



**The role of Epistemic Communities in the evolution of Trade  
Policy in Post-Apartheid South Africa**

By

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**Declaration**

I bear witness that this research report is my own unaided work. It is submitted for the Degree of Master of Arts in International Relations at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any other degree or examination at any other university.

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## **LIST OF ACRONYMS**

ANC	AFRICAN NATIONAL CONGRESS
AsgiSA	ACCELERATED AND SHARED GROWTH INITIATIVE FOR SOUTH AFRICA
COSATU	CONGRESS OF SOUTH AFRICAN TRADE UNIONS
DRC	DEMOCRATIC REPUBLIC OF CONGO
GDP	GROSS NATIONAL PRODUCTS
GEAR	GROWTH, EMPLOYMENT AND REDISTRIBUTION
IMF	INTERNATIONAL MONETARY FUND
MDG	MILLENNIUM DEVELOPMENT GOALS
MERG	MACROECONOMIC RESEARCH GROUP
MNC	MULTINATIONAL CORPORATION
Nedlac	NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL
NGO	NON-GOVERNMENTAL ORGANIZATION
RDP	RECONSTRUCTION AND DEVELOPMENT PROGRAMME
SACP	SOUTH AFRICAN COMMUNIST PARTY
SAP	STRUCTURAL ADJUSTMENT PROGRAMME
SASCO	SOUTH AFRICAN STUDENT CONGRESS

UN

UNITED NATIONS

WEF

WORLD ECONOMIC FORUM



## **ABSTRACT**

The research is a discussion and analysis of the evolution of trade policy in post-apartheid South Africa. It investigates the role of Epistemic Communities in this evolution by making use of Sikkink and Keck's understand of the mechanism of persuasion, namely information, leverage, symbolic and accountability politics. The epistemic communities analysed are the World Bank and the Congress of South African Trade Unions (COSATU) and the AsgiSA Task Force. An analysis of how the COSATU advocated for the implementation of the Reconstruction and Development Programme (RDP) will be made. The World Bank's role in the adoption of the Growth, Employment and Redistribution Strategy (GEAR) will also be analysed. Then the role and relation of the AsgiSA Task Force and the government of South Africa in the adoption of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) will be discussed. In light of the above, the research seeks to show that epistemic communities played an important role in influencing government decision making processes where trade policy is concerned

## **Introduction**

### **1. Statement of intention**

South Africa has experienced a series of changes since 1994, with one of these major changes being in the area of economic policy. This impact has been evident through the shift from the Reconstruction and Development Programme (RDP) to the Growth Employment and Redistribution Strategy (GEAR) and lastly the Accelerated and Shared Growth Initiative for South Africa (AsgiSA). This research proposes that epistemic communities play an important role in influencing government decision-making processes where these policies are concerned.

The first two South African trade policies, I argue, are heavily influenced by epistemic communities like, the World Bank and the Congress of South African Trade Unions (COSATU); while the third and most recent one is spearheaded by the AsgiSA Task Force which included state-owned enterprises, government economic agencies, entrepreneurs, business, labour groups, religious leaders, the youth and various women groups. The Task Force formed a community of knowledge-experts which informed the government of possible strategies that would contribute to the growth of the national economy. The evolution of trade policy in South Africa has also seen the evolution of the government's role in its decision-making processes. Ultimately, the research proposes two central ideas: 1) That epistemic communities have played an integral role in the evolution of South Africa's trade policy; and 2) That the epistemic communities have further influenced the government to take a more leading role in decision-making where policy coordination is concerned.

## **2. Research Problem and Research Questions**

In 1994, the Post-Apartheid South African government invested in the Reconstruction and Development Programme (RDP). This socio-economic strategy was aimed towards reconstructing the economy and was motivated by the workings of the apartheid government to correct the wrongs of the past through reconstructing the economy. However, this was only in the initial stages of the new democratic era. In 1996, the post-apartheid government of South Africa implemented a macroeconomic growth strategy: the Growth Employment and Redistribution Strategy (GEAR).<sup>1</sup> GEAR was meant to address national economic development, assuming it would have a trickle down effect on social/human development. The assumption made was that when the economy improved, the economic growth would then positively affect social development in the country. GEAR was therefore implemented for purposes of halving poverty and enhancing economic and social growth.<sup>2</sup> This desire to halve poverty further motivated the government of South Africa to implement the recent policy, namely the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA).<sup>3</sup> The research hence aims to illustrate the role played by these three variables namely the COSATU, the World Bank and the ASGI-SA Task Force in the implementation of RDP gradually leading to GEAR and ultimately ASGI-SA.

Several key questions will be used to guide the hypothesis discussion: how has South Africa's trade policy evolved? What role has COSATU, the World Bank and the ASGI-SA Task Force played in trade policy change in post-apartheid South Africa? Has the government taken note of the importance of Epistemic Communities in decision making processes? How has the concept of Epistemic Communities contributed to the knowledge

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<sup>1</sup> Knight, R., "South Africa: Economic Policy and Development" in Shared Interest, <http://richardknight.homestead.com/files/sisaconomy.htm>, July 2001

<sup>2</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996, p. 68

<sup>3</sup> The Presidency of the Republic of South Africa "Accelerated and Shared Growth for South Africa", [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p. 2-6

growth in South Africa, particularly where trade policies are concerned? Has there been any progress in economic and social growth with the different phases of the evolution of trade policy in the country? These are some of the key questions that will be used to guide this research in proving the hypothesis.

### **3. Dependent and Independent Variables**

The independent variables are the AsgiSA Task Force, World Bank and COSATU's influential role in South African trade policy change. The dependent variable is the change in trade policy. According to Van Evera, an Independent Variable (IV) is "A variable framing the causal phenomenon of a causal theory or hypothesis".<sup>4</sup> This means that independent variables are a cause of something. On the other hand, change in trade policy is a dependent variable (DV), which Van Evera defines as "A variable framing the caused phenomenon of a causal theory or hypothesis".<sup>5</sup> Simply put, this means that dependent variables are impacted by independent variables. This is the relationship that will be later explored in the research.

### **4. Rationale**

Scholars of International Relations, Economics and Political studies have an understanding of the particular influence that governments have in policy decisions, most of them would seem to agree that the government has a very influential role in policy making. However true this might be, the research is motivated to illustrate that epistemic communities also play an influential role in the formulation of government trade policy. In the case of South Africa, the post-apartheid the trade policy was greatly influenced by COSATU, the World Bank and the AsgiSA Task Force, in the latter case the government definitely played a more active part. The shift was seen through RDP to GEAR and later to AsgiSA, hence these changes will be analysed in great detail in the current thesis.

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<sup>4</sup> Van Evera, S., "Guide to Methods of Political Science", Cornell University Press, USA, 1997, p.10

<sup>5</sup> Ibid. p.11

Firstly, the research is motivated by the continued criticisms faced by the post-apartheid South African government because of the change in trade policy. Supporters of RDP criticise the government of implementing GEAR and they continue to advocate for the readoption of the RDP. Hence the continued contestation of the adoption of GEAR is motivation for the research. Secondly, the government's positive involvement in engaging with Epistemic Communities where policy making is concerned is a commended action and of interest on how this came about. Thirdly, South Africa has put focus on promoting macroeconomic stability; it based its economic strategies on neoliberal thinking.<sup>6</sup> South Africa also used a socio-economic strategy for development purposes. Therefore investigating both the neoliberal based economic strategies and socio-economic strategies would be of interest to highlight whether these strategies have fulfilled their aims and objectives. Ultimately, the possible different outcome of AsgiSA from GEAR and RDP is of utmost importance in this research.

## **5. Literature Review**

### **5.1. The Reconstruction and Development Programme (RDP) socio-economic strategy**

The post-apartheid government of South Africa was faced with a huge task of addressing issues of poverty, racial inequality, segregation and development in the country. It was tasked to correct the wrongs of the past, which not surprisingly still remains a daunting task. After the democratic elections of 1994, the new government under the leadership of Nelson Mandela devised a plan of action that would address development in South Africa. The result was the introduction of what is known as the RDP.<sup>7</sup>

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<sup>6</sup> Hellman, J.A., "Structural Adjustment in Mexico and the Dog that didn't bark", CERLAC working papers, New York, 1997, p. 1-2

<sup>7</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996, p. 66-67

Knight writes about the origins of RDP, noting that it was thought up in the 1990s by civil society movements, organizations and unions. This strategy was then developed through intensive deliberations with the African National Congress (ANC) and its allies. Out of these deliberations it was only in 1994 that the strategy came to fruition.<sup>8</sup> This strategy was aimed at addressing the socioeconomic inequalities of the past through reconstruction and development. This meant that the post-apartheid government, its allies, unions, civil society movements and organizations were to have a platform where the majority of South Africans would be represented.<sup>9</sup> The RDP was perceived as that platform, which would address the development and inequalities of the country.

The RDP's focus was mostly geared towards social development, focusing on issues of housing, electricity, education, and health, among many others. It aimed to use these social services to bring about development in the country; hence it was termed a socio-economic strategy. In the process epistemic communities, such as the COSATU, played an integral role in drawing up the RDP plan. However, the RDP was replaced by GEAR because of the need for economic growth.

## **5.2. The Growth, Employment and Redistribution Strategy (GEAR) Macroeconomic Policy**

Adelzadeh (1996) writes about the gradual shift from RDP to GEAR that took place in 1996 when GEAR was formally introduced. He comments that the RDP policy was well integrated into the objectives of a post-apartheid South Africa; it embodied the different interests of the people across the country. It also allowed a compromise in attaining the main objectives set

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<sup>8</sup> Knight, R, "South Africa: Economic Policy and Development" Shared Interest, South African Delegation Briefing Paper, November 2006, p. 5-6

<sup>9</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996. p.66-67

out by the new government of South Africa.<sup>10</sup> However, the new government changed direction in 1996 when it introduced GEAR, a macroeconomic strategy, which departed from the objectives of the RDP. GEAR, Adelzadeh notes, adopted the trickle-down effect theory which is highly advocated for in neoliberal ideology. It implies that as the economy advances so will social growth.<sup>11</sup>

However, according to the former Minister of Finance Trevor Manuel, GEAR “was never meant to replace the RDP, but rather to reinforce it.”<sup>12</sup> Here Manuel defends the principles of GEAR: he claims that GEAR is rather a means to an end, used to advance the principles of the RDP which were introduced in 1994. Trevor Manuel also maintained that the RDP would still be the fundamental policy of development in South Africa.<sup>13</sup>

GEAR is a macroeconomic strategy that in the long run proposes job creation, equal redistribution of income and opportunities, the immediate availability of public services such as education and health care.<sup>14</sup> Its introduction followed the currency crisis of February 1996 when there was an approximate 25% drop in the value of the Rand. The currency crisis motivated the official introduction of GEAR, and its ensuing related policies. These policies were: the cut in government social spending, a limiting of the state’s role in the economy, an increase in private sector’s lead in economic growth, privatization of states enterprises, trade liberalization and a reprioritizing of the social service delivery budgets and municipal infrastructure programmes.<sup>15</sup>

Lewis argues that the World Bank played an integral role in the making and introduction of GEAR, even though South Africa did not implement the Structural Adjustments Programmes

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<sup>10</sup> Loc Cit

<sup>11</sup> Ibid. p.68

<sup>12</sup> Manuel, T., “A delicate Balancing Act” in the Sunday Time, 13 August 2006, p.1

<sup>13</sup> Loc Cit

<sup>14</sup> Growth, Employment and Redistribution Macroeconomic Strategy, 14 June 1996, p.1

<sup>15</sup> Visser, W., “Shifting RDP to GEAR”. The ANC Government’s Dilemma in providing an equitable system of Social Security for the “New” South Africa”, 40<sup>th</sup> ITH Linzer Konferenz, 17 September 2004, p. 8-9

(SAPs) as the World Bank and the International Monetary Fund (IMF) suggested to developing countries. South Africa, however implemented the fundamental principles of the SAPs as GEAR. These principles were the promotion of trade liberalization, opening up of trade and privatization of state enterprises among others. The South African government implemented GEAR after it was advised by the World Bank and the IMF.<sup>16</sup> It is the role played by the World Bank (as one of the epistemic communities) that will be elaborated on in the latter part of the research.<sup>17</sup>

### **5.3 Accelerated and Shared Growth Initiative for South Africa (AsgiSA)**

AsgiSA was launched in 2006 as South Africa's economic policy, concluding for this period the trade policy evolution in the country. The main difference between this national strategy and previous ones (mentioned above) is related to the issue of government involvement/participation. In this manner, the government of South Africa played a more active role in initiating this strategy. Unlike the previous policies, the government was not lobbied by international and domestic epistemic communities. Rather it called for the establishment of a Task Force that came up with the strategy; a Task Force that benefited from the support and consultation of grassroots epistemic communities that offered output on the issues that impede on economic growth.

The process leading up to the adoption of this policy illustrates the evolution of the government's understanding and involvement in trade policy. This policy is different from the two previously mentioned policies because its focus is on specific constraints to the economy. It also focuses on industries that need to be analysed and reworked so that they

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<sup>16</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", *Commentary*, 1996, p.66-68

<sup>17</sup> Lewis, J., "Policies to Promote Growth and Employment in South Africa" *World Bank*, Muldersdrift, 10-12 September 2001, p.3-5



deliver on the aims of contributing to the growth of the economy.<sup>18</sup> This policy however does not exclude the importance of macroeconomic policies. It rather looks at how macroeconomic strategies can be used to suit the development of all the industries in South Africa for the growth of the economy as a whole.<sup>19</sup>

The AsgiSA Task Force identified binding constraints such as the volatility of the currency and shortage of suitable skilled labour. These have challenged the growth of the economy which is the reason the Task Force looked to introduce categories to combat these challenges. The main categories proposed were: infrastructure investment, sector strategies, education and skills development, eliminating the second economy, macro-economic issues, government and institutional interventions.<sup>20</sup> These steps are vital as they help distinguish this policy from the previous policies mentioned above. They are areas in which the government has looked to implement change in order to combat the economic constraints it identified. These categories will also be elaborated on in the later stage of the research.

## **6. Division of Chapters**

As means to examine the role of epistemic communities in South Africa's trade policy evolution, the present research report is divided into five chapters. Prior to the chapters an introductory of the research is provided. The first chapter provides a conceptual framework and methodology of the research. The framework of the research falls under the broad umbrella of Epistemic Communities. However the research also applies Sikkink's and Keck's understanding of the mechanisms of persuasion where policy coordination is concerned, for example information, leverage, symbolic and accountability politics.<sup>21</sup> The second chapter provides a brief background discussion on South Africa's pre-1994 trade policy. It includes a

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<sup>18</sup> The Presidency of the Republic of South Africa "Accelerated and Shared Growth for South Africa", [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p. 2-6

<sup>19</sup> Loc Cit

<sup>20</sup> Loc Cit

<sup>21</sup> Sikkink, K. & Keck, M. , "Activists Beyond Borders", Cornell University Press, London, 1998

discussion on the RDP. The chapter further discusses and makes analysis on the role of COSATU in the evolution of South Africa's trade policy. The third chapter is an in depth discussion of GEAR. It further discusses and analyses the role of the World Bank in South Africa's trade policy. The fourth chapter gives a detailed discussion and analysis of AsgiSA and the role that the government played in its origins and implementation. It also discusses the role of epistemic communities in this policy.

Meanwhile, the fifth chapter is an analysis of the hypothesis and a comparison of all policies and epistemic communities that took part in the adoption of the policies. This chapter illustrates the power of epistemic communities in convincing the South African government to adopt the proposed trade policy. The influential role which these communities played is acknowledged. It is in this chapter that it will be evident that the government of South Africa was influenced to change South Africa's trade policy. The chapter also analyses the evolved role of the government in South Africa's trade policy, particularly after a decade of being lobbied by epistemic communities. It shows how the government has recognized the importance of these communities but also its leadership role in policy making the process. Lastly the research concludes by summarising the chapters; it discusses the balance between concept and practice discussed in the research, providing further recommendations for further research on the hypothesis.

## **Chapter 1**

### **Conceptual Framework and Methodology**

#### **1. Introduction**

This chapter discusses the conceptual framework of the research report and its methodology. The research draws on theoretical insights of how epistemic communities can influence policy outcomes. The present research is located under the broad umbrella of the concept of epistemic communities it however uses the model developed by Sikkink and Keck to illustrate how these communities influenced trade policy evolution in South Africa. This model is a criterion based on four mechanisms of political change; information, leverage, symbolic and accountability politics.<sup>22</sup> These mechanisms are used here because they embody a clear structure that epistemic communities use to coordinate policy.

#### **2. Epistemic Communities and the Mechanisms of Change**

Epistemic comes from the word epistemology which means knowledge, on the other hand community is a group of people that share the same values and principles about certain issues. They do not always agree on the shared values and principles, but there is consensus reached concerning the shared principles and values. Therefore, the conceptual framework simply refers to knowledge groups that share values and principles on certain issues. Haas defines an epistemic community as “a network of knowledge –based experts or groups with an authoritative claim to policy-relevant knowledge within the domain of their expertise. Members hold a common set of causal beliefs and share notions of validity based on internally defined criteria evaluation, common policy projects, shared and normative

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<sup>22</sup> Sikkink, K. & Keck, M. , “Activists Beyond Borders”, Cornell University Press, London, 1998

communities”.<sup>23</sup> Epistemic communities are knowledge groups that decision makers draw from for insight in contexts of uncertainty. These communities exist nationally and internationally, and on both these levels they attempt to lobby the government to adopt their proposed positions.

In an illustration of how these epistemic communities play a role in policy coordination the research will draw from the literature by Sikkink and Keck. These two authors discuss transnational advocacy networks role in policy decision making processes. The literature on epistemic communities and transnational advocacy network is similar in the sense that it is a discussion on policy coordination. The research also makes use of the broad concept of epistemic communities because it encompasses different knowledge communities; communities which are nationally and internationally based which can also be governmental and evolutionary (independent from government).<sup>24</sup> The transnational advocacy network concept was not used for this research because its focus on networks and communities that are beyond the borders of a country did not fit with the research question. The concept of epistemic communities is better suited because of its focus on domestic and international communities that have played an important role in the evolution of South Africa’s trade policy. However, the research applies the Sikkink and Keck model because it is a useful structure as to how these communities influence policies that are then adopted by governments.

Sikkink and Keck provide four mechanisms used to influence policy making. Firstly, through information politics, epistemic communities use the information they have on certain issues

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<sup>23</sup> Haas, P.M., “Introduction: Epistemic Communities and International Policy Coordination”, in International Organization, Vol. 46, No.1, 1992, p.3

<sup>24</sup> Haas, P.M & Adler, E., “Conclusion: Epistemic Communities, World Order and the Creation of a Reflective Research “, in International Organization, Vol.46, No.1, 1992, p. 373-374

such as human rights issues to pressure states to act against human rights violations.<sup>25</sup> Secondly, through symbolic politics, knowledge experts use practical examples or images to highlight the importance of specific issues domestically and internationally. These examples or events become catalysts for change, particularly for policy adoption. Thirdly, through leverage politics, that is, when parties involved in policy coordination put pressure on each other, particularly on governments.<sup>26</sup> On the other hand weak anti-poverty epistemic communities might also put pressure on a government allowing small groups to have a voice in the making of policies that look to ameliorate poverty. However, powerful knowledge communities can also use leverage to pressure governments.<sup>27</sup> For example, the World Bank as a powerful international knowledge community can also put pressure on a government to adopt its policies, particularly trade policy.

Lastly, through accountability, this is an important concept that domestic and international communities and even governments use generally in politics. This term is normally used when a government or an organization is forced to act against a violation of some sort, for example against a violation of human rights. Hence, these communities pressure governments to be accountable to their people by making policies that will benefit the society as a whole. These different communities are able to lobby governments to change policies that have not yielded good results for the betterment of the society.<sup>28</sup> These are the central mechanisms that are discussed by Sikkink and Keck and applied by the knowledge communities to influence politics and policy making internationally and domestically.

This discourse brings about an interesting point on the role of epistemic communities in South Africa in this case the COSATU, the World Bank and the AsgiSA Task Force. All

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<sup>25</sup> Sikkink, K. & Keck, M. , “Activists Beyond Borders”, Cornell University Press, London, 1998,p.18-19

<sup>26</sup> Ibid..p.22

<sup>27</sup> Loc Cit

<sup>28</sup> Ibid..p.23

these expert groups have played a role in South Africa's trade policy change, having an influential say in the pursuit of development.

### **3. Methodology**

The research will make use of a qualitative case study approach. The research will rely on primary and secondary material such as published government documents, scholarly journals and newspaper articles on the COSATU, the World Bank and the AsgiSA Task Force and their role in South Africa's trade policy. The primary materials, namely government documents on RDP, GEAR and ASGI-SA will be accessed from government internet sites, that is , the Presidency site. Secondary materials will be accessed from the existing academic and journalistic literature. The case study method will allow the research to understand the distinctiveness of the case study and the uniqueness of the processes being investigated in terms of the relationship between epistemic communities and trade policy.<sup>29</sup>

The research will use COSATU documents by finding people who are members of the trade union who can access the documents with ease. This is because COSATU documents can only be accessed if you are a registered member of the trade union. Therefore, this will be done first by approaching prominent South African Student Association (SASCO) members at the University of the Witwatersrand who have access to COSATU members and possibly COSATU documents on trade policy, particularly the RDP. The research also makes use of information from the South African Department of Trade and Industry and World Bank websites.

Bennett and George discuss methodological approaches to research, namely the case study, statistical and formal model approach. However, for the purpose of this research, the case study methodological approach will be the focus. The authors explain the case study

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<sup>29</sup> Simons, H., "Case Study Research in Practice", SAGE publications , London,2009, p.4

approach as “the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalised to other events...”.<sup>30</sup> Drawing from the above mentioned explanation, it is evident that the case study approach has both strengths and weaknesses. George and Bennett engage in a number of weaknesses on the case study method, however this chapter will only discuss two of these weaknesses. In this manner, one of the main weaknesses is the case study’s approach on a small versus a large number of cases/events. This is mainly a weakness because in comparison to the statistical approach, which focuses on a larger scale, its result can be applied to an unlimited number of cases.<sup>31</sup> Hence, case study research according to George and Bennett “should not make claims that their findings are applicable to such populations (diverse populations) except in contingent ways”.<sup>32</sup>

Another weakness is that case studies cannot make a conclusion with confidence on how a variable affects an outcome in a specific case. The case study method can identify the broader scope of how a variable can affect an outcome in a case, for example this method can tentatively conclude that democracy causes conflict maybe in the DRC. However, this method cannot confidently conclude that democracy causes conflict in other countries that have been prone to conflict.<sup>33</sup> Hence, a conclusion can be made based on one case study, however findings cannot be applied more generally. Case studies are helpful in testing hypothesis and particularly useful for theory development, allowing a researcher to test the validity of a theory or a concept only case by case..<sup>34</sup>

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<sup>30</sup> Bennett, A. & George A., “Case Studies and Theory Development in Social Sciences”, MIT, London, 2005, p.5

<sup>31</sup> *Ibid.* p.17

<sup>32</sup> *Ibid.* p.30-31

<sup>33</sup> *Ibid.* p.25

<sup>34</sup> Bennett, A. & George A., “Case Studies and Theory Development in Social Sciences”, MIT, London, 2005, p.19

The case study analysis method will apply the process tracing method; this method will assist the research to make a clear link between the roles of epistemic communities and their influence in South Africa's trade policy. According to Falleti, process tracing “investigates and explains the decision process by which various initial conditions are translated into outcomes”.<sup>35</sup> Hence the method will be used to trace the decisions that were made or events that took place in leading to trade policy changes in South Africa.

The conceptual framework will assist in addressing the main research objective: how knowledge experts have influenced the change in South Africa's trade policy. It will also address the hypothesis of this paper, that epistemic communities played an integral role in the evolution of South Africa's trade policy and that they have further prompted the government to take a more leading role in decision making where policy coordination is concerned.

The government has been pushed by these epistemic groups concerning specific policies that feed into their norms and values independently. By exploring the roles of the above mentioned knowledge groups in trade policy it will help us elucidate how South Africa's trade policy has been shaped by the growing pressures from epistemic communities, (namely the World Bank, COSATU and later the AsgiSA Task Force). Hence, the epistemic communities conceptual framework will be used to answer the research question and prove the validity of the hypothesis.

#### **4. Conclusion**

This chapter provided the methodology and conceptual framework that will be used to guide the discussions and analysis throughout the research. This chapter briefly discussed the conceptual framework and how it fits into the whole body of research, and in that manner how this research fits into this broad concept. This chapter highlighted how the COSATU,

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<sup>35</sup> Falleti, T.G, “Theory Guided Process-Tracing in Comparative Politics: Something Old, Something New”, <http://www.polisci.upenn.edu/~falleti/Falleti-CP-APSANewsletter06-TGPT.pdf>, accessed 13/10/2010,p.1



World Bank and the AsgiSA Task Force fit into the conceptual frame. It also briefly discussed how these communities played an important role in the evolution of South Africa's trade policy. For this effect the application of the Sikkink and Keck mechanisms of change are quite useful because they are specific criterions of how this important role is fulfilled. In conclusion this chapter is a foundation for the research, which contributes to the knowledge of epistemic communities' role in International Relations.

## **Chapter 2**

### **The Reconstruction and Development Programme (RDP) and the Congress of South**

#### **African Trade Unions (COSATU)**

##### **1. Introduction**

South Africa's trade policy has been structured by different actors in the domestic and international arena. The chapter is a discussion and analysis of the role of the Congress of South African Trade Unions (COSATU) in calling for the implementation of the Reconstruction and Development Programme (RDP) in South Africa. For this purpose I have made use of the four mechanisms of persuasion and change (information politics, leverage politics, symbolic politics and accountability politics) by Sikkink and Keck discussed above is made.<sup>36</sup>

These mechanisms are used by domestic and international epistemic communities to lobby for change, particularly policy change.<sup>37</sup> This chapter relies on primary material collected from the COSATU House located in Braamfontein, and also provides a historical background of the COSATU and the RDP, illustrating how the four mechanisms were used for the adoption of the RDP. Finally, this part of the research also discusses how COSATU attempted to prevent the replacement of the RDP by other policy proposals in 1996.

##### **2. The Congress of South African Trade Unions (COSATU) and South Africa's Trade Policy: The case study of the Reconstruction and Development Programme (RDP).**

The Congress of South African Trade Unions (COSATU) is a federation of trade unions that represents over 1 million workers across the country. In its launch in December 1985 it was

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<sup>36</sup> Sikkink, K. & Keck, M. , "Activists Beyond Borders", Cornell University Press, London, 1998, p. 18-23

<sup>37</sup> Loc Cit

geared towards seeing a democratic, non-racial and non-sexist South Africa, particularly in the workplace.<sup>38</sup>

This aim came to light in the 1990s which marked a period of great transformation, a period presenting democratic change and most importantly it was a policy making era for the COSATU. During that period the Economic Policy for a Post-Apartheid South Africa workshop was launched. Its main focus was to build a sustainable relationship between growth and democracy particularly because of the democratic transition that was to come. COSATU's motivation for this workshop was based on the reduction of poverty and suffering. It was in 1992 during a workshop that a development framework based on six pillars was established: Principles of Economic Policy, Redistribution, Industrial Policy, and Role of the State, Building Workers Power, and Southern Africa.<sup>39</sup>

These six principles formed the bases of the MERG report, which was launched during the workshop. The MERG report was a stipulation of areas of understanding between the African National Congress (ANC) and the COSATU where economic growth was concerned. This report was compiled by the Macroeconomic Research Group (MERG) on behalf of the ANC and its findings were published in 1993 (*Making Democracy work: A Framework for Macroeconomic Policy in South Africa*). The areas of understanding which the report was composed of are macroeconomic policy, labour market policy, the role of the state and social and economic infrastructure.<sup>40</sup> However, the ANC leadership did not accept the MERG report because of the ideological changes that were taking place. Instead as an aftermath of this

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<sup>38</sup> COSATU, "Brief History of COSATU", <http://www.cosatu.org.za/show.php?include=docs/intropages/2009/webcont0709.html>, accessed 06 December 2010

<sup>39</sup> COSATU, "A Growth Path Towards Full Employment: A Policy Perspective of the Congress of South African Trade Unions", Draft Discussion Document, 11 September 2010, p.5

<sup>40</sup> Natrass, N. , "Politics and Economics in ANC Economic Policy", in *African Affairs*, Vol. 93, 1994, p.350

report (in 1994) the RDP was introduced which was based on six pillars.<sup>41</sup> The RDP is grounded by the need for an integrated and sustainable programme, people-driven process seeking peace and security for all, promoting and striving for nation building, linking reconstruction and development in infrastructure and promoting democracy in South Africa.<sup>42</sup>

The COSATU's mission together with the ANC and the South African Communist Party (SACP) was to implement the RDP. However, the COSATU had a stronger sense of obligation for this socioeconomic policy to be implemented in South Africa. This is because it was concerned with addressing the inequalities of the past, particularly where economic and trade policies are concerned as they affect labourers. This chapter illustrates the specific role the COSATU played in implementing this policy by focusing on information, leverage, symbolic and accountability politics. However, it also illustrates the shortcomings of these mechanisms since the RDP was replaced by another economic policy.

## **2.1 Information Politics**

Information politics refers to the information used to put pressure on governments and influential actors to change policy. Epistemic communities use information politics to draw support for their cause. The COSATU too used information politics to argue for the implementation of its proposed policy. The COSATU presented evidence to the tripartite alliance (ANC, COSATU and the SACP) on why the RDP had to be the main economic policy in South Africa. This type of mechanism for change came through conferences, workshops and policy documents. However the chapter will only focus on the Freedom Charter and Harare Declaration because both carry the initial concerns and recommendations of the COSATU and the ANC for the new South Africa. The Charter also details the ideology

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<sup>41</sup> COSATU, "A Growth Path Towards Full Employment: A Policy Perspective of the Congress of South African Trade Unions", Draft Discussion Document, 11 September 2010, p. p.6

<sup>42</sup> Adelzadeh, A. & Padayachee V. , "The RDP White Paper: Reconstruction of a Development Vision?", in Transformation, Vol.25, 1994 p.3

of the ANC and the COSATU, and it is from this document that the COSATU draws the support of its arguments to date.<sup>43</sup> The Declaration is a set of recommendations that were submitted to the ANC and the COSATU for a post-apartheid South Africa. They were presented in Harare and they were adopted there, hence the name the Harare Declaration.<sup>44</sup> These documents are the most important for both the ANC and COSATU as they outline the founding ideology of the two. They also paved the way for documents composed after their endorsement. It is important to mention that the advocacy for this policy dates back from 1956 to the early 1990s.

The COSATU was and continues to be informed by the Freedom Charter in lobbying for the RDP. The Freedom Charter was produced in 1955 when it was ratified by the members of the Congress of the People (CoP), including the former President of the ANC the late Chief Albert Luthuli. The Charter was used by the COSATU to push for the adoption of the RDP. This was because it lamented the sentiments of the COSATU for a new democratic South Africa. The RDP also takes root from the Charter because the struggle for liberation of the country was made possible through its ideological implementation. It focused on the assumption that all people shall govern through democracy and that they shall share in the wealth of the country. It also emphasized that people who work on the land will have equal access to it, with special focus on security and human rights for all.<sup>45</sup>

The COSATU therefore took this document as a blueprint to draw up the RDP, so that it would be a policy that represents the needs of the people of South Africa. In this sense it looked to build a policy that would address issues discussed in the Charter of correcting the wrongs of the past. The principles of the RDP are therefore adopted from the Charter, which

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<sup>43</sup> Nattrass, N. , “Politics and Economics in ANC Economic Policy”, in *African Affairs*, Vol. 93, 1994, p.344

<sup>44</sup> Harare Declaration, “Workshop on Economic Policy for a Post—Apartheid South Africa”, Harare, 28th April-1<sup>st</sup> May 1990, p.1

<sup>45</sup> Freedom Charter , <http://scnc.ukzn.ac.za/doc/HIST/freedomchart/freedomch.html>, 1955

was agreed upon and ratified by the CoP, which the ANC was a member.<sup>46</sup> Hence, the RDP stood as a reminder to the ANC of the commitment it made when it ratified the Freedom Charter. The significance of the Charter to the ANC gave grounds for the adoption of the RDP. Therefore the ANC was then persuaded by using the Freedom Charter to adopt the RDP and it became the socioeconomic policy of the new democratic South Africa.

Not only was the Freedom Charter an informer of the COSATU and ultimately the RDP, but a number of conferences and workshops were convened to advocate for RDP and its implementation. One of the first workshops which produced the Harare Declaration was the workshop on Economic Policy for a Post-Apartheid South Africa. This workshop was based on six pillars that would later inform the implementation of the RDP. This is what namely became the growth path for a democratic non-racial South Africa: industrial re-structuring, mining, agriculture, labour and human resource development and basic goods and services.<sup>47</sup>

Growth in pre-democratic South Africa was not based on equal distribution since wealth was located in the hands of the few elite. Hence because of this, the needs of the majority of South Africans were not met and this was expressed in the Harare Declaration. More specifically, in the case of the COSATU the needs of the workers were not met either and it was the same workers who were part of the majority of the population. Hence, a proposal in the form of the declaration to restructure the economy was made so that there would be an increase in employment and an equal distribution of wealth. This restructuring required a non-racial democratic state that would lead and facilitate the implementation of a mixed economy. This economy would comprise of the ownership of wealth by private groups, the state, and the

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<sup>46</sup> COSATU, “NUMSA Central Committee Meeting”, <http://www.cosatu.org.za/show.php?include=docs/cosatu2day/2010/pr1209.html&ID=4366&cat=COSATU%20Today> , December 2010

<sup>47</sup> Harare Declaration, “Workshop on Economic Policy for a Post—Apartheid South Africa”, Harare, 28th April-1<sup>st</sup> May 1990

workers.<sup>48</sup> According to the Harare declaration South Africa suffered from macro-economic differences such as the balance of payment deficits which contributed to the economic crisis that South Africa experienced. This particular crisis was caused by macro-economic imbalances which led to discomfoting conditions of living for the people of South Africa, in particular for the majority who were working in factories and mines or mostly unemployed. Hence, it was evident that these economic policies did not push for economic development. Because of this it was important that the soon to be government introduced policies that would consider economic growth which would positively affect the lives of most South Africans.<sup>49</sup>

The policy that would be implemented according to COSATU's Harare Declaration would allow the state to allocate its budget accordingly without borrowing money from international financial institutions such as the International Monetary Fund (IMF).<sup>50</sup> Capital would be used for state development in areas such as education, housing and health; all areas which only the privileged minority had access to. Among the important aspects that were discussed in the declaration which informed the RDP was the nationalization of privatized state assets. This process would work towards the interests of the people of South Africa not the few elites or a large bureaucracy.<sup>51</sup> Hence informed by the Freedom Charter and the Harare Declaration allowed the COSATU to push for the implementation of the RDP policy by the ANC after the democratic elections of 1994.

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<sup>48</sup> Loc Cit

<sup>49</sup> Ibid. p.2

<sup>50</sup> Loc Cit

<sup>51</sup> Ibid. p.3

## **2.2 Leverage Politics**

Leverage politics played an integral role in RDP implementation. This was through COSATU's tripartite alliance with the ANC and SACP. This relationship has grown to be a complex one because of increasing difference of opinions from all three parties.<sup>52</sup> However, the RDP gained momentum because of the relationship between the three particularly between the ANC and the COSATU. The COSATU used workshops and its bilateral consultations with the ANC to advocate for the RDP. The bilateral consultations were more evident during and after the RDP period. The COSATU had a stronger relationship with the ANC because it believed that the ANC government would bring to reality the kind of state discussed in the Harare Declaration.<sup>53</sup>

While the ANC focused on a rainbow nation state (a state that is characterized by the diversity of races, cultures, languages and tribes). The COSATU was more interested in catering to the needs of the workers, which were the needs of a black majority. Hence, a strong alliance with the ANC would give the COSATU leverage to pressure it in adopting the RDP. The pressure was an enormous one because the ANC realized the amount of power the COSATU had through the workers.<sup>54</sup>

The COSATU had influential power, it was able to steer the workers into consenting to whatever recommendations the trade union brought forth. Through an illustration of how the workers would be positively or negatively affected by economic policy decisions made by the ANC. As mentioned, the COSATU is a federation of unions hence its influence had the possibility of bringing the ANC to ruin if tensions rose beyond control. The ANC and the COSATU knew it was important to strengthen this relationship because both benefited from

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<sup>52</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, 28-29

<sup>53</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, 28-29

<sup>54</sup> Loc Cit



it. The ANC received support from the COSATU which was supported by the majority of the population. While on the other hand the COSATU had to strengthen the relationship because the ANC was the key vehicle for the implementation of the RDP.<sup>55</sup>

Hence, the COSATU used its relationship with the ANC to see the adoption of the RDP. In September of 1993 the COSATU called for a special national congress where the main agenda was the discussion and adoption of the RDP. The COSATU used leverage politics to push for the RDP to be implemented. It was only after a number of revisions that the policy was adopted. This was done because the ANC's vision was to be a government that would accommodate everyone, including the private business.<sup>56</sup> Hence, the revisions were done because the business sector had to be included in the policy considerations.<sup>57</sup> The adoption of this policy was also an ANC strategy to lay the proper foundations for the upcoming elections of April 1994. However, after the ANC won the majority of votes tensions emerged and the ANC realized that it could not transform South Africa into a state whose ideology resembled that of the Soviet Union, a socialist state.<sup>58</sup>

COSATU put enormous, and successful, pressure on the ANC because the RDP existed from 1994 until early 1996. The ANC's discomfort meant that it had to do everything possible to fulfil the needs of the workers and the unemployed for the sake of the 1994 elections.<sup>59</sup> The ANC started to change its tune after the return of Nelson Mandela attending the World Economic Forum in Davos, Switzerland in 1992. He was advised by capitalist supporters that nationalization was not an appropriate strategy for the country's economic policy. They argued that South Africa would not be able to have relationships with leading economies of

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<sup>55</sup> Loc Cit

<sup>56</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 76

<sup>57</sup> Loc Cit

<sup>58</sup> Visser, W, "Shifting RDP into GEAR: The ANC Government's dilemma in providing an equitable system of social security for the new South Africa",

[http://sun025.sun.ac.za/portal/page/portal/Arts/Departement1/geskiedenis/docs/rdp\\_into\\_gear.pdf](http://sun025.sun.ac.za/portal/page/portal/Arts/Departement1/geskiedenis/docs/rdp_into_gear.pdf), 2004,p.6

<sup>59</sup> Loc Cit

the world because it would still be seen as backward in its understanding of world economics.<sup>60</sup> This led to private economic talks which excluded the COSATU and the SACP and angered both. The private talks allowed Mbeki and his team a free hand in order to make economic policy decisions without consulting the rest of the alliance.<sup>61</sup>

As a result the COSATU declared that the trade unions will not be controlled by anyone, including the ANC. In 1991 the COSATU spoke against what they saw as strategies by Mbeki to control the trade unions by enforcing capitalist practices instead of socialism.<sup>62</sup> In 1996 the COSATU started to critically question the progress of the RDP. This was mainly a result of there being two groups in the ANC: one who was still pushing for the continuance of the RDP, while the other group was advocating for a new way of facilitating the economy. The latter lobbied for neo-liberal strategies that were opposite to that of the RDP. Therefore, COSATU began to make threats of protest; particularly relevant in this regard was the alliance summit which took place in 1997. This summit took place after the ANC sidelined RDP by implementing the GEAR. The COSATU continues to disagree with the ANC to date. This is evident through annual protests that signify its discontent with the policies and strategies of the ANC, particularly where workers are concerned.<sup>63</sup>

Hence, COSATU used its relationship with the ANC and SACP to call for RDP, which saw its existence only for a short while. It also continued to use its position as the member of the tripartite alliance to try to persuade the ruling government to readopt the RDP to date by launching annual protests. However the ANC under the auspices of Thabo Mbeki fully implemented GEAR. This illustrates that the COSATU had influence in advocating for the adoption of the RDP. However its influence was not strong enough to pressure the ruling

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<sup>60</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 70

<sup>61</sup> Ibid., p.75

<sup>62</sup> Loc Cit

<sup>63</sup> Bassett C, "Electoral Illusion: COSATU and the ANC", in South Africa Report Archive, Vol.14, No.3, 1999,p. 3

party to keep the RDP beyond its short-lived period (1994-early 1996). The division within the ANC and the abandoning of RDP for GEAR is still a contested issue to this day, and at the core of the annual protest by the COSATU.

It is also evident through the notices that the COSATU serves the ruling party through the National Economic Development and Labour Council (Nedlac) to which the COSATU is a constituency.<sup>64</sup> Nedlac is a platform that brings the government, organized labour and business groups to discuss and reach a consensus on disputed economic and social issues and policy.<sup>65</sup> Even though COSATU had power to influence policy to be implemented, it was not efficient to maintain the policy, and continues to contest the approval of GEAR over the RDP.

### **2.3 Symbolic Politics**

COSATU's reasoning is also informed by symbolic politics through ideology. Therefore using symbolic politics was only natural to this trade union to persuade the ruling party to adopt the RDP. There are two visible symbols that COSATU relied on for the ruling party to adopt the RDP: firstly the Soviet Union as a socialist state.<sup>66</sup> Secondly, it used its logo to portray the conditions which the workers found themselves working under.<sup>67</sup>

The making of the political, economic and social system of the Soviet Union was symbolic on how the COSATU envision South Africa after the adoption of the RDP. The Soviet Union was a state whose ideology was socialism and the COSATU saw the Soviet Union as a perfect example of the application of this ideology.<sup>68</sup> This was because the former Soviet

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<sup>64</sup> National Economic Development and Labour Council (Nedlac), <http://www.nedlac.org.za/about-us/the-workings.aspx>, date accessed 23 December 2010

<sup>65</sup> Loc Cit

<sup>66</sup> Erwin, A., "An Economic Policy Framework: First Draft", COSATU, 1990, p.1

<sup>67</sup> COSATU, "Brief History of the COSATU", <http://www.cosatu.org.za/show.php?include=docs/intropages/2009/webcont0709.html>, date accessed 17 December 2010

<sup>68</sup> Erwin, A., "An Economic Policy Framework: First Draft", COSATU, 1990, p.1-4

Union was a socialist, anti-capitalist country. Therefore, COSATU saw South Africa's struggle against apartheid/capitalism as similar to that of the Soviet Union. In this particular narrative socialism was the only transformative alternative for the country.<sup>69</sup> The crux of the COSATU symbolic mechanism for change became socialism, as it had been implemented in the Soviet Union. In this manner it was this ideology that was used as motivation for change.<sup>70</sup> COSATU and the SACP believed (and still do) that the wealth of the country should be equally distributed to the people, contrary to its historic allocation in the hands of the white minority during the apartheid era.<sup>71</sup> The Soviet Union ascription to socialism is best described by Berki as, "ideals, values, properties of what is often called the socialist 'vision,'"<sup>72</sup> and as "empirical features of social and political institutions which are supposed concretely to embody the vision".<sup>73</sup> It is this Soviet version of socialism which COSATU desired to see in the new South Africa.

Socialism is an ideology that is in sharp contrast and even opposition to capitalism. The central socialist ideological crux is based on the communal ownership of wealth. In capitalism the economy is market owned, the state plays a minimal explicit role, if any, in how the economy should be orientated.<sup>74</sup> While Socialism does not advocate that the economy is controlled by an entity, the market or the state, it does argue for the equal ownership of wealth.<sup>75</sup> It is this socialism that COSATU advocates for under the leadership of the SACP, although always maintaining its focus of improving the conditions of the workers with special focus on safety, ownership of wealth and wage increases.<sup>76</sup>

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<sup>69</sup> Ibid. p.2

<sup>70</sup> Erwin, A., "An Economic Policy Framework: First Draft", COSATU, 1990, P.1

<sup>71</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, p.29

<sup>72</sup> Berki, R.N., "Socialism", J.M Dent & Sons LTD, London, 1975, p.9

<sup>73</sup> Loc Cit

<sup>74</sup> Loc Cit

<sup>75</sup> Erwin, A., "An Economic Policy Framework: First Draft", COSATU, 1990, P.1-2

<sup>76</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, p.28-29

Socialist principles such as public ownership of wealth, freedom, equality and the end of poverty therefore have been an important aspect of symbolic politics in terms of implementing the RDP.<sup>77</sup> This is because the RDP as a socio-economic policy focuses primarily on the well-being of the people, which translate to them receiving public services, the government providing houses and the systematic creation of labour opportunities.<sup>78</sup> Socialism also takes interest in the well-being of the people, particularly in the labour sector, complementing COSATU's own special concern with improving the status and livelihood of workers. COSATU strongly advocated that workers should work in safe conditions and be rewarded with at the very least a national minimum wage. To this effect socialism challenges the government on varying levels, including that of unemployment, arguing that the government should create a platform to address it.<sup>79</sup>

Hence based on these socialist principles COSATU believes in “securing social and economic justice for all workers. Understanding how the economy of the country affects workers and formulating clear policies on how the economy should be restructured in the interests of the working class”.<sup>80</sup> It was these socialist aims, which look to benefit the working class, which informed the RDP.

The RDP, however, does not only focus on the rights of the working class as the COSATU does. Rather, it encapsulates the society as a whole, focusing on the issues that affect society members at all levels, such as housing, education and wages, to name a few.<sup>81</sup> Hence, the COSATU used the then Soviet Union as a symbolic tool to express how South Africa could

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<sup>77</sup> Berki, R.N., “Socialism”, J.M Dent & Sons LTD, London, 1975, p.9

<sup>78</sup> Knight, R., “South Africa: Economic Policy and Development”, <http://richardknight.homestead.com/files/sisaconomy.htm>, July 2001.

<sup>79</sup> America History, “Socialist Party Platform”, <http://www.bobsuniverse.com/BWAH/27-Taft/19120512a.pdf>, 12 May 1912, p. 3

<sup>80</sup> COSATU Constitution, <http://www.marxists.org/subject/africa/cosatu/constitution.htm>, accessed 9<sup>th</sup> December 2010

<sup>81</sup> Knight, R., “South Africa: Economic Policy and Development”, <http://richardknight.homestead.com/files/sisaconomy.htm>, July 2001.

be if the RDP was truly implemented. Socialism as foundation of a socio-economic policy was lobbied for by the COSATU, and through it the RDP came into existence.<sup>82</sup>

This ideology according to Berki's understanding simply refers to values and institutions, values of liberation, unity, communal living, equality, classless society, social justice, peace, absence of exploitation and poverty. This ideology is geared towards a utopian vision where there is unlimited utility. Institutionally it promotes the absence of capitalist private institutions since they are seen as exploitative. Rather socialism prefers that the organization of the economic activity must be publicly owned, meaning the public should own the means of production; a significant difference from a capitalist ideology.<sup>83</sup> Hence, the COSATU pushes for, and sees, socialism as a better alternative to capitalism. The main Soviet socialist attractions for COSATU were the ownership of wealth by the public, having a classless society, and the absence of poverty and exploitation. It was through the introduction of the socioeconomic policy (RDP) that these attributes would flourish.

Some authors such as Visser have argued that the RDP was implemented to appease the majority because of the elections of 1994. The ANC under the leadership of Thabo Mbeki did not see a need for the RDP after the ANC was entering its second phase of leadership as the ruling party in South Africa.<sup>84</sup> The concern however was that of South Africa becoming a socialist state. This was a problem because according to socialism the public (that is, the workers) would have the ownership of wealth on the merit that they contribute effectively to the growth of the economy.<sup>85</sup> It was granted by liberalist supporters that the workers primarily do contribute to the growth of the economy, however if South Africa became a socialist state it would have been stuck in a past economic age. This is because the global

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<sup>82</sup> Erwin, A., "An Economic Policy Framework: First Draft", COSATU, 1990, P.1

<sup>83</sup> Berki, R.N., "Socialism", J.M Dent & Sons LTD, London, 1975, p.9

<sup>84</sup> Visser, W, "Shifting RDP into GEAR: The ANC Government's dilemma in providing an equitable system of social security for the new South Africa",

[http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp\\_into\\_gear.pdf](http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp_into_gear.pdf), 2004, p.8

<sup>85</sup> Berki, R.N., "Socialism", J.M Dent & Sons LTD, London, 1975, p.9

economy by 1994 was dominated by capitalism. Hence, having economic relations with other states was going to be an obstacle because of the interdependent economies globally through multinational co-operations. There was no room for an economy in the international system that would be based on socialism by 1994. Therefore, this posed as a big challenge for South Africa to implement and maintain the RDP as a national economic policy of the country.<sup>86</sup>

Another symbol that the COSATU used to put pressure on the government in 1994 was its image.



The image is from the COSATU website

Its image represents the hard conditions that the majority of the population who are workers, go through. The slogan used also had strong symbolic connotations “An Injury to one is an Injury to all”.<sup>87</sup> This image and slogan symbolized social justice, unity and the firm idea that the COSATU will continue to fight, specifically, for the rights and liberation of the workers and more broadly the black majority of South Africans. This image illustrated that the COSATU wanted what was best for the people of South Africa:

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<sup>86</sup> Gumede, W.M., “Thabo Mbeki and the Battle for the soul of the ANC”, Zebra Press, 2005, p. 70

<sup>87</sup> COSATU, “Brief History of the COSATU”,

<http://www.cosatu.org.za/show.php?include=docs/intropages/2009/webcont0709.html>, date accessed 17 December 2010

“The wheel represents the economy. The workers who drive the economy and the woman with a baby representing the triple challenges of economic exploitation, racial and gender oppression. The colours, Red flag for the working class, Black for the struggle against racial oppression by the black majority, and Gold for the wealth of South Africa. The slogan of an injury to one is an injury to all` is about the vision of social solidarity that binds the working class”.<sup>88</sup>

This logo was used to advocate for the adoption of the RDP and this is evident in the six principles of the RDP mentioned earlier. The logo of the COSATU worked in particular to promote the principles of a people-driven process and seeking peace and security for all. The image of the workers who drive the wheel illustrates that the people are part of the economic process and should continue to be part of that process through the RDP. The workers pushing the wheel also illustrate that the economy grows because of the sweat and strength that is put in by those workers. Therefore, according to this symbolic expression excluding the workers from the economic process would have negative impacts to the growth of the economy.<sup>89</sup>

The RDP therefore, provides the best platform for workers to participate in the economy and for their contribution to be acknowledged. The logo also puts special focus on seeking peace and security for all, particularly for black women who have faced economic exploitation, as well as, race and gender oppression under the apartheid regime. The logo pushed for the RDP to correct the wrongs of the past by granting equal opportunities to the black majority that had been historically excluded by the white minority in the past regime. It was assumed that

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<sup>88</sup> *Loc Cit*

<sup>89</sup> COSATU, “Brief History of the COSATU”, <http://www.cosatu.org.za/show.php?include=docs/intropages/2009/webcont0709.html>, date accessed 17 December 2010



adopting this socio-economic policy would give the black majority opportunities and South Africa would become a non-sexist and non-racist nation.<sup>90</sup>

However, COSATU's advocacy for ANC to readopt RDP illustrates that the objectives of the COSATU through the RDP were not fully met. This questions the principles of the RDP which are assumed to be the fundamental principles of the macroeconomic policy that replaced the RDP, which is GEAR.<sup>91</sup> It also illustrates the weakness of the symbolic mechanism because even though COSATU still uses its logo to pressure for readopting of the RDP, the South African government has not shown any interest in adopting the policy again. Hence, through this mechanism the COSATU was able to push for the adoption of the RDP. However it failed to pressure the government of South Africa to continue with this policy and develop it further for the purpose of a socialist South Africa according to its vision.

#### **2.4 Accountability Politics**

Accountability is a term mostly used in politics, and mainly associated with democracy and good governance. As mentioned above epistemic communities use accountability to persuade governments and international organizations to change or adopt suggested policies. In other cases these communities use accountability to persuade multinational co-operations to take responsibility for their actions towards society.<sup>92</sup> COSATU used accountability politics to put pressure on the alliance to adopt the RDP. This was done through tripartite and bilateral consultative meetings and its notices to the National Economic Development and Labour Council (Nedlac).<sup>93</sup>

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<sup>90</sup> African National Congress, "Discussion Documents: The core values of the RDP", <http://www.anc.org.za/2345>, 1 July 1997

<sup>91</sup> Knight, R., "South Africa: Economic Policy and Development", <http://richardknight.homestead.com/files/sisaconomy.htm>, July 2001

<sup>92</sup> Sