the state, and how it is instrumental in bridging the gap between the market and the social goods necessary for a state's development and of its people (Evans 1989). For him the main focus is the autonomy of the state. He cites Gershenkron who went further to speak of the necessary risks a late developing state has to take if its goals are to be achieved (Evans 1989: 568). Gathering all resources behind one industry was considered too risky at the time despite the fact that it was done decades later. Johnson also speaks to this commenting on the United States' reaction to Japan's success: 'The political costs of running an economy in this fashion were not the ones the Americans under Ronald Reagan were about to pay' (Johnson 1999:41).

This may be the case in South Africa today as she began her process in an era where one has to justify their economic policies both domestically and internationally. Furthermore, in explaining the developmental state, the histories of Japan and Korea are used to highlight two factors: 'long bureaucratic traditions' and 'direct economic intervention' (Evans 1989:575). Evans also speaks very strongly about the commitment to industrialization which was made possible by strong state autonomy. He goes on to encapsulate these arguments in what he considers an 'embedded autonomy' which he says: 'depends on the existence of a project shared by a highly developed bureaucratic apparatus with interventive capacity built on historical experience and a relatively organized set of private actors who can provide useful intelligence and a possibility of decentralized implementation' (Evans 1989: 575).

From the brief discussion above, a few key features stand out. Firstly, a strong bureaucracy is needed for the path of development to be successful. Secondly, the aim of the state and its

creation of ministries and organizations were to attain the end result of economic development and industrialization. Thirdly, a pilot agency may be a useful tool in terms of defining the specifics of the development project. Fourthly, relations between the state and the private sector were crucial. Finally the possibility of the emulating these states is hampered by the fact of the uniqueness of the political and economic environment that existed then.

The Developmental State today

Today, public acceptance both domestically and internationally has played an increasingly large role in terms of their influence on the policy decision making process. A general scepticism has existed with regards to developmental states today, the main contributing factor being the rise of neoliberalism. Hence the level of state intervention that the developmental state paradigm requires contradicts neoliberal theory. It should be noted however, that such a discourse would not have been possible had it not been for the failure of neoliberal policies to bring about development. State-led development would be difficult to advocate had the neoliberal policies been a success. 'After the dismal economic record of the quarter-century under neo-liberal hegemony, the experience of the 1950s and 60s has gained respectability...' (Chibber 2004: 1). Chibber goes on to emphasize what the above theorists have highlighted, that rapid industrialization is one of the main defining features of a developmental state, if not the main one. He goes further to highlight the difference between the successful and the non-successful developmental states.

According to Chibber, the failure of developmental states in the south was caused by their inability to set up the correct institutions to bring about development, which was paradoxically caused by the national bourgeoisie or capitalists. The paradox lay in the fact that the national bourgeoisie were expected to encourage the construction of institutions which would bring about industrialization. By the national bourgeoisie he means local capitalists who possessed close ties to the metropolitan capital (Chibber 2004: 7).

Chibber further emphasizes that only certain conditions seemed to work hand in hand with constructing a developmental state. He speaks of how Korea was able to turn around her economic policy that had favourable results whereas the import substitution industrialisation

(ISIs)[1] policies adopted by Latin American states created had adverse results (Baers 1972). 'The conditions which allowed Korean capitalists to make the switch, and hence accept a developmental state, were simply not available elsewhere' (Chibber 2004:16). However this can be contextualized as further examples of public and private relations were not as strained as the state did not seek to dictate how the private sector invested, it provided protection and subsidization (Chibber 2004:17). Through his analysis of the national bourgeoisie and their effect on the developmental process, he spoke to the process of developmentalism containing three 'stylized facts' (Chibber 2004:5). Firstly, strategies and policies were put in place aimed at reaching the industrialized level of developed states. Secondly, it was taken as 'common project' by the state, the domestic capital class and labour. Finally though a partnership existed between the state and the private sector, the state would play the leading role (Chibber 2004:5). This is a mere reiteration of the features discussed in the previous section.

An added feature of the industrialization process in East Asia was that a strong social policy emerged (Edigheji 2010: 9). It was an integral component of the East Asian developmental state framework. Resources were invested both in the educational and health sector (Edigheji 2010:10). The focus of the primary theorists of developmental states was economic growth; the advent of a developmental welfare state was not considered important even though social policies did exist in the case of East Asian states. (Edigheji 2010: 11). The main ideal was the manner in which states could attain industrialization. Having said this, social policy would be an important aspect of the present day developmental state. The facts are that the average African may not have access to health and education. The onus would be on the state to provide these services. Additionally, current discourse on development speaks a lot to the fact that economic growth and industrialization cannot be the only determinant of development. The standards of living should improve.

The recent discourse on the developmental state has had to with how certain aspects of the 20th century developmental state could apply today and what is necessary today. Evans, a decade later or so, is more optimistic about the construction of a developmental state in the south, but emphasizes the strength of the state. One feature of the East Asian developmental state that cannot be ignored however is the 'bureaucratic capacity' of the state. Investing in

[1] 'Import substitution industrialisation consists of establishing domestic production facilities to manufacture goods which were formerly imported.' (Baer 1972:96)

this was a key component of the process. Evans continues to maintain his premise of 'embeddedness' being a key feature of a developmental state. However, he emphasises that despite the possibility of transferability of the above two features, there is one aspect that placed the East Asian apart from the African states. The specificity of certain political and economic conditions has to be taken into account. East Asian states did not experience the land dispossession that had been experienced by some African states such as South Africa and Zimbabwe (Evans 2010:46). This may set African states at a disadvantage as land ownership is an issue in much of Sub Saharan Africa. In some cases it had been a stumbling block to development as governments have had trouble addressing the issue in a manner which would not impede the development progress. Zimbabwe is case where the land issue became so untenable, that the country's progress has been halted now for a decade. In South Africa there are fears that it may become a problem.

The main issues highlighted in this section are that the 21st century developmental state can exist with some adjustments. Some features remain constant such as the strong autonomy of the state, the importance of relations between the state and the private sector and the manner in which this relationship is managed and the push towards industrialization. One feature that may be difficult to attain is the belief in a common project. When one thinks of the South African state today, there are various opposing interests within the ruling party, the ANC and within its alliance with the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP).

Developmental states in Africa

The idea of a developmental state in Africa is not one that has been greatly accepted, despite the fact that there are successful cases found in Botswana and Mauritius. Reason being that the development record on the continent has been sketchy at best. In many parts of the continent poverty is at an all time high, various armed conflicts are still raging in Sudan and the Democratic Republic of Congo to name a few. More importantly, the African state has been rendered incapable of running a state. Hence the possibility of a developmental state for a long time was not even considered. However the fact that states have been able to make some positive strides in terms of beginning the rebuilding process from periods of conflict, demonstrates that such a template may be useful. Having said all this, certain issues need to be highlighted.

According to Mkandawire (2001), the policies used to create growth within states were not beneficial; it created a reliance on external sources of funding. This led to the implementation of policies that limited bureaucratic strength of African states in making decisions that would be beneficial to their development process. In fact, Mkandawire points to the 'weakness of the African state' as one of the reasons why it has been difficult imagining a developmental state in the African context. However, this negative view really underestimated the capability of the African state, the level of intervention in the Asian economies is not replicable today not just because of the apparent inability of the African state, but of the current economic and political environment (Mkandawire 2001:293).

Additionally, when one thinks of Evan's Embedded Autonomy (1995), the autonomy of the state is a crucial factor that cannot be left out. In as much as the state becomes 'embedded' in the social ties involved in the link between the public and private sector, autonomy is needed to manage this relationship in a way that would ensure industrialization and not create defunct relations. 'Embeddedness is necessary for information and implementation, but without autonomy, embeddedness will degenerate into super-cartel, aimed, like all cartels, at protecting its members from changes in the status quo' (Okuku 2006:77).

The argument against a developmental state in Africa was arguably located in the Afro-pessimistic literature. State-intervention was the main feature of developmental states that was criticized. As the rise of neoliberalism began at the end of the 1970s, that was not considered the issue here: '...the most important case against developmental states in Africa is not faith in flawless markets, but rather that whatever the degree and extent of 'market failure' African states cannot correct them in ways that do not make things worse(Mkandawire 2001:294). Mkandawire concludes that such viewpoints were based on erroneous sources of information and bias and that there are examples of states on the continent that have demonstrated developmentalist policies. Botswana and Mauritius are given as examples again of the possibility of developmentalist states on the continent (Mkandawire 2001:310).

In the 21st century the issue of governance has become very important. Part of the reason is that 'correct' forms of governance have been correlated with adherence to basic human rights laws. For Mkandawire (2010) democracy is a crucial aspect of the 21st century developmental state. He discourages those who are proponents of authoritarian regimes and those that

believe it is the only way a developmental state can function cohesively. Such ideas were influenced by the fact that the majority of the East Asian developmental states were under one form or the other of an authoritarian regime. (Mkandawire 2001:70). According to Chang (2010), this is a fallacy: Japan and Taiwan adopted democratic policies following the Second World War and has adhered to these values since then (Chang 2010: 86).

Finally, despite abundance of natural resources on the continent, it has become an impediment instead of a facilitator of development. Dependence on resources has left resource-rich state vulnerable to the instability of the commodity market, a 'decline in terms of trade' and 'poor economic linkages between resources and non resource sectors' (Ross 1999:298). As much as the autonomy of the state is important, so are the allocation of resources and how they are arranged. Of the fastest growing economies on the continent, very few do not possess minerals. South Africa possesses raw materials and has fallen into the trap of relying on export revenue of which do not compose that high a composition of her revenue. The mining sector only made up 5% of the GDP of the country as of 2008 (Butler 2009:66).

Issues of transferability to present day

According to (Chang 2010:83), the manner in which developmental states are defined has a bearing on the possibility of learning and understanding developmental states in a historical setting. Chang proposes that the definition should be broadened by dropping the 'political condition' aspect of developmental state and leaving it to just comprise of, 'a state that intervenes to promote economic development by explicitly favouring certain sectors over others' (Chang 2010:83). For him, the importance lay in being able to draw lessons from the East Asian experiences rather than adhering to the theory behind the developmental state. Additionally, where other theorists focused their discussion on the East Asian states, Chang (2010:84-86) asserts that some forms of developmental states also occurred in France and Scandinavian states and even the United States.

For his analysis of Korea and Japan's pilot agencies and their particularities, Chang argues that the possibility of this in South Africa is very real. With institutions such as the Development Bank of South Africa and various states-owned enterprises, this is possible (Chang 2010:88). He cautions policy makers however: a powerful capitalist class would need to be on board otherwise it would pose a serious threat to any policy direction it did not agree

with. The idea behind a pilot agency is to oversee the planning process, and sometimes the budget. As the capital class in South Africa has a tenuous relationship with the state (Chang 2010:88). If any radical steps are to be taken like some form of protectionist measure, they would have to be convinced, which is one of the lessons of the classical developmental state that South Africa could learn. Onis (1991) is in accordance with the above stipulation: 'key strategies' can be learnt from Japan and Korea from the manner in which they build relations between the state, the pilot agency and the private sector.

The general idea Chang sought to put across by giving such varying examples of developmental states, is that there is not a standard approach to a constructing a developmental state. As long as there is a will to do so, it can be possible. Chang's point of view is interesting as he does not hold any allegiance to the developmental theory. For him it is about a state looking at its resources and using what it has to bringing about development. The issue of transferability is laid to rest here as it has been demonstrated that by picking out aspects that can be useful to one's situation, a developmental state is possible.

METHODOLOGY

This will be a qualitatively based research project, which is differentiated in its analytic process 'as a **non**mathematical analytical procedure that results in findings derived from data gathered by a variety of means' (Strauss & Corbin 1990: 18). The qualitative method will be integral to the study as efforts have been made to plan out the research process. The aim is to create an alternative plan in the case that the information garnered may not answer the question or may reveal an aspect of the research question that had not been previously considered. This is a practice asserted by Punch (2000:75), who acknowledges the difficulty in carrying out a qualitative research, however does not condone loose planning. The plan set out should be very clear.

Developmental state theory will be used as the backdrop against which the research process will be carried out. From the conceptualisation of developmental state theory, the case study of Africa and South Africa in extension will be utilised. The use of a case study is a well-tested tool of qualitative research. Such studies 'are often seen as prime examples of qualitative research-which adopts an interpretive approach to data' (de Vaus 2001:10). The

choice is guided by the fact that South Africa is seeking to be a developmental state. The timeline utilised for South Africa will be from 1994 to present day.

Through a discussion of the particularities of the institutional framework, policy orientation and industrialisation process the aspiration is that at the end of the research process lessons could be learned for South Africa in its attempt to reaching the ideal of being a developmental state. The primary sources of data will be government documents that will speak to the details of institutions within the state that deal with development policies and data on the development process. In the case of South Africa, the economic policies RDP, Gear and ASGISA will be used. These documents are suitable in that they outline the policy orientation of the South African state and the actors outlined in the process which is key. They give a clear indication of the goals of the ANC-led government. If these documents are not available, commentaries on the policy documents will be used. The second source of data is books and journal articles authored by experts on developmental states and their respective case studies. Interaction with the literature on developmental states is crucial to the research project. The purpose of this is to use this information as the theory from which lessons can be drawn through analysis of the primary sources of data.

Analysis will be done through deductive reasoning, as the starting point here is the classical theory of the developmental state, moving towards the 21st century discourse on developmental states. Finally using the data collected, an interpretation of these according to the tenets of the theory and real live examples will take place. The limiting factor during the analysis and the general research process is to objectively present the information with the backing of the data gathered. Objectivity is difficult as the researcher forms an opinion of the research question. The goal is to present exactly what the evidence reveals despite personal bias. A further limitation of the study is its scope, time and resource constraints did not allow additional African case studies. Putting to rest one's perceived ideas on the research question is a necessary part of the process for the analysis to be fair. Yes there will be a selection of issues taken out from the data collected, but it should be guided by the research process.

Chapter Breakdown

Chapter 1-*What is a Developmental State*

- In this chapter both the classical and current conceptualisation of the developmental state theory will be discussed. This will serve to give the theoretical underpinning for the subsequent discourse in the following chapters.

Chapter 2-*A Developmental State in Africa*

- With the theoretical underpinnings in mind, an account of the process of development in Africa will be given. This will be done in considering the theory behind development on the continent. Giving arguments from both sides on the causes of the development crisis on the continent. This will then lead to the discourse on arguments for and against the African developmental state.

Chapter 3- *South Africa: The Current State of the Nation*

- In this chapter the policy orientation and institutional arrangement of South Africa will be considered. These two tools play an imperative role in the success of a developmental state. This will include firstly canvassing economic policy over the last sixteen years. Secondly state relations with civil society and the private will be considered.

Chapter 4-*The Feasibility of a Democratic Developmental State in South Africa*

- Here, the arguments supporting and negating a developmental state in South Africa will be presented. The aim would be to deduce which argument is stronger that will hopefully lead to answering the research question.

CHAPTER 1

WHAT IS A DEVELOPMENTAL STATE?

The attraction behind developmental state theory is that it puts onus on the state to direct the development process for its country. There seems to be a belief that this 'developmental state' may be the answer to the issues of poverty, inequality and the high levels of unemployment that South Africa is currently facing. This leads to the purpose of this chapter which is to firstly give the classical definition of a developmental state. Secondly, to ascertain the key features that encapsulates a developmental state. Finally, a discussion will be held on the shift in the conceptualisation of the developmental state in the 21st century in the hopes of ascertaining its relevance for the African continent.

1.1 The Classical developmental state

The term developmental state has become synonymous with economic growth experienced by the Newly Industrialised Countries (NICs) or what is also known as the East Asian tigers. Their impressive economic growth rates between the 1960s and 1990s had economic analysts from both ends of the continuum offering their respective interpretations of the causes and catalysts to what became known as the East Asian Miracle. States that had begun the industrialisation process decades prior to that of East Asian states were surpassed. Latin American states were given as an example by Khan and Blankenburg (2009): 'With the exception of Ecuador and Paraguay that did not begin to industrialise until the 1960s, Latin American embarked on industrialisation many decades before the East Asian NICs. [However] the pace of Latin American industrialisation has now fallen behind the few successful East Asian cases of catching-up' (Khan & Blankenburg 2009:356). It was discovered through researching the economic experience of the NICs that they shared certain characteristics that brought about their success. The aim here is to discuss these features and how they came to define the developmental state.

Chalmers Johnson has been credited as one of the first theorists to have utilised the term 'developmental state'. This was done through his research of Japan's economic growth and industrial policy between 1925 and 1975 (Johnson 1982). In his understanding of a developmental state he premised four factors that were integral to defining a developmental

state. Firstly: ‘the existence of a small, inexpensive but elite state bureaucracy staffed by the best managerial talent available in the system’. Secondly: ‘a political system in which the bureaucracy is given sufficient scope to take initiative and operate efficiently’. Thirdly: ‘perfection of market-conforming methods of state intervention in the economy’ and finally ‘a pilot organisation like MITI’ (Johnson 1999:6).

Importance was placed on the selection of institutions specifically geared to ensuring the process of development. It was a centrally based process, these institutions were the key to the workings of the policies and mechanisms placed. In the case of Japan, the Ministry of International Trade and Industry (MITI) was formed to direct the industrial policy through directing the use of finance for the purposes of development. Johnson found that MITI was an integral part of the Japanese success story. Its main features were: ‘...its small size (...)its indirect control of government funds (thereby freeing it of subservience to the Finance Ministry’s Bureau of the Budget), its “think tank” functions, its vertical bureaus for the implementation of industrial policy at the micro level, and its internal democracy’ (Johnson 1999: 39).

More than this, the commitment of the state to economic growth was considered an imperative feature of a developmental state. This commitment is what inspired the state to garner all their means towards developing the country. Furthermore, ‘long bureaucratic traditions’ and ‘direct economic intervention’ have been identified as the two main characteristics of the East Asian developmental state. According to Evans (1989) this is encapsulated through the notion of the embedded autonomy, of which, ‘... depends on the existence of a project shared by a highly developed bureaucratic apparatus with interventive capacity built on historical experience and a relatively organised set of private actors who can provide useful intelligence and a possibility of decentralised implementation’ (Evans 1989: 575).

The state had a deliberate plan for developed and highly skilled personnel were an integral piece of the puzzle. State institutions such as MITI expected really high standards from their employees. Highly skilled students from tertiary institutions were headhunted to work for the government, only the best skilled in economics and politics amongst others were selected. There was great emphasis on excellence as the goal for Japan was economic development and that was the aim (Johnson 1999: 9).

More than that, the state had to be a bridge between the private and public sector. Evans (1989) speaks to the issue of the bureaucracy of the state, and how its apparatus is instrumental in bridging the gap between the market and the social goods necessary for state's development for its people.

Evans characterised this interaction through the idea of 'embedded autonomy' (Evans 1995). For him there were two tiers to the developmental state, its autonomy and its 'embeddedness'. Its 'embeddedness' is gleaned from '...a concrete set of social ties that bind the state to society and provides institutionalised channels for the continual negotiation and renegotiation of goals and policies' (Evans 1995:12). The autonomy of a state is characterised by the Weberian bureaucracy of which entails, 'Highly selective meritocratic recruitment and long term career rewards create commitment and a sense of corporate coherence' (Evans 1995:12). Through the analysis of the developmental state, two approaches to the important aspects of developmental state have been identified by Fine, the economic and political schools. The economic approach premises economic policy in its analysis of the industrialisation process, with the effect of neglecting the political rationale and influence behind the international process. 'It is an approach to the developmental state that is inspired both by the notion of market imperfections and by an antipathy to neoliberalism.' In the political approach, '...focus has been concentrated on the nature and capacity of the state. In a nutshell, which is what enables the state to adopt development policies' (Fine 2003:2).

Johnson's conceptualisation of the developmental state would be placed in the political school's definition of development. 'His implicit attachment to the political school is confirmed by his recent retrospective in which the decisive factor is perceived to be the relationship between the state and the private sector' (Fine 2003:2). This exposes an interesting facet: theorists following Johnson's definition of the developmental state are considered to be in the economic school. Johnson's focus was the state, theorists such as Wade, Amsden and Chang focused on the economic relations. On the other hand, African theorists such as Mkandawire would fall under the political school as much focus is placed on the autonomy of the state and the levels of it an African government would possess. The issue here is that both schools tended to underplay the other component of the developmental state. Both the political and economic components of the developmental state are crucial to a holistic understanding.

There are differing views on what the main contributing factor was towards the NIC's success. Two factions existed, one which sought to prove that strong state involvement was the main key to the NIC's success while the other camp led by the World Bank scrambled to hold on to their theory of minimal state involvement in the development process. This opposition translated into the International Financial Institution's (IFI) refusal to acknowledge the crucial role the state had played in the cases of Japan, Taiwan and South Korea to name a few. IFIs like the World Bank refused to acknowledge that the East Asian state's success was borne from high levels of state interference in the market of which is the opposite of the Washington and post Washington consensus ideals.

According to Kwon (2008), policy learning and transfer is an additional key tool that states seeking to be developmental have to embrace. He understands the developmental state as one that, 'refers to a policy regime in which elite policymakers set economic development as an overarching goal and pursue a coherent strategy to achieve it, with the bureaucracy serving as an effective instrument'(Kwon 2008:3). His starting point being the East Asian states Taiwan and Korea in their attempt to rebuild their states post war. In retrospect, as much as colonisation was a brutal experience in East Asia, Japan did have a developmental vision for her colonies in Taiwan and Korea. In terms of infrastructure, the Koreans and Taiwanese had a good foundation to build on. Japan had not sought to undo all the progress that had been made during its colonisation. Japan was very much involved in the development process in South Korea and Taiwan, in the same way that the US was present as an investor in Japan's development process albeit for selfish reasons. Especially in the case of Taiwan, Japan has been credited for investing in her development even while Taiwan was still a colony, 'For Taiwan (...) it was not intellectual or policy ideas that showed the importance of policy learning and transfer but the actual improvement in economic and social conditions under the Japanese colonial government'(Kwon 2008: 8). This was not the experience of African states, the actual opposite occurred, any development that took place was limited for the benefit of the colonisers and settlers.

For various reasons, since concepts such as development, modernity, first world versus third world arose, states who were considered 'backward' sought to reach the same living standard as the '1st world'. The same could be said for East Asian states, whose focus was also maintaining their sovereignty whilst elevating their living standards '...the policy learning and transfer that took place in the period of the developmental state in Japan and Korea were

motivated by a serious concern for national survival and driven strongly by the desire to put the two nations on par with other developed nations...' (Kwon 2008:8). This wish of emulating and being on par with developed nations has created a false sense of hope in that it was and still is believed that certain perfected steps can be taken to reach that so treasured 'developed state'. What this 'developed state' actually entails is the more important question. Developmental state theory is suitable in that it gives an opportunity to view what the result would be if a state decides to go against the grain in its aim to develop its country. Despite the attractiveness of what the developmental state may bring, its feasibility in the 21st century is important to discovering its actual feasibility for South Africa.

1.2 The Contemporary Developmental State

The conceptualisation of the developmental state in the 21st century puts emphasis on the fact that the manner in which the East Asian states attained development between the 1960s and 1990s cannot be duplicated. There are certain core features that need to be present before considering the requirements on a developing state in the 21st century. These include the existence of a specialised agency within the government that would head the process, as Johnson outlined its importance in his analysis of Japan's MITI. This system is not without its problems but provides an imperative function; a core component is highly skilled civil servants. Secondly: an autonomous legitimate government that possesses the space to direct the development process. This does not necessarily mean that this has to occur without the partnership of non-state actors but a balance needs to be struck as modern democracy necessitates the presence of this partnership. Thirdly: a strong bureaucracy that can withstand societal pressures and be single-minded in its goals. The fourth feature is the partnership between the state and non-state actors (Johnson 1999, Polidano 2001, Von Holdt 2010). Finally the state needs to have highly-skilled, motivated public service sector (Evans 1995:12).

With the above in mind, it is also necessary to understand the different political and economic climate experienced by all states today. Firstly, the climate of international politics has altered drastically. With the advent of globalisation, it is no longer possible to isolate oneself and adopt any policy that may have negative ramifications for its people. States need to form partnerships to be able to export their goods for example. East Asian states benefited from the political apathy that existed between the 1950s and 1980s. The larger concern at that time

was very much influenced by the Cold War where the focus was whether or not a state was capitalist or communist, the finer details of a state's governance was not a concern. Today, if the state cannot be held accountable by its constituents, they will at least be held accountable by regional organisations such as the African Union or European Union, or internationally by economic and political institutions such as the United Nations and the Human Rights Council for example. It is acknowledged that these institutions do not necessarily possess the power to prevent war or atrocities despite their attempts but some soft power does exist as all states make an effort to adhere to certain universal ideals such as democracy. External pressure and the desire to appease international expectations have influenced the push towards democracy in some cases. Economically, the international market was more open to the exports from East Asia and they experienced high demand for their products from the United States.

The issue of transferability becomes a contention as those who seek to emulate the classic developmental state route would not be able to. Apart from being beholden to the opinion of international actors, the form of state control which has been described to translate into authoritarian forms of governance of which as explained is not greatly encouraged. On the other hand, this assumption that all developmental states in the 20th century were authoritarian is erroneous to a certain extent. Firstly, the successful developmental states are not only situated in East Asia, success stories are also found in Europe such as Norway (Moses 2010). And secondly, democratic practices had begun cropping up at the naissance of developmental states contrary to popular belief that all states have authoritarian tendencies. 'The fact that the Korean, Singaporean and Taiwanese states were all dictatorial has prompted many people to think that adopting a developmentalist model is practically rejecting democracy' (Chang 2010:86). This is a fallacy as when one looks into the Scandinavian states, and some East Asian states such as Japan and Taiwan later are known for their record of democracy.

African pessimism has cast a shadow on the ability of African states to create a developmental state as it is believed institutionally the damage has been so pervasive that it would take decades for the situation to be ameliorated. Analysts such Mkandawire are much more optimist, 'Lessons from other parts of the world clearly suggest that appropriate institutional structures did not always exist, but they could be socially engineered' (Mkandawire 2001:310).

A move from the fixation on economic growth and development has also occurred. This was in response to the realisation that economic growth did not necessarily mean that the profits would be accordingly distributed in a manner that would sufficiently provide for the population's welfare. This has been the recognition, it was expected that a trickledown effect would occur naturally through the economic growth she has experienced. Instead South Africa is now known as one of the most unequal societies having one of the biggest gaps between the rich and the poor. As of 2005/2006 South Africa has a gini coefficient[2] of 0.72 (Statistics South Africa 2008: 34). As has already explained, those who conceptualised the classical developmental state from economic terms did not highlight issues of welfarism. The reality is that not all are able to provide a living for themselves, which according to Edigheji these theorists have ignored. In their defence, the states that have been studied invested in their population through health and education. Norway is known as one of the most equal states today, although a price had to be paid in the form of high taxes (Moses 2010).

The core of this complaint is that social policy has not been a specific aim of the state. The main ideal was the manner in which states could attain industrialisation. Having said this, social policy would be an important aspect of the present day developmental state. The facts are that the average African civilian may not have access to health and education; the onus would be on the state to provide these services. Additionally, current discourse on development speaks a lot to the fact that economic growth and industrialisation cannot be the only determinant of development; the standards of living of the average man of the street should have improved.

Finally encapsulated in the entire shift in the understanding of the developmental state is the emphasis that the 'ideology' has to be embraced by the state and in extension the people of the state. It has to become a national project where all believe in the importance of their contribution no matter how big small it is. Talk, analysis and discussions of the strategies involved in creating a developmental state would be empty if this commitment was not present. That and the strength of the state are two components that are reiterated by analysts.

[2] World Back defines it as the most widely used measure of the degree of inequality. The coefficient varies between 0 which reflects complete equality and 1 which indicates complete inequality. (http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPA/0,,contentMDK:20238991~menuPK:492138~pagePK:148956~piPK:216618~theSitePK:430367,00.html0

The recent discourse on developmental is concerned with how certain aspects of the 20th century developmental state could apply today and what is necessary or considered important today. Evans, a decade later is more optimistic about the construction of a developmental state in the south, but emphasises the strength of the state. One feature of the East Asian developmental state that cannot be ignored is the 'bureaucratic capacity' of the state, investing in this was a key component of the process. He continues to maintain his premise of 'embeddedness' being a key feature of a developmental state (Evans 2010:46).

The aim of this chapter has been to give a conceptual breakdown of the developmental state. Firstly the definition of the classical developmental state was outlined with referrals to the foremost theorists on this matter, Peter Evans and Chalmers Johnson. The economic and political conditions experienced by the East Asian states during the 20th century were also outlined as important factors when considering the their economic developmental success. Subsequently, there was a discussion on the current developmental state and its particularities. With the features of the classical developmental state in mind, it has been highlighted that added conditions to a developmental state are necessary in this day. The question is whether it is possible in Africa, and in extension South Africa.

Chapter 2: The developmental state in Africa

The conceptualisation and theorisation of developmental states has evolved over the last thirty years. Where certain policy decisions were acceptable and possible in the past may not be today. Additionally, the political and economic conditions that were previously present during the emergence of the first developmental states do not exist today. With the combination of the various economic and political problems faced by African states, belief in any African state creating a developmental state has been met with strong misgivings. On the other hand, there are those who do not buy into the African pessimism and postulate that some form of developmentalism existed before the economic crises of the late 1970s and 1980s. The purpose of this chapter is to give a balanced account of the story of development on the African continent and put forth the discussion of the African developmental state as, 'literature on the 'possibility theorem' of the replication of the developmental state in Africa is mixed' **(**Amuwo 2008:20).

2.1African development following independence

The first African state to gain independence was Ghana in 1957. Between then and 1994, states within the continent began their process of gaining independence. The experiences varied but for the most part the process was a taxing one involving nationals creating national armed movements to forcibly gain independence. These nationalist movements were greatly influenced by communist/socialist thought. It was believed that the colonial state represented the epitome of imperialist capitalism hence the attraction of an alternative methodology of governance and economic growth. One has to understand that these independence movements were occurring against the background of the Cold War. Part of the reason was also the fact that the USSR had helped fund and train liberation movements, going as far as to provide military training for the armed movements such as the African National Congress' armed wing Umkhonto Wesizwe (Motumi 1994). The newly independent African governments were keen to implement policies that would improve the living standards and economies of their respective states. The legacy of colonialism left behind a largely uneducated population, very little infrastructure, and little investment in the agricultural sector and the local economy (Stein 2000:6-7).

Inheriting such an enormous backlog proved a difficult task for African leaders as; 'the rapid pace of independence and little investment by colonial states in an African civil service, created a large administrative and political vacuum that left the state open to patron-client pressures' (Stein 2000: 13). More than just leaving a space for corruption, it left a very difficult task behind for African leaders: 'the problem was not that the state was extended and prices were distorted (...) but that the state was underqualified and market structures were underdeveloped' (Stein 2000: 14). For Stein, the most important factor in post-colonial Africa was that the newly appointed civil servants were not trained during colonial times so those who ascended into leadership positions did not possess the skill of running a state. This critique is somewhat futile, as it supposes that the coloniser would have been expected to implement anything that would be directly beneficial to the African population. States were colonised to benefit the coloniser not the colonised hence the struggle during the move for independence. The African population took up arms to gain their independence hence the advent of liberation civil wars of which we are still seeing the effect.

All the same Stein (2000) does point out a key issue: the truth is that newly formed leaders were not formally conversant with the workings of a state. Furthermore the development path chosen was one that mirrored that of their former colonialists. According to Nabudere (2006) this led to them not being able to create a form of nationalist pride within their population. What is more of a concern here is how Nabudere states that the ex-colonialists monopolised their former states in a way that they were the direct recipients of raw materials to be able to withstand the growing competition from the United States and her allies (Nabudere 2006: 17-18). This monopolisation took another form as the newly formed African states were counselled to adopt policies that would continue the status quo. Producing at a comparative advantage was greatly encouraged which created a reliance on export earnings and gave little room for investment in research and development of the production processes**.**

There are however two viewpoints to the issues of development in Africa. The one view point sees the African state and its leaders as the culprits behind the crisis of development on the continent: 'Individual freedoms have been severely curtailed by the state and the market has not been free to grow because of a hostile political and cultural environment in which the state plays a mischievous role' (Nyong'o 2002:22). On the other side of the spectrum

colonialism and the dependent relationship it created between African states and their ex-colonialists are held responsible for the current condition of African states. Furthermore, external economic and political conditions are named as the main factors to the problem of underdevelopment. This side of the argument was represented by the then Organisation of African Unity (OAU) and the Economic Commission of Africa (ECA). They cited factors such as, '...foreign capital arising out of the world capitalist system and the massive capital and resource haemorrhage from the continent' (Owusu 2003:1655). Engelbert encapsulates this dichotomy in saying that, 'There has been no shortage of theories to explain this weak performance, from dependency-inspired approaches which stressed Africa's unequal insertion in the world capitalist economy to rational-choice theories which laid the blame with African politicians and bureaucrats...' (Engelbert 2000: 7-8).

Considering the above discussion on the plethora of institutional problems African states experienced following independence, it is imperative to understand what the actual economic track record was. There is evidence that indicates that African economies did grow. Social goods such as education and healthcare were either provided freely or at a reduced rate. Nabudere states that according to Mkandawire and Soludo, for about a decade between 1965 and 1974, the gross national product (GDP) increased at an average of 2.6% every year (Nabudere 2006: 8). Local farmers and producers were supported by the government through subsidies. The international market was also favourable to the influx of raw materials which is what was mainly exported. Other analysts have gone further to compare the performance of African economies between 1960s and 1970s and the eighties and nineties. 'Africa recorded generally far much higher and more consistent levels of growth in the 1960s and early 1970s. It is precisely for this reason that it has been suggested that the 1980s and 1990s were years of maladjustment in Africa' (Olukoshi 2001:3).

2.2: Causes of the 'African Economic Crisis'

The 1974 oil shocks[3] brought one of the worst economic crises to the world which left African economies on their knees. There was a sudden drop in demand for Africa's raw materials exports which translated into decreased levels of revenue for African governments. The issue was that African economies were highly dependent on export revenue which made them vulnerable to shocks in the international market for raw materials. 'Given the high degree of export orientation of the African economies, as well as their dependence on a small number of primary commodities, it should be of little surprise that there is a close correlation between their economic performance, commodity prices and terms of trade' (Akyuz & Gore 2001:272). For many countries even the more developed ones, their main source of revenue is from raw material exports, countries have been developed on the revenue earned from exports such as Botswana. The state's ownership of diamond reserves served them well, it became the '...the driving force behind its political economy' (Meyns 2010:44). Botswana is the exception to the rule however, for the majority of African states their economies suffered a huge setback that they still have not been able to recover from today.

The result of this economic downturn was that the state was no longer able to provide those services. The only seemingly available solution was to source other forms of funding through the form of loans from the international financial institutions such as the IMF and the World Bank. The states had a dilemma, the export revenue that had been used to provide services were no longer sufficient. They had two choices, either falling into debt through loans or risk the uproar of its citizens. Structural Adjustment Programs (SAPs) were implemented in 1981; they were the embodiment of neoliberal ideals: 'removing state subsidies and reducing state economic intervention in general, stimulating export production by relying on natural comparative advantages' (Lubeck 1992: 522). Conditions were placed on the African state for them to be afforded the loans, the main one being the reversal of state involvement in the running.

Conditions on the loans necessitated African states to retreat to a more supportive role of the market. As it was believed that the reason why African states had failed was the state

[3] OPEC (Organising of Petroleum Exporting Countries) countries dramatically increased the price of oil towards America and its allies in protest for its involvement in the Suez Canal attack on Israel in 1973. This had the effect of putting the west in debt which then led to a decrease in demand.

involvement in the economy. According to Lubeck, this was an indication of the resurgence of neo-classical theory as the leaning towards a more structuralist approach to trade and governance had lost its popularity, the conditions for the loans were as follows: 'Austerity, currency devaluation, price reform, market discipline and privatisation were the code words for an unprecedented transfer of effective power from formally sovereign to IMF/World Bank bureaucracies' (Lubeck 1992:524). It was believed that the state was not making economically sound decisions. This form of reasoning is linked to neoliberal thinking which arose in the 1980s. The economic crisis was so widespread that, 'At the end of 1989, 28 countries in SSA had active Bank-supported adjustment programs, and 27 had IMF programs' (Elbadawi et. al 1992:8)

Neoliberalism premises the market as the main actor through which all the state's most important decisions are settled. It premises '...the moral benefits of market society and identifies the market as a necessary condition for freedom in other aspects of life' (Mudge 2008:706). Neoliberalism gained such support during the eighties because the world's influential think tanks were seeking a solution to the problems of economic crises. This process has become cyclical. Following the 1927 Great Depression, there was a shift towards the Keynesian model of governance where the state held more responsibility in creating opportunities for economic growth and stability. This seemed to have worked for about three decades. 'Keynesianism (...) was the dominant theoretical framework in economics and economic policy-making in the period between 1945 and 1970,' (Thorsen & Lie 2000: 8).

However, following the economic crises of the 1970s, another move was made. This time towards neoliberalism of which is a mere reworking of neoclassical economic theory that had influenced economic policy prior to 1927. This was in response to the economic crises that had hit the whole world, all regions experienced it. As the previous period had experienced a substantial level of state involvement in the market, it was pinpointed as the problem. 20 years later, the result of these adjustments leaves a lot to be desired for. Some have gone as far as to name the Structural Adjustment Policies as the main culprit to the crises of development on the continent: 'After 15-20 years of reform efforts, the region's growth performance remains far too low to lead the economies along a path of economic development, which would counter growing levels of poverty' (Nissanke 2001:2).

In 2008, the world experienced another economic crisis, and we saw governments scrambling to bail out private firms and banks who were in serious debt. This resulted in the rejection of neoliberal ideals as it was realised coming into the nineties that the neoliberal ideal of minimal state involvement was seriously misguided 'a new consensus has now emerged which suggests that it is the lack of state capacity and institutional quality which is responsible for economic stagnation in Africa'(Engelbert 2000:8). Already from the 1980s with the publishing of reports such as the Berg Report, there began a back lash as the World Bank began publishing a skewed version of the causes behind the success of the East Asian states (World Bank 1981).

Facing strong opposition, the World Bank sought to prove the SAPs were not the root of the development problems in Africa. To be fair, suggesting that the SAPs are the only root of the economic crisis would be negating all the other factors such as the '...colonial boundaries and export patterns, cyclical drought, shifting ecological practices that degrade the environment, a Hobbesian elite struggle for shrinking resources, appalling health condition, indifferent administration, and almost total statistical uncertainty' (Lubeck 1992: 521). However this does not take away the fact that the main tenet of the SAPs was minimal state involvement which is the antithesis of what occurred in East Asia. Strategic state intervention has been credited as the main factor behind the success story in East Asia.

Furthermore, structuralists' argument gained credibility as the neo-classic influenced policies identified as the reason behind the exacerbation of trade inequalities between the north and the south, or according to dependency theorists, the core and periphery. Some analysts would have us believe that this was intentional; nevertheless it is known that trade relations have deteriorated to the disadvantage of developing states. ' ...the developing countries such as those in Africa, that specialise in primary products tend to suffer from endemic long term deterioration of their terms of trade, emanating partly from the low income elasticity of demand of these commodities in the world market' (Oyejide 2004).

Interestingly enough, the same argument used against African states for their economic crisis has been used by analysts who do not support the idea of a developmental state in Africa. The African state is not 'trusted' in a manner of words to employ the correct policies to bring about development. The branch off occurs where these analysts problematise the reliance on revenue of raw materials whereas the proponents of the SAPs and Berg Report fully

supported comparative-advantage led production. Producing at a comparative advantage is seen as a crippling factor to development in Africa and the south in extension. It cripples creativity and limits the time and resources that could have been spent on developing new and better forms of producing or even further developing their economy diversifying and technological progress. Prebisch and Singer argue that, 'international specialisation along the lines of comparative advantage had excluded developing countries from the fruits of technological progress that had so enriched the industrialised world**' (**Ludema 2001: 18).

An important repercussion of the adjustment era was that the African state was incapacitated. This was heavily criticised by Mkandawire (2001). He believed that the generalised perception of African states by internationally acclaimed economists led to the policies that came to be heavily criticised for their results. Joseph Stiglitz, who authored the response to the Washington Consensus, attempted to adjust the narrow view of economic development. His main concession was to admit state involvement as an important factor of economic development but only in a supportive capacity of the market. The state was only set to intervene in the case of market failures (Stiglitz 2004).

This does not demonstrate that much of a departure from the original Washington Consensus. It still remains couched in neoclassic economic ideals therefore the effect is not felt. The Post Washington Consensus was good in that it demonstrated the World Bank's ability to concede an error in judgment even though it may have come decades later. One view that has not dissipated is the negative intolerant view of state involvement in the market. 'The weakness of the African state' is always used as the cause behind the failure of policies. However the issue of political and economic environment is an important factor that should be recognised. In as much as African states do have a bad track record, and quite a number of African leaders possess dictatorial tendencies, one cannot negate the issue that the more classical developmental states experienced a completely different set of economic and political conditions (Mkandawire 2001:293).

2.3: Developmental State in Africa?

It has been highlighted that African states may not have the same financial and structural support that the East Asian states had received especially from the United States (Blankenburg & Khan 2010). This is not in any way negating the ingenuity of the East Asian states in their ability to manipulate their relationship with the domestic and international markets to their advantage. Social goods such as education were heavily invested in but in the same vein it cannot be denied that states such as Taiwan and South Korea were heavily funded by the United States.

For Mkandawire, the focus should not be on the past mistakes and the failure of development on the continent but rather what needs to be implemented for the developmental state to work in Africa. For him, African states should have been considered developmental as there had been economic successes up to a point; he argued that, 'Africa has had states that were "developmental" in both their aspirations and economic performance' (Mkandawire 2001: 289). However what made the classical developmental state was its achievement of economic growth and transformation of its economy from exporters of primary commodities to manufactured goods.

Justifications are given as to why African states cannot be considered developmental. Some have already been alluded to, such as the lack of economic performance and the general irresponsibility of the African state. As aforementioned, Mkandawire sees these critiques as very limited as a generalised account is given of Africa when there have been variances in the economic experiences. Additionally he does not follow suit in placing all the blame on the African leaders as there are external factors that may have had more of an impact than the bad decision making of some leaders. His argument is that: '...neither Africa's post-colonial history nor the actual practice engaged in by successful "developmental states" rule out the possibility of African "developmental states" capable of playing a more dynamic role than hitherto' (Mkandawire 2001: 289). Even in his definition of a developmental state, he does not highlight the technicalities that theorists such as Johnson emphasised. For him the emphasis is on the ideology and willingness of the state, 'a developmental state is essentially one of those who ideological underpinning is "developmentalist" in that it conceives its "mission" as that of ensuring economic development' (Mkandawire 2001: 290).

Without unity in understanding and believing in the ideology, it would be difficult to achieve goals of decreasing poverty.

The quality of governance is an added vital facet, as it plays a prominent role in the 21st century version of the developmental state. Where in the past, governance issues were not such a concern but with the proliferation of human rights and the universalisation of certain values, issues of democracy could not be ignored (Mkandawire 2001:70). Part of the attractiveness of the developmental state was that the strong state was somewhat equated to an authoritarian state. But this has been quickly discouraged and dispelled, more than ever higher standards of governance are expected of the state. This is what Fine (2003) meant when he spoke of analysts' concentration on the state in the political school of developmental state. Through a discussion of the case of Botswana below, the hope is that the case for a developmental state in Africa may bring some clarity.

When speaking of development in Africa, Botswana is often highlighted as the success story. She's been hailed as having the fastest growing growth per capita in the world over the last 35 years. Acemgolu et.al (2001) highlight an imperative point, that Botswana experienced impressive economic growth through the adoption of the same policies that have been held responsible for the development crises in the rest of the continent (Acemgolu et al 2001: 1). Institutions of private poverty are credited for these policies reaping positive results. They go on to highlight five factors that contributed to their different economic, political and developmental trajectory. Firstly: political eliticism was highly discouraged. Secondly: the colonisation experience was not as intrusive, their systems and political make up was not interfered with. Thirdly: the elite held control over the management of private property. Fourthly, sufficient rents were created out of the vast amounts of diamonds available and finally the 'critical decisions' made by Presidents Khama and Masire in particular (Acemoglu et al 2001: 1).

There has been difficulty in pinpointing the actual reasons why Botswana has done as well she has. Some have proposed the perception that it is a much more equal society as compared to other African states (Acemoglu et al 2001:5). Hence working in bringing about development and providing services to the people of Botswana was a somewhat easier feat. However, eliticism definitely exists, the ruling party, the Botswana Democratic Party (BDP) has been in power since 1966 (Taylor 2002).

More than anything, Botswana's success is credited to their adoption of 'good policies'. This meant garnering all resources for the optimum exportation of diamonds. The main vehicle behind the success of Botswana economy is its diamond industry. An additional factor is that Botswana's population is small, which is in stark contrast to the majority of African states that possess large populations and have high rates of population growth. This is not to take away from Botswana's success as other states with a small population have not had the same success but is still a factor to consider. An additional factor was the relationship the state had with its neighbours.

From the time of independence President Khama made a strategic decision to maintain cordial relations with its neighbouring states, mainly South Africa as she was their main exporting market. Two main principles were highlighted for the post independence period, 'promoting the socio-economic development of the country and establishing a stable democratic system' (Meyns & Musamba 2010:46). More than that, Botswana possessed key components of the classical development state: a development-oriented political leadership, autonomous and effective bureaucracy, production oriented private sector and performance oriented governance (Meyns & Musamba 2010).

The aim of this chapter was to discuss the possibility of a developmental state in Africa. Through the discussion of the process of development in Africa, it has been found that the process has been tumultuous to say the least. What has been considered an African crisis has been caused by a combination of both external and internal factors. Analysts such as Mkandawire, and the OAU and ECA were the main proponents of the argument that external factors were the main cause behind the economic crisis. Conditions that were highlighted were a hostile market for raw materials, economic shocks that occurred in 1974 and 1978 and the adoption of SAPs. IFIs were the main proponents of internal issues being the cause of economic underdevelopment. The central causes that were identified were the adoption of incorrect policies, over-extension of state expenditure, inadequate infrastructure and irresponsible, corrupt leadership of African leaders. The fact is the combination of both internal and external factors have led to issues of development faced on the continent.

Furthermore it was demonstrated that there had been a period of economic growth prior to the economic shocks of the 1970s and that it would be erroneous to paint the whole continent with one brush.

Botswana was given as an example of what is possible if the leadership is truly committed. This is not say that Botswana is not facing problems as there have been reports of unhappiness of the BDP's 30 year run as the leading party. But Botswana has shown that constructing a developmental state in Africa is definitely possible. There will always be impediments to developing a state, it is not meant to be a smooth experience, but what Botswana has shown is that the key component is the commitment of the state to development. Policy makers on the continent can take cue from the case study in Botswana. The truth is that a combination of economic-centred policies and social policies may need to be implemented for development to be successful

CHAPTER 3: South Africa: the Current State of the Nation

The past sixteen years in South Africa have been nothing short of eventful. These years have been characterised by progress and various setbacks. This will be discussed through the analysis of the institutional architecture and policy orientation of South Africa. Firstly the legacy of Apartheid will be discussed to aid in understanding what the African National Congress inherited in 1994 when they won the first free elections. This will then lead to a discussion on the policy orientation of the economic policies implemented by the government and finally how the institutional makeup of the state may have a bearing on the project of creating a South African developmental state.

3.1The Legacy of Apartheid

Constitutionally formalised in 1948, the Apartheid system institutionalised segregation where one's access to basic resources such as health, education and shelter was based on one's race. The larger percentage of resources was and is to an extent in the hands of the white minority. Non-white members of society were subject to extreme discrimination where access to improving one's economic status was heavily restricted through brutal force. Laws such as the Land Act of 1913 firmly placed the majority of the land in the white minority's hands whilst the rest of the population where forcibly removed to the edge of town where no real form of living could be made (Marais 2001: 8-9). Within the rural and farming areas of the country the focus of such policies was to ensure that the Afrikaner owned farms had their needs met. Any form of agrarian reform was channelled in a fashion that would benefit farmers and business coalitions. 'Under Apartheid, agrarian reform had a narrow focus- namely, meeting the needs of white people- and was underpinned by a coalition between the state, large white farmer unions and agribusiness' (Edigheji 2010:28).

With the combination of being dispossessed of their land, the lack of employment opportunities within the rural areas and the inability to truly sustain themselves on their now minimised portion of land, many were obliged to leave the rural areas and travel to the mining capitals where employment opportunities existed for the men. For women, domestic work was the main form of income. What needs to be highlighted is that despite the obliged move to the more urbanised areas, one form of income was not sufficient. For the mining conglomerates this provided cheap labour, on the other hand it created a real dilemma for the

African mineworkers who despite being employed could not count on their wages for a sustained living.

Despite there being an existing supply of labour within the rural areas, migrant workers travelled to the mines. They were prohibited from remaining in the main city and shipped off to reserves where amenities were not up to standard as compared to the rest of the urban areas. 'Deprived of their means of production-land-[Africans] were physically barricaded into 'native reserves' outside the mining and industrial zones, where they were denied access to the types of health, education, welfare and recreational networks introduced in the urban areas' (Marais 2001:10). Additionally the aim was to ensure that the wages remained low as possible to ward off any hopes of confidence and independence in the mine workers. 'The apartheid wage gap has resulted in managers earning about fifteen times the wages of unskilled worker,' (Adelzadeh 1996: 90). In fact, '...migrant workers were to be subsidised by their kin in rural areas such that wages could be kept at ultra-low levels' (Bond 2007: 8). The feasibility of this working needs to be questioned as it has just been highlighted that the African majority were relegated to the rural areas where the land was unproductive. If one did not work on the farm, what could have been their other source of income was unavailable; this would have made it extremely difficult if at all possible to support their men who were in the urban area. On the other hand, families in the rural areas relied on the wages of the men working in the mines.

Beyond the effects on the individual were the broader ramifications of the apartheid system. Apart from the land act, levels of skills development were also skewed. Like all other basic resources, access to education was determined according to one's race. Bantu education was developed for black people to only earn a certain level of skills. This included mainly manual labour such as woodwork and needlework. This is not to say that Indian and Coloureds were not subject to discrimination; however the main focus of the Afrikaner government was to curb the movements of the Africans as they formed the larger population in the country. They posed a threat by their sheer number. This did not mean that South Africa was not developing as a country. The point is that development was meant for a small portion of the population. The aim of the NP led government was to maintain the apartheid regime to the extent that the country went into debt for having an inflated public sector. By 1993, the budget deficit had reached 8.5% of the gross domestic product (Hirsch 2005: 70-71).

Whilst the ANC was in partnership with other political movements in and outside South Africa and fought to have the right to govern South Africa, they inherited many anomalies. They had an unskilled labour force of which comprised the majority of the labour force. Ill-developed areas which were formerly known as Bantustans and inordinate amounts of debt. The ANC inherited what was a state in tatters as the 1980s were the most violent years in South Africa. So with their ascension to power came victory and various socio-economic problems to find solutions to.

3.2 Policy orientation of South Africa from 1994-

With all the above issues facing the ANC, some analysts believed that the first order of the day should have been to architect a plan or policy that would set in motion the process of addressing issues such as skill shortage. 'Apartheid- era legacies of dispossession demand that priority be given to invest in health and education' (Butler 2010: 183). Other prominent theorists such as Harold Wolpe put it more strongly, that to 'correct the wrongs of the past, would need '...nothing less than a revolution of the social order' (Wolpe 1995: 88). And the ANC was well aware of this hence the policy discussions were innately focused on correcting the inequalities of the past.

Various discussion papers were released following the unbanning of the ANC in 1990. According to Maserumule, (2010) the *State and Social Transformation* document best represented the ANC's strategic vision following the 1994 elections towards achieving what was coined the National Democratic Revolution (NDR) (Maserumule 2010:18). The Reconstruction and Development Program (RDP) were considered the perfect piece to the puzzle as its main tenet envisioned the state playing a crucial role in the development process. Six basic principles were outlined: firstly, an 'integrated and sustainable programme' to overcome the apartheid legacy. Secondly, the RDP programme was to be driven from the ground level be 'people-driven'. Additionally: peace and security for all, fourthly that this peace and security would lead to nation building which would culminate in the realisation of the programme (Wolpe 1995: 89).

Five key programmes were also outlined: to meet the basic needs of the population, human resource development, economy building, and adopting democratic practice within the state and finally the implementation of the RDP (Wolpe 1995:92). RDP was linked to the values outlined in the Freedom Charter of 1954 which hailed the achievement of human rights for all no matter what gender or race as its main goal.

The Alliance formed between the Congress of South Africa Trade Unions (COSATU), the South African Communist Party (SACP) and the ANC is believed to have had a strong influence on the leftist leaning of the RDP. This may be accurate as the Reconstruction and Development Programme originated in the labour movement (Pillay 2007: 199). On the other hand, it has also been argued that the ANC like all other African nationalist movements was steeped in socialist/leftist ideology prior to their ascension to power. All the same, a strong component of RDP was its vision of what the state should be, one whose '...strategic approach gravitated towards welfarism, which is a political system where 'government undertakes the main responsibility for providing for the social and economic security of the state's population' (Maserumule 2010:18).

The scope of the tenets of the RDP White Paper indicated developmental aspirations. The issue highlighted by Wolpe is that the White Paper did not clearly indicate the political implications of implementing these policies. The larger part of the discourse was focused on the formulation of the policies and goals: 'The RDP itself and virtually the entire literature around its focuses on the formulation of desired goals and the organisational and administrative mechanisms by means of which these are to be accomplished' (Wolpe 1995: 91). Wolpe goes on to elaborate on the limitations of RDP's conceptualisation of the state naming the structure of the political environment as an impediment. The ANC had to make some concessions to form the Government of National Unity (GNU). In partnership with other parties including Inkatha Freedom Party (IFP) and the National Party (NP) it was not guaranteed that the interests of the SACP and COSATU would necessarily have been represented especially for the working class which was supposed to be the new focus of economic policy (Wolpe 1995: 94).

An assumption inherent in the document is that there was uniformity in the understanding of what RDP truly entailed and that all parties would be happy with the results '...the instrumental conception of the state offered in the RDP is grounded in the consensual model which underpins that document' (Wolpe 1995: 95). The overarching concern here is that the document ignores or assumes that all sectors of the state from the general population to the private sector would agree to all tenets of the document and the methodology advised to achieve these goals; '...it simply assumed that there are not, or need not be, substantial differences of interests between the private sector and other classes in South African society. The RDP presupposes a consensus about basic needs' (Wolpe 1995:97-98).

In the spirit of a newly formed democratic state, the real emphasis was on the supposed accord between all actors from the private sector to the different political parties who now all held seats in parliament. The result according to Wolpe was such that, '...it permits starkly different and contradictor goals to be accommodated within a particular policy framework, and the need to examine possible social contestations around these goals is thereby obscure if not eliminated' (Wolpe 1995: 1998). What could have happened here is that the state under the ANC may have chosen to not give credence to any disagreements and differences in the hope to surge forward in transforming the state.

Additionally, despite the initial socialist origins of the base document released in 1993, the main characteristic of the white paper released by the ANC in 1994, was giving a voice to all parties to the point that it did not really challenge the primacy of capitalism which had spilled over from the apartheid era. The now considered 'left' of the Tripartite Alliance raised their concerns about the above, citing that departure from the base document's 'non- capitalist logic' and 'substantially socialist reforms' was a betrayal of sorts and that it would not bring about the desired result of a truly socially and economically transformed society(Marais 2001: 238). This was to the extent that, 'The ANC [had] been assimilated into a web of institutional relations, systems and practices tailored to service the interests of [in first instance] white privilege and [in the final instance] the capitalist class.' (Marais 2001: 96). Furthermore the conceptualisation of the state had shifted to suit the applicability of the programme. The state was relegated to stepping in only when the market failed. '...the broad presumption was that when the market failed [...] the state would step in both to force capital to follow a long-term, non-racial capitalist logic, and to facilitate access to basic goods and services' (Marais 2001: 238).

This is similar to the concessions Joseph Stiglitz made in his revision of the Washington Consensus' conceptualisation of the state's role in the process of economic development (Stiglitz 2004). The aim of the Washington Consensus authored by John Williamson was a roadmap for developing states of the most 'favourable' methods of achieving optimal economic development. Published by the International Monetary Fund (IMF) in the late eighties, Williamson outlined ten 'good' policy reforms developing nations should adopt to combat the rising levels of debt they were experiencing. These ten reforms included fiscal discipline, reordering public expenditure priorities, tax reform, liberalising interest rates, and a competitive exchange rate, and trade liberalisation, liberalisation of inward foreign direct investment, privatisation, deregulation and finally property rights (Williamson 2004:3).

As one can imagine, there was strong resistance to such policy reforms as it predicated the primacy of the market to bring about favourable levels of development. Additionally it was an extension on what had been stated in the Berg Report of 1981 (World Bank 1981). In response to this publication, other publications were released from the global south such as the Lagos Plan of Action which was launched in Nigeria by the Organisation of African Unity (OAU). The argument put forward was that the structure of the international economy was to blame for the economic upheavals especially in the case of African states.

The real distinction was in the solution put forward by the IFIs and the Lagos Plan of Action. Where the IFIs advised the African state to reduce state spending and involvement, the Lagos Plan of Action strongly advocated the opposite believing that, '...the resolution of the crisis in a greater reliance, not on world-market mechanisms, but on the capacity of African states to mobilise national resources and foster greater mutual economic integration and cooperation'(Arrighi 2002:8). Both groups in this case erred because neither sought alternative sources that could have caused the economic crises faced by the African states. Williamson and Berg did not consider the role of the external economic shocks whilst the OAU did not recognise that some African leaders were not forthright in their use of the state's revenues.

The difference should be noted here to highlight that similar 'compromises' were made in terms of what the role of the state should be. In the case of South Africa, the ANC sought economic and social transformation but adjusted the role of the state in favour of appeasing all parties involved. In the case of Stiglitz and the Post Washington Consensus, a revised

version of the main tenets of the Washington Consensus were made but to some analysts it was not enough as it still existed within the neoliberal paradigm which characterised the Washington Consensus, '... [the] central criticism is that the PWC does not go far enough in overcoming the limitations of the neoliberal policy agenda' (Onis & Senses 2005:265).

The concern with the manner in which the RDP was being utilised was the contradiction towards its origins. No real challenge to the capitalist ideals was being seen. The fact that a link can be seen between the 'respect for the market' in South Africa in the mid-90s as to analysts in the late eighties and nineties even before the adoption of the neoliberal characterised Gear policy in 1996 should give cause for interest.

3.3: GEAR.

GEAR (Growth, Employment and Redistribution) was introduced in 1996 amid strong opposition from the Alliance left. COSATU and the SACP vehemently opposed the tenets of the new policy as it consisted of neoliberal ideals. This went against what the Alliance Left believed the direction economic policy in South Africa should have been headed. The process of formalising this economic policy was different to that of RDP; it was done in an un-democratic fashion leaving the other parties within the alliance seething. 'GEAR was strongly rejected on the basis of being a neo-liberal conception replicating the structural adjustment programmes of the Bretton Woods Institutions (...) which prescribed models of development for developing countries'(Maserumule 2010:19). Again a similarity can be drawn here between the opposition from the global south of the Washington Consensus and the Alliance Left and civil society rejecting the resurgence of neoliberalism.

As can be imagined this created a serious rift in the Alliance, Mandela and Mbeki were reported to have cautioned the Alliance Left to 'toe the line' and fall in line with the policy directions the ANC was taking. The tension got worse as insults were hurled between both camps. Mbeki classed the SACP leadership as 'fake revolutionaries', 'charlatans' and 'confidence tricksters' and Mandela reiterated that GEAR was the 'fundamental policy of the ANC' (Maserumule 2010:19). These reactions gave the impression that the left were dead set against Gear but the SACP has been reported to have endorsed it in the end (Thomas 2007).

Which begs the question of what did Gear entail that would have the Alliance Left up in arms before finally acquiescing? They had their apparent proof in the failure of neoliberal-influenced during the 1980s. The issue for social scientists was the apparent lack of success of the SAP measures adopted, '...despite nearly a decade of submission to structural adjustment programmes (SAPs) administered by the World Bank and the International Monetary Fund (IMF), neither the promised 'accelerated growth,' nor market equilibrium, nor new foreign investment has been forthcoming' (Lubeck 1992: 520).

Again depending who would be analysing these state of affairs one could come out with two different analyses. According to neoliberal thinkers of whom some are identified as economists employed by the international financial institutions the fault lay with the African states management of resources. The recommendation from the Berg Report in 1981 was that focus should be placed on the agricultural sector. This was in line with the view that encouraged African states to produce at a comparative advantage as they possessed abundant levels of natural resources which was either in the mining or agricultural sector. It was recommended that the agricultural sector be prioritised; '...both domestic and export-oriented, by allowing unmediated market mechanisms to operate, by funding rural infrastructure like roads, technical inputs, and small-scale irrigation technologies, and by eliminating the urban bias of large-scale government projects' (Lubeck 1992: 522).

Research had been done on Kenya's agricultural sector by Bates (1989), his aim was to demonstrate that'...state intervention into markets often generates conflicts over distributional gains, supports monopoly interests, and distorts market forces among small producers to such a degree that famine is increased (Lubeck 1992: 522-523). Similar work had been done across the continent in trying to prove the Berg Report's recommendations right. Opposition to this recommendation came from theorists in the Structuralist school of thought.

Structuralists hold the view that the reasons behind Africa's economic failures lie in the structure of the international economy. External influences are traced back to the colonial period which according to Structuralists created unequal terms of trade that favoured the ex-colonialist states (Lubeck 1992: 524). Headed by Adebayo Adedeji, the United Nations' Economic Commission for Africa (ECA) offered an alternative recommendation. It was believed the only way there could be a turnaround was through: '...democratic institutions and a revitalised state though streamlined public sector' (Lubeck 1992:524).

Further research had demonstrated that this was the only option despite concerns of African states' weak capacity. Additionally, '...there is a dearth of options now that international firms find Africa unprofitable and indigenous capital is still too weak to offer alternatives' (Lubeck 1992:525).

Ironically following the ECA's response, the World Bank released another report that same year emphasising policy suggestions of which had already been proposed by the ECA such as, 'sustainability, investing in human resources, growth with equity, an enabling environment, regional solutions, self reliance and a coalition among donors...' (Lubeck 1992:524).What the discussion has shown is that even both schools of thought had credible reasons for their policy directives, Lubeck concluded it perfectly by stating that, '...attention should center on the proper mix of market forces and political intervention, the latter must reflect the capacity of the state to construct rational economic institutions and not to reproduce rentier fiefs' (Lubeck 1992: 536).

Whilst the development process in South Africa differs from other African states in that despite Apartheid rule, certain aspects of the economy and structure of the state had developed. The similarities lie in the opposition to the neoliberal policies adopted and the effect they have has on the economy, labour market, levels of equality and poverty. Moreover a discussion of the features of Gear would be crucial to this discussion. Leading from the key aims of RDP, Gear's main goal was to 'reduce poverty and inequality via a surge of economic growth' (Streak 2004: 272). This was to be achieved through fiscally austere measures which were aimed at relieving the South African state of the Balance of Payment deficit inherited from the pre-1994 period. Recommendations were split into two categories' macroeconomic and microeconomic strategies.

The macroeconomic area recommendations were focused on decreasing state expenditure and adopting strategies that would ensure that growth and employment would be a result 'Conservative fiscal policy in the form of budget deficit reduction and restrictive monetary policy is taken to be the most important intervention required to facilitate growth and employment...' (Streak 2004:272). The idea was that the adoption of these policies would lead to lower interest rates, build confidence in the South African economy and re-ignite investment in the private sector (Streak 2004:272).

The goal here was to ensure that the state did not incur any more debt through avoiding further 'wastage' in the public sector, another inheritance from the apartheid era. A further goal was to ensure that interest rates did not rise in fear of chasing private investors away. (Streak 2004:272). From the above stipulations it can be seen that the South African government were mostly concerned with attracting investment into the country and private sector. The overarching goal was to increase investment which was believed to be the key to eradicating poverty and inequality. 'It was essentially designed to build confidence for increased private actor investment and output expansion' (Draper & Alves 2009: 73). It was and still to some extent believed to be the key that the South African economy needed to improve economically. Therefore, the Gear policy set in recommendations that would bring about the most favourable environment for foreign direct investment.

One strong impediment to this was the strong influence the alliance left has over the public. Even though the ANC may be the more dominant partner in the alliance, nationally the alliance left seems to have growing resonance with the people on the ground because of labour issues. Almost all vocations in South Africa have unions, from the doctor to the petrol attendant. Between 2006 and 2010, the violence and frequency of public demonstration have increased, this shows to some extent that the alliance left may have growing credibility. This will be elaborated below.

A point to highlight about Gear is that it was also discredited for focusing more on macroeconomic issues rather than microeconomic issues. However, microeconomic issues were discussed in Gear, still though the focus was still on creating the most favourable environment for investment. Recommendations such as budget reform one measures, tariff reduction, 'increased public spending on infrastructure that is particularly important for stimulating private investment' and one that is most telling, 'institutional reform in the labour market to produce more flexibility' (Streak 2004: 273). Despite considering microeconomic issues, the main goal was still ensuring the most favourable environment for further investment. Improving social and service delivery to the poor was a tenet, but this was not the main discussion point of the document, '...the Gear document and strategy says little about inequalities reduction' (Streak 2004: 273).

3.3A: Successes of Gear

One of the issues in discussing Gear is that one can be so embroiled in the discourse on its neoliberal nature. To render this discussion fairer, there needs to be a look at the actual successes of Gear. The goal was to boost economic growth and it was believed that the private sector would be the most suitable vehicle to reach this goal, it was sanctioned, '...not only as the source of private investment but through partnerships in the public sector' (Marais 2001:165). There are conflicting reviews of the successes of Gear between the government and analysts in civil society. Whilst the government heralded the late 1990s a success with impressive economic growth, analysts on the other hand questioned the veracity of such statements as the hoped for targets had not been reached. Nevertheless some headway was made in the decreasing the fiscal deficit, from 7.3% of GDP to below 3 % since 1999 (Gelb 2007:17) and there was some level of growth but it was not the required percentage needed for real transformation to occur. Targets of decreasing government consumption down to 18.1% and the inflation rate down to 6% per annum were surpassed (Hirsch 2005: 105).

There was further investment in social policy: social grant expenditure increased from R10 billion to R34.8 billion between 1994 and 2003. Apart from pension funds that already existed, child grants were introduced which led to an increased number of beneficiaries. Education has been receiving a larger percentage of the national budget, taking it up to a quarter of government expenditure as of 2003 (Hirsch 2005:107). Infrastructural investment has risen; big strides have been made within the public transport sector. Despite protestation and threats from the taxi industry, the ministry of transport has pushed forward.

3.3B: Failures of Gear

Despite the strides achieved during the Gear period, the main criticism hurled against Gear was its 'developmental failure'. 'What it failed to do was to ensure social inclusion through targeted interventions in historically marginalised communities' (Qobo 2009: 73). As Marais (2001) pointed out, Gear proposed goals in terms of creating jobs but this did not translate in the actual adoption of measures that would ensure this. In fact they did the opposite, the number of households with all members being unemployed had increased exponentially between 1995 and 1999, from 32% to 39% (Streak 2004:275). This was the opposite of what Gear had hoped to achieve, sectors which were hardest hit was the manufacturing, mining, construction, transport and electricity with gold mining accounting for 40% of rates of

unemployment(Marais 2001: 176). This was all between 1996 and 1999, in 2005 the official unemployment rate was 26.7% and the number of people living on less than $2 a day has increased from 32 % in 1999 to 34% in 2005 (Gelb 2007:17).

Despite the crushing effects of Gear the government still attempted to defend it. Making statements that indicated that Gear was a continuation from RDP with which Gelb concurs. He states that measures such as trade liberalisation and international financial liberalisation that Gear has been criticised so much for were in place whilst RDP was still in its implementation phase and the Gear policy document had not yet been published (Gelb 2003: 36). One aspect of the adoption of Gear that should be kept in mind is the influence international factors had. Factors such as the World Trade Organisation (WTO) prohibiting member states from adopting interventionist policies and the effect of globalisation had to be considered despite the wishes of the Alliance Left. Globalisation had led to the 'integration of capital markets' which, 'made it impossible ... [to] decide national economic policy without regard for the likely response of the markets' (Marais 2001: 161).This was the reality faced by the ANC in seeking an economic policy that would best suit the country both in terms of national interest and in the interest of the people of South Africa. Other than government sources, it was difficult to retrieve analysts that do not criticise and focus on the pros of Gear. 'There is no example internationally where neoliberal adjustments of the sort championed by GEAR have produced a socially progressive outcome' (Marais 2001:170). One fact remains, despite Gear's inability to produce the results promised, the South African economy did stabilise and grow.

3.4: ASGISA

After many a discussion, the government released another policy document that would deal specifically with the issues of employment and skills development. The Accelerated and Shared Growth Initiative of South Africa (ASGISA) was introduced to the public in 2006 but was formally launched by President Mbeki in 2005. Four goals are outlined: '...halve unemployment, halve poverty, accelerate employment equity [and] improve broad-based black economic empowerment' (McGrath & Akoojee 2007: 421). The aim is to take a more balanced approach to growth which led to six main focal areas that would be focused on namely: infrastructure programmes, sector investment, skills and education initiatives, second

economy intervention, macroeconomic issues and public administration issues (McGrath& Akoojee 2007:425).

Through the implementation of the Joint Initiative for Priority Skills Acquisition (JIPSA) projects across the country have been set up to begin the process ameliorating the issue of skill shortage, for example in its first year it has managed to focus on '...town and regional planners, engineers, technologists, artisans, ICT skills and placing unemployed graduates' (Mlambo-Ngcuka 2007:39). It remains to be seen what the results will be there are doubts from the private sector and labour over issues such as labour market flexibility (McGrath& Akoojee 2007:426). One positive aspect however is that the government seems to be listening to the concerns of the public and civil society, and is working on the microeconomic issues that were previously ignored.

The shift to Gear and then to ASGISA all occurred within the time Mbeki was president. Hence the economic and structural problems South Africa still faced by 2006 became synonymous with his name. Political turmoil marred the end of Mbeki's presidency obliging him to resign before the end of his second term. According to Maserumule, the voting in of Jacob Zuma as president of the ANC had more to do with '…a common antipathy towards the relatively aloof leadership style of Mbeki' (2010:21).

The Alliance left for many years had grown weary of Mbeki's leadership style and his vetoed policies such as Gear which had brought about increased levels of inequality and poverty. Now known ominously just as 'Polokwane' in political analysis circles, Polokwane was the birth place of critical political revelations. They were now ready for a change and this had seeped into the ANC where the party was split in half, one side supporting Mbeki, the other Zuma. Mbeki had afforded them an opportunity as with his growing unpopularity especially after the sacking of Zuma from his position of Deputy President due to the rape and corruption charges he was facing. 'The dismissal of Zuma as the deputy president of South Africa, following the conviction in court of his financial advisor, presented an opportunity for the Alliance Left to consolidate its efforts in the battle for the soul of the ANC' (Maserumule 2010:20). With Zuma now the president of the ANC, it became clear that he would become president of the nation. With all these revelations, the Alliance left began pushing their agenda of adopting more labour friendly policies in the country and also sought more ownership of the country's resources.

It was at Polokwane that the idea of the South African Developmental state was formalised. Earlier signs of developmentalism had been observed and mentioned over the last decade and it resurfaced even stronger at the Polokwane. 'In 2007, for the first time in its history the ANC defined and articulated its understanding and vision of the key attributes of the South African developmental state' (ANC 2010: 4). A Strategy and Tactics document was released in 2007 from which the ANC took its cue in terms of constructing a developmental state (ANC 2010). Four attributes of the developmental state were taken as crucial from Polokwane. Firstly, its 'strategic orientation', the capacity of the state in defining and setting a common goal for the whole society to partake in implementing, the state's organisational capacity should be able to reach the goal and finally the state's technical capacity to ensure that the goal of a developmental state is realised(ANC 2010: 4).

More importantly was what the ANC believed the role of the developmental state would be. All in all there were six main features outlined: importance on growth and what needs to be done to achieve more, high levels of redistribution, state intervention when market failure is perceived, state intervention where public sector is needed, efforts to upgrade the civil service starting with differentiated pay and finally direct measures to combat poverty. Qobo introduced an interesting observation when he stated that, '...the type of developmental state outlined in the ANC's state and social transformation is a regulatory state that conforms broadly to modern liberal states found in western societies' (Qobo 2009: 66) . This brings an interesting twist to the story on the South African democratic developmental state because the left were pushing for a more socialist version. This indicates the existing tension between 'social democratic type models and the developmental state' (Nattrass 1994: 357).

In the 1990s whilst the ANC was attempting to formalise its economic policy, there were differences in the understanding of restructuring with COSATU requesting legitimacy of its ideals and the ANC wishing to assert its authority. Nattrass correctly predicted that this tension would continue over the years (Nattrass 1994). Proposing that the state should intervene only where the public sector would have leftists concerned. On the other hand the ANC has clearly stated that redistribution of resources is necessary. Having discussed the significance of economic policies implemented, the institutional arrangement of the South African government is vital to gauging its ability to construct this developmental state.

3.5: Institutional arrangements

According to Edigheji, the institutional architecture of a developmental state is crucial to its success. It is a good indicator of, '...the state's capacity to define its developmental agenda and to formulate and implement policies in a legitimate and credible fashion towards the attainment of its goals (Edigheji 2010:5). The state needs to build its capacity in all sectors be it the economy or public administration. The South African state is known to excel in certain sectors whilst others are neglected, '...it is generally acknowledged that in South Africa the management of macroeconomic affairs is better than the track record of healthcare provision'(Edigheji 2010:5).

Ideally a state with strong institutional arrangements has a good working relationship with non-state actors such as the private sector, civil society, trade unions and even the public. Through its capacity the state should be able to command respect for its authority to develop their country (Edigheji 2010:6). When considering the above conditions, the South African government has a long way to go as it is currently facing strong opposition. The ANC's relationship with civil society has evolved from the years of the Apartheid struggle to post 1994. During the Apartheid struggle, the ANC could be thought to have been part of civil society, but the point is that they worked in collaboration to overthrow the National Party led government (Ranchod 2007). Following independence, civil society was now free to pursue the interests of citizens. An additional role played was that of an opposition to the ANC because 'of a weak opposition in Parliament post 1994, the ANC's former civil society allies have increasingly had to fill some of the void and lobby, oppose and criticise' (Ranchod 2007:4). State- society relations have been affected by what was occurring at the political level, hence the demarcation into two phases. 'Civil society has thus influenced and been moulded by the political transition in South Africa' (Habib 2005:674).

However, what further fragmented the state-society relations was the ANC was behaving more and more unilaterally. The adoption of RDP was a participatory process, but the adoption of Gear was not, this was a beginning to the antagonistic relationship between civil society and the state. There are different types of civil society organisation who are at different levels from the state level to the grounds level. Over the last decade, state-society relations have been on the decline as the government has been perceived to not care for the plight of South Africans. Especially over crucial issues such as Hiv/Aids, supply of basic

services to name but a few. Organisations such as the Treatment Action Campaign (TAC) organised themselves for the sole purpose of ensuring the supply of Anti Retro Viral drugs (Habib 2005: 683).

Like the relationship between the state and civil society, relations between state and business have been affected by the political environment. An inheritance of Apartheid is the advent of 'big business' and their influence on economic policy (Chabane et.al 2006:549). The reality is that conglomerates such as Anglo American possessed a monopoly on capital in South Africa and there has not been much progress in this instance. Even more the distrust that existed between the two races overlapped into state business relations. The distrust of the white business community was further amplified with the introduction of Black Economic Empowerment (BEE), as they perceived there were ulterior motives but has since accepted that it is the future of South Africa business community which is supposed to be characterised by a more inclusive landscape (Edigheji 2007).

The aim of this chapter was to interrogate the policy orientation and institutional arrangements of the South African state. Firstly the socio economic effects of Apartheid were discussed. The ANC inherited an economy in tatters and a bruised, unskilled society. Secondly the policy orientation of the state was discussed through the analysis of the economic policies adopted by the South African government.

The Reconstruction and Development Programme was adopted in 1994 as joint project agreed upon by all relevant parties: within the government and civil society. The aim of RDP was to correct the ills of the Apartheid period by working towards an equal poverty-free society. The focus was undoing the causes of inequality, such as health and education. State involvement was imperative. However RDP was not implemented as in 1996 the Growth, Employment and Redistribution Strategy was introduced. In the same vein it was claimed that Gear was a continuation of the goals sought for in the RDP document. However, the emphasis was on the macroeconomic policy, curbing fiscal expenditure and ensuring that the economic environment was attractive for investment through relaxing tariff measures. Gear has mixed reviews with the government standing by the economic policy praising it for bringing about economic growth and civil society lambasting its effects of having increased unemployment and poverty. The fact that Gear is influenced by neoliberal thought has contributed to civil society and the alliance left rejecting it.

For a decade the government obstinately stuck to their support of Gear despite empirical evidence that it was not bringing about the desired result. In 2006, the Accelerated and Shared Growth Initiative for South Africa was introduced. This was a victory for civil society as finally the state had adopted a policy that targeted South Africa's problems directly. With ASGISA the focus is skills amelioration, programs such as JIPSA have already been launched, and training programs have been set up for public servants. Through the discussion of the different policies, it indicates that the South African government is not heading in the right direction when one considers the features of a developmental state.

Sixteen years later one would have expected a better skilled public sector for example, especially if the focus has been to construct a developmental state. Developmental state theory clearly states that this is a crucial component; this is one component that cannot be left out. One cannot really question whether or not the government wished for South Africa to develop, the problem is that their policy orientation does not indicate so. Institutionally, there are problems as the government does not have a good relationship with civil society. In terms of state-business relations, there has been improvement over time but the state has been accused of being too sensitive to business interests. This does not bode well for the South African government as the aim should be to gain autonomy and be able to lead the move towards development and not be dictated to. The most crucial aspect of the developmental state is its ability to manage relations with non-state actors whilst maintaining its autonomy; the South African government is having difficulty with this. Both tools have indicated that South Africa's history does not demonstrate its willingness to be a developmental state despite the government's insistence of its commitment. Even if it was committed to do so, one begins to question the real reason behind the push towards a developmental state. Is it a ploy to attain more power or to truly eradicate inequality and poverty?

Chapter 4:

The Feasibility of a Democratic Developmental State in South Africa

As illustrated in the previous chapter, the ANC, now under President Zuma as of 2007, has formalized a plan for constructing the South African democratic developmental state. Their policy orientation however does not shine a good light on their future project. The implementation of the Gear policy has not produced the results expected instead of unemployment, poverty and inequalities decreasing, numbers have gone up dramatically over the last 16 years. As for ASGISA, it is difficult to determine its effectiveness so far. Institutionally, the state is facing many problems in terms of functionality especially at the municipality level. Government officers are not working to their full potential, cases of mismanagement of funds and general corruption has been a real problem. Finally, the state does not have a good track record with the non-state actors, businesses and non-governmental organizations who have been one of its harshest critics. In terms of human rights, South Africa seems to be working in reversal mode. With all the above in mind, a discussion of the actual feasibility of a democratic developmental state will be discussed. Arguments by those who are for the idea of a South African developmental state and those that oppose it will be put forward in the hope of further understanding the broader picture. Those that support the construction of a democratic developmental state in South Africa do so albeit with conditions.

4.1: The Case* for *a Democratic Developmental State in South Africa

The most important supporter of this policy shift is the South African government or rather the ruling party the ANC. Despite the fact that South Africa is a democracy, the ANC possesses an overwhelming majority both within the parliament and eight provinces with the Western Cape under the leadership of the Democratic Alliance (DA). In the last national election held in 2009, the ANC won the majority vote by 68.2% (IEC Report 2009). Overall there are 117 registered parties but there were only 11 parties that were contesting the election at national and provincial level (IEC Report 2009:29). Despite this number, only 3 really count and this is when one is being kind. This has had a bearing on the manner in which the ANC makes decisions; it possesses such a majority, winning 47 seats in parliament out of 73. The ANC does not take criticism well and reacts in denial or defensiveness. A recent example clearly demonstrates this. In Gauteng, citizens have been billed incorrectly, the ANC-led province denies any wrong-doing. Municipal bill amounts as high R200 000

have been charged, and citizens are expected to pay. The Gauteng MEC Masondo has played it down to a mere customer service crisis (Benjamin 2011). This may be partly due to the fact that the opposition has made it its mission to reject most ANC led policies. And to large extent the ANC knows that there is no real alternative for the vast majority of South Africans and have therefore taken advantage of this. The biggest opposition faced by the ANC politically, is the Democratic Alliance. The main difference between the ANC and DA is that the DA is unashamedly rightist whilst the ANC claims to be socialist but behaves like economic liberalists.

Similar to all other opposition parties in the country, the DA has fallen into the trap of being critical of the ANC to the point that the public is not actually aware that it does offer policy alternatives. There are obvious intricacies prevalent in the party's role in the country's politics linked to the possibility of their ever leading the country. But they provide an important democratic tenet which is alternative voice from the ruling party. In their aim to gain more support and to strengthen their opposition, the DA and the Independent Democrats (ID), combined their forces with Helen Zille maintaining her position as the head of the DA with Patricia de Lille as her deputy. It remains to be seen if this will really be effective as the ID only managed to receive 0.92 of the overall votes in the previous national elections **(**IEC Report 2009:102).

The Congress of the People (COPE) could have been a serious opposition as they had managed to garner about 7.42 % of the overall vote (IEC Report 2010). Unfortunately their potential has been marred by the conflict between Mbazima Shilowa and Mosiua Lekota, the former ANC members who are now president and secretary general of the party. COPE had represented a welcome alternative to the ANC that was not headed by the White minority, as the South African public still has great difficulty voting beyond racial lines as the South African constituency hold descriptive representation in high regard. Due to the current internal squabbles in COPE however, this hope may be lost leaving the DA as the only opposition party that may be able to raise alarm. Therefore, as can be expected, the DA has raised concerns over this move towards a democratic developmental state that the ANC has been advertising so vehemently. The main concern being that the ANC does not have a good track record of managing parastatals. Three examples are given, Eskom, Armscor and the SABC. These three parastatals are facing financial problems and managerial woes. In the case of Eskom, due to miscommunication between the government and Eskom, South Africa

will soon not be able to provide electricity for all South Africans, the result has been power cuts and increased electricity rates (Davidson 2010).

It is clear that the ANC will face opposition whichever new policy direction it may decide to take. Even within the alliance, the left were supportive of the move towards a developmental state as it premised an important tenet, increased state intervention. However, they differed with the ANC in the methodology of creating a developmental state as two different ideologies exist within the alliance, 'Because of competing ideological orientations accommodated within the Tripartite Alliance, there are, fundamental differences of strategy relating to the realization of a developmental state'(Maserumule 2010:16). As already discussed, the alliance left has gained much in terms of their ability to influence policy and the public hence their belief in seeking to have a say on the manner in which the developmental state would be constructed. This is fair considering the fact that they are in a coalition, the trick now was how Zuma would be able to juggle pleasing both the alliance left and the private sector, 'Against this background, the crucial governance question for the Zuma administration is obviously how it can navigate these two extremes' (Maserumule 2010:16).

Zuma is in a better position than Mbeki as it was quite obvious that there was little trust between the alliance left and the ANC, rather than his brand of leadership. This was made obvious in an ANC document published in1996. This document outlined the future economic path that would be more business friendly and less state centred. It seemed Mbeki was more comfortable with a democratic state rather than the developmental state as he was uneasy about the latter's association with authoritarianism (Qobo 2010: 65-66). It has been reported that this is when the rift and the mistrust began between the two groups and its effects have created great concern. 'This lack of trust erodes the ruling party's authority and its ability to construct a broadly acceptable version of a developmental state' (Qobo 2010: 66).

On the other hand, one could ask what the alliance left is bringing to the table. They have made it's a point to voice their opinion but what has been offered to the achievement of this goal. 'Thus the one major weakness of the emerging South African developmental state is that while the state has demonstrated a commitment to growth, (…) both business and trade unions have not made reciprocal commitments'(Edigheji 2007: 37). The alliance left may need to rethink their purpose in the alliance if it is to merely critique the decisions made by

the ANC. The alliance left has made it a point to state their opinion on the ANC's new project; the question is what the rationale is behind the ANC's position as the number one proponent of this strategy. The fact remains; the ANC is keenly aware of the socio economic problems prevalent in South Africa and have used the developmental state as possible solution to alleviating issues of poverty and inequality.

There's a social and economic dimension to the developmental state, of which the social aspect is the probably the most crucial at this time in South Africa. The ANC has done well in terms of attending to the state's macroeconomic problems inherited from the pre-1994 era, unfortunately it has not translated into positive results. 'With macroeconomic stability providing a good platform for economic growth, greater microeconomic efficiency (…) and a strengthening of public sector-driven institutions could provide a much better alignment between socioeconomic development objectives and efficiency goals.' (Qobo 2009:64) As much as the ANC may have prided itself on its socialist roots, they have done a lot to dispel these apparent 'roots'. According to Freund, there may not have been a socialist agenda at all, rather that the dream from Oliver Tambo to Thabo Mbeki was launch South Africa as a serious element of the international economy (Freund 2007: 192). Hinting that it was a mere vehicle to gain the support of the masses, I would argue however that it may not have been that sinister. The ANC was a nationalist and liberation movement and like all liberation movements of the 20th century, socialist ideals struck a chord with them as it fit with their hopes for the future of nationals being afforded the opportunity to lead themselves.

The social dimension of the developmental state is concerned with improving the standard of living of the ordinary person through the provision of social services (Maserumule 2010:22). This is nothing new as the, '…the social dimension of the developmental state agenda of the ANC government has been about poverty alleviation and the provision of basic goods to the poor' (Maserumule 2010:23). The ANC has recognized that an aggressive strategy is necessary if its socio-economic problems are to be resolved and have sought a solution that would also appeal to imminent needs of the people on the ground. 'In the post apartheid South African context, the idea of 'developmental state' is part of a language used to connect economically disempowered constituencies, especially the poor and unemployed.' (Qobo 2009:60). So for the ANC, the developmental state is a vehicle to achieving a goal and a possible one as it possesses the tools that even the Asian states did not when they embarked on their development process. The state has an opportunity to design its own developmental

path, which the ANC has had albeit external pressure. One does not want to get caught up in the argument over how much autonomy the South African state had when the decision was made to adopt a neo-liberalist leaning economic policy. The ANC had to make a difficult choice having inherited a state in serious debt, 'it was forced to be more conservative than it would have been had it been the government in a well established economy' (Hirsch 2005: 68). Its actual state autonomy is an issue that will be discussed further on as it is a factor that may count against its future plans.

Even though the ANC only formalized its plans for a developmental state in 2009, a discourse on the subject existed as early as 1992. Published in 1992's 'Ready to Govern' the ANC set up guidelines for what it envisioned a future South African developmental state to entail. The focus was on the level of autonomy that it would be able to utilize. Their understanding was a lot more fluid however, it '…envisaged the state intervening in the economy in a more flexible way' (Qobo 2009:65). A repeat offence is seen here with the ANC placing the main focus on the economy and how to deal with it. On the other hand, this could not have been helped as the economy was in tatters by the beginning of the 1990s. The allure of the developmental state lays in the opportunities it opens up for the state to architect the development program in partnership with the relevant non state actors.

For Edigheji, a South African developmental state is quite possible as South Africa had already set precedent as one of the leading developing economies due to the fact that, '…even prior to the current global economic crisis that led to the resurgence of the state across the globe, the South African ruling party (…) and the government had recognized that addressing the development challenges facing the country (…) requires a developmental state that is democratic and socially inclusive' (Edigheji 2010: 1). As long as certain important aspects are paid attentions to. Firstly, the South African macroeconomic policy has to ensure that it translates into higher living standards for the ordinary South African. 'In effect, for South Africa to become a developmental state, its macroeconomic policy needs to serve social objectives, rather than social transformation being held hostage to macroeconomic policy.' (Edigheji 2010:29). Secondly, the democracy aspect is crucial. This is where the danger lies in seeking to adopt the Asian example as democratic procedures were only introduced once development had been reached. They had the 'luxury' of a subdued if not, absent labour movement. However the South African state has clearly expressed their commitment to upholding democratic values as they have over the last sixteen years. This is what makes the

South African case unique, firstly it is the first state that has expressed interest in forming a developmental state whilst other states were, '…conscious of the need to be developmental, never proclaimed that wanted to construct developmental states, [it] was rather a product of historical circumstances to meet contextual conditions' (Edigheji 2010:2).

The second provision is that the developmental state has to be constructed within a democratic political system with the input of civil society and the private sector. This indicative of the time we are in, all emerging states have had to commit to democratic aspirations as part of their development project. It is to be a more collaborative project whereas in the case of Japan for example, the state through MITI controlled and directed relations with the private sector and civil society as we know it today did not exist then.

An additional analyst who is open to their existing a developmental state in South Africa is Peter Evans. Like Edigheji, he puts forward certain conditions that the South African state would have to adopt if their project were to be success. Firstly: it should be a 'capability-enhancing' state meaning that the state should provide collective goods especially health and education as they are considered to be the most crucial of services. Any other infrastructure linked to that is also important such as access to clean water (Evans 2010:38).

The second cautionary detail that Evans raised was the importance of the development theory's three branches and what they entailed. Firstly, the New Growth theory which had been introduced in 1956 by Solow brought attention to the function that human capital and ideas had as a key to growth. This was a move from the more technical way of viewing growth. It was also a good indicator in explaining the change in structure from the manufacturing sector to the service sector. 'The centrality of services creates a new set of challenges for the developmental state, forcing the state to focus on people and their skills instead of machines and their owners' (Evans 2010: 42). This linked well with the second approach of development theory, the institutional approach which shone the light on an important question, what institutional arrangements are needed to be put in place to ensure that the state creates an environment whereby new useful skills can be attained for the betterment of the whole state (Evans 2010:42). Finally, the capability approach takes an in-depth interpretation of development is necessary as it goes beyond the mere measures that are looked at such as income growth. Furthermore, the authors of the development process must be in collaboration, '…development strategies and policy cannot be formulated by

technocrats, but must be derived from democratically organized public deliberation.' (Evans 2010: 43).

Finally Mkandawire, one of the first African analysts to have interrogated the concept of a developmental state in an African context supports the project too. He is one of the strongest proponents of a developmental state in Africa and has challenged analysis that argues otherwise. He makes a crucial point that the developmental state is not an end in itself; it is a stepping stone to further development. 'Developmental states are not an end in themselves, but an instrument for attaining particular goals-in this case 'catching up', rapid economic transformation and growth.' (Mkandawire 2010:9). This 'catching up' process is by no means meant to be a linear process as nationalism the driving force, 'In the process of development, nationalism can serve as a means of both promoting and coping with development, (Mkandawire 2010:61).

Nationalism can be a useful tool for the ANC as, '…the ruling class needs nationalism not only to cover up the stark inequalities characterizing society but also for the ruling class' own internal cohesion and discipline' (Mkandawire 2010:61). There may have been a strong sense of nationalism 16 years ago, but today, there is a strong sense of apathy within the public. Reinvigorating the faith of the public in the state will be an uphill battle. Overall Mkandawire proposes four issues that any African state should consider before or even whilst embarking on such a development process. First of all, 'nation building' should become a priority as it has been demonstrated that it is key to the success of a developmental state. Secondly, one should be aware of and comprehend the concise function of institutions that may hinder the developmental process as overreliance on such institutions may impede future plans. Thirdly, an end should come to the idealization of the developmental state template as if only one exists. Lastly, the state should take advantage of any opportunities created by the development process, however development societal-society relations is a crucial component that cannot be absent.

The analysts above have given a thought of the possibility of the developmental state being beneficial template for South Africa, for them it is a strong possibility for the various reasons discussed above. To some degree, South Africa does possess a level of the tools necessary, even it is just at the beginning stages which the Asian states did not even have. For analysts and commentators who are on the other end of the spectrum however the democratic

developmental state template does not provide South Africa with a suitable socioeconomic plan.

4.2: Problems constructing a democratic developmental state in South Africa

The biggest cause for concern in the case of South Africa becoming a developmental state is the actual state. The question is can the South African state be trusted with such a tremendous responsibility? As much as South Africa has made major strides in being able to create economic growth, begin the process of building a black middle class, and gained respect as an international peacemaker for the African region, there are too many question marks connected to government officials especially in terms of business state relations. The lines have been blurred, monthly, government officials are being accused of either overspending their budgets or using their position of power to own businesses. Investigations into corrupt practices have taken place at the state level to the lower levels in the municipalities. Efforts have been made to root out the corrupt elements and there have been reports of these officials facing the repercussions. The effect remains to be seen.

Furthermore the government has placed its main focus on one aspect of the developmental state, 'Policies, rather than institutional attributes, are given analytical priority…' (Edigheji 2007:2). This may indicate that the government may be concerned with the autonomy creating a developmental state may give them. The SACP reiterated this focus through its policy documents, this time on the role of the state in the developmental state. (Edigheji 2007: 3). Here again we see the socialist influence coming to the forefront. The belief that the state is the most important tool to rectifying the social ills in the country is still held strongly. On the other hand, it may not be so altruistic, the state under the ANC may be seeking more power to make unilateral decisions and not be so beholden to the opinions of the opposition, the public and the alliance left. This may be seen by the government's release of the media tribunal where the government is seeking to set up a board to judge 'accordingly' which information should be published. There has been an outcry from civil society organisations and oppositional parties who question the true motive behind this move.

This has contributed to the level of mistrust in the country. The government is no longer trusted to make decisions that would be beneficial to the ordinary man on the street, the rate of strike action by government employed workers over the last four years are a good indicator of just how enraged the public is by the government. On the other hand it could be

argued that the unions have plagued on the fears of the 'working class' and have sought to discredit the ANC. Nevertheless, one thing is clear, there has been little positive feedback from civil society, the alliance left, the media and the public.

This has had a bearing on the already strained relations between the state and the private sector which is still largely controlled by white business owners. State business relations have suffered many setbacks, a lot of mistrust between the white business community and the government. The current confusion of whether or not the mines will be nationalized is a prime example of where the business community is completely opposed to it, the ANC denying any plans to do so, and the alliance left with the ANC Youth League vehemently reiterating its importance. The ANC now under Zuma has sought to please all camps but the unfortunate result has been that neither is happy as both accuse the ANC of being a fraud.

Historically, it is understandable why there would be distrust between the White business community and the government. In fact, following the ANC's rise to power in 1994 the white business community has been rumoured to have publicly expressed their lack of confidence in South Africa which had a negative impact on international and private sector investment. Business organizations were fragmented along racial lines until the early 2000s. With the implementation of Gear, there was an increased confidence in the government but only up to a certain point. This greatly angered Mbeki who was president at the time, he believed that white businessmen and their business community at large '[continued] to communicate negative messages about [the] country whenever they travel abroad, or receive visiting business people and occasionally manufacture one scarecrow or another to frighten the unwary about [the] country and its future' (Edigheji 2007:32).

The private sector is an integral component of the developmental state, without its support, the success of the South African development process is at stake. Efforts have been made to create unity within the business community with the formation of organizations such as Business Unity South Africa (BUSA). With the election of Jacob Zuma as the president of the Republic of South Africa, the efforts for business unity suffered a blow. The state of panic within South Africa was almost akin to that of the early 1990s with the media and the public fearing the worst. President Zuma even found it necessary to tour the world to allay the concerns of the international community of the future of South Africa.

In combination with the issues the ANC has with alliance left especially COSATU, those who doubt the future of the developmental state may have credible concerns. The political environment in South Africa is still very much divided with each camp pleased at the demise of the other. 'In short the government has struggled to develop close working relations with the two most important sets of non state actors in South Africa- business and labour' (Qobo 2010:66).

This has had a negative effect on the autonomy of the state. This is the reason that Evans emphasizes the necessity of an 'embedded autonomy' which combines 'Weberian bureaucratic insulation with intense connection to the surrounding social structure'. For Evans this is especially crucial for the business community as it is the important for the state to be able to '…exercise a certain degree of dominance or coercion over business to shape the economic trajectory' (Evans 1995). The importance of Weberian bureaucracy is further emphasized by what the alternative of its absence would mean, 'The absence of a Weberian bureaucracy with institutionalized rules and established norms of status and professionalism inhibits private capital accumulation' (Nissanke 2001:14). More importantly the question is just how autonomously the state will be able to act with non-state actors clamouring to have a say in how everything goes. If there ever was a disadvantage of adopting democratic practices this is one. On the other hand, maybe non-state actors would not be so aggressive if the state was trusted.

When the ANC adopted a democratic constitution in 1996, the aim was to move towards a better future for the country. There have been definite advantages, the South African society in which all are able to offer their viewpoint and vent their frustrations if unhappy about government behaviour. It is a complex balancing act that the ANC will have to manage, democracy is non-negotiable but in the context of a developmental state it is complex. South Africa faces a unique problem that the Asian Newly Industrializing Countries (NICs) did not have to deal with. Qobo proposes two solutions: firstly, '…the state would have to develop far more capacity than it currently has to manage various civil society interest and nurture trust' and even more importantly the Tripartite Alliance would have to seriously consider toning down its preoccupation with the role of the state for the sake of, '…a more diffused and shared authority and responsibility, while the state remains at the apex of society, manages intermittent social tensions and addresses collective action problems.' (Qobo

2010:63). The question is will the South African government be willing to make such a sacrifice if the occasion obliged them to.

A clear impediment to the ANC's implementation of a developmental state is the adoption of neoliberal policies over the last decade. Economically, what has occurred is that instead of investing and developing domestic markets where consumption would have been geared towards domestic products, 'The state (…) has aided capital flight on an enormous scale which has contributed to historically low levels of investment' (Ashman et.al 2010:14). Furthermore the structure of the economy is such that the two main sectors, mining and energy have taken all the focus and all other sectors have been neglected. Theoretically, Ashman et al. do not agree with the direction the government is taking. For them, the developmental state paradigm is completely inappropriate considering the structure of the economy and society of South Africa (Ashman et.al 2010:15). They have gone as far as proposing an alternative paradigm namely: the Minerals Energy Complex (MEC). It is defined as a, '…a core set of industrial sectors which exhibit strong linkages with each other and weak linkages with other sectors' (Ashman et al. 2010: 177). According to Ashman et al. it is an ideal paradigm as it best describes the capitalist system of South Africa since 1870 and further state that South African capitalism has been dominated by MEC since then.

This maybe a credible paradigm, the only concern is that it is solely focused on the economic aspect and its linkages which are clearly crucial, but the realisation is that everything in South Africa is political, which makes it difficult to truly separate economy and politics. Understanding the politics behind any decision or proposed strategy may be more crucial. Finally, the development state should not be idealized as a perfect policy direction to the extent that even beginning the process would seem insurmountable. As Mkandawire rightly states, ' These states are built over many years by trial and error, intelligent emulation and borrowing, new country-specific innovations-and even luck' (Mkandawire 2010: 78).

The case for a democratic developmental state in South Africa comes with steps that will need to be considered for it to succeed. Edigheji, Evans and Mkandawire all seem to be in agreement that South Africa has a lot of work to do before a developmental state can be achieved. Certain things need to become a priority such as ensuring that the people of South Africa have a higher living standard, maintenance of democracy and finally a working relationship has to exist between the state, civil society and the private sector. It has to

become a national building project with all South African contributing to it, the economy has to transform and grow. Reliance on minerals makes the economy vulnerable, the manufacturing and service sector should be further developed. Finally the aim of this chapter was to present the arguments for and against a South African democratic developmental state considering the evidence produced in previous chapters. The biggest impediment to the ANC's dream is her relations with the private sector and civil society. If she can garner support of all, there's a real possibility of constructing a democratic developmental state.

CONCLUSION

The question of a developmental state in Africa is a crucial one. This is because it is an issue that still plagues the continent fifty four years after the first African state gained independence. The intention with this research project was to ascertain what African policy makers could learn from developmental state theory.

The primary aim was to define the developmental state and identify its core features. In my understanding, a developmental state is one that manages the project of developing its state by authoring the process that will be taken in partnership with non-state actors. According to Johnson (1982), four elements were crucial to the success of Japan. These were an elite, highly skilled bureaucratic public service department. The government was the actor responsible for the success of the project hence the emphasis of the above. Secondly, to attract foreign direct investment, market-friendly policies should be implemented. Thirdly, an organisation within the government apparatus placed as the centre of the development project. In the case of Japan, the Ministry of Trade and Investment oversaw the financial aspects of economic policy and in addition possessed the role of being the state's think tank (Johnson 1999:6). Lastly, the state should be autonomous to be able to carry out the above functions. For Evans (1995) the state must be bound to society in negotiating the goal of development whilst maintaining its independence and autonomy.

The above features describe the classical developmental state and the contemporary developmental state includes additional features to the already existing core features. These are to accommodate the current economic and political climate. States that are accountable to their constituency is one such feature. The best paradigm in which this can best exist is in a democratic system as it dictates accountability. Under this system, citizens rights are more respected as opposed to an authoritarian state where the focus is the government's interests being fulfilled that may impinge on the rights of the individual. The fulfilment of social policy is also crucial, today development is considered a more holistic endeavour, capability enhancing. Access to basic rights such as shelter, water, electricity, health and education has to be ensured for all citizens.

Having explained the theory, these features were placed in the African context in the second chapter. There was first a discussion on what characterised African economies following independence in the 1950s with exceptions such as Angola, Mozambique and South Africa.

Firstly, independence came with inexperienced leaders who were now tasked with leading their countries. Structurally economies were constructed in a way that concentration was placed on the production and exportation of raw materials at a comparative advantage. This had the effect of leaving these states vulnerable to shocks in the international economy. This occurred in 1973 when OPEC implemented an oil embargo which led to a dramatic drop in demand for Africa's primary commodities. African states spiralled into economic crisis and were obliged to request financial aid and loans from the IFIs which came with conditions. Opinions differed over what caused the economic crisis that spanned about twenty years between the 1970s and 1990s. The IFIs claimed that African states had been irresponsible in their public expenditure, instructed them to decrease their deficits; state expenditure had to be decreased. The ECA and the OAU disagreed citing external factors such as the economic shocks and the SAP loan conditionality.

The economic and political problems contributed to some disagreeing that developmental state theory could offer any lessons for the African policymakers. The main concern being the enormous responsibility a state possesses in the developmental state paradigm. The African state was believed to be incapable of 'handling such a responsibility'. Conversely, Mkandawire (2001) discouraged such a blanket prognosis of the continent. He does not deny the problems of corruption and infrastructural inefficiency but disagrees with the notion that all states are irresponsible. He cites examples of Tanzania that demonstrated signs of developmentalism in the 1960s (Mkandawire 2001). Botswana was also highlighted as an indication of how probable the pursuit of such a project in South Africa may be a successful. For Botswana, ownership of their main national resource was crucial, additionally early on its leaders committed the state to the national project of developing through the adoption of market friendly policies.

This led to the third chapter where an assessment of what characterises the current South African state. This was done through firstly illuminating the effects Apartheid had on the state, economically and politically. Following this was an analysis of the policy orientation of South Africa. From the RDP document to Gear and ASGISA which was launched five years ago, it was shown that despite the government's clear willingness to bring about development and eradicate inequality and poverty, these economic policies have not produced such results. There were positive results such as economic growth, a decrease in the fiscal deficit and inflation levels and additional social grant. The issue is that, these policies have not found

solutions to South Africa's biggest problems; poverty and unemployment. After further interrogation of its institutional make up, it was shown that the relationship between the state and civil society and business has been on the decline. Civil society has had to step in where the government has failed to despite its ability to, especially in the case of Hiv/AIDS. In terms of business, relations with the state differ between black and white owned businesses. Some progress has been made in seeking to create a united business community, but it may take time as historical strained race relations prevent true unity as mutual distrust exists. Within the alliance too, there are problems. COSATU and the SACP have expressed its disapproval, disappointment and at times anger for what they felt was the ANC's betrayal of their values and agreements. These disagreements take place publicly, one wonders if there are efforts to mend fences. It has the added effect of 'constraining embeddedness' (Edigheji 2007:34)

The final chapter brought forth the arguments that both supported and rejected the suitability of a developmental state in Africa. The case for a democratic developmental state in South Africa comes with conditions. Edigheji, Evans and Mkandawire all seem to be in agreement that South Africa has a lot of work to do before a developmental state can be achieved. This has been further demonstrated in the preceding chapter through the policy orientation and institutional arrangement of the state. Certain services need to become a priority such as ensuring that the people of South Africa have a higher living standard, maintenance of democracy and finally a working relationship has to exist between the state, civil society and the private sector. It has to become a national building project with all South African contributing to it, the economy has to transform and grow. Reliance on minerals makes the economy vulnerable, the manufacturing and service sector should be further developed.

Having said all the above, in my opinion the developmental theory state provides several useful lessons for a state wishing to develop. Responsibility is placed on the state for the project of developing its country. At the core of the all the lessons is that without a unified state, it would be difficult to achieve sustained economic development. The larger question is whether South Africa can overcome its institutional problems. State relations with the private sector and civil society are strained at the moment. These relations need to be improved on as matter of urgency as the state needs their partnership if South Africa is to become a developmental state as it wishes. The public sector also needs major improvements. The state itself should become more accountable to its people, and for this to occur, a shift in ideology

is necessary. Development is not one actor's responsibility, it is a collaborative process where all tiers of society need to be involved and committed. South Africa is in a unique position in that she has a strong stable economy, so half the work is done. She also possesses various resources that the East Asian states did not have, but their commitment and high standards of responsibility were imperative to their success. They were disciplined. This above all is the lesson learned from developmental state theory.

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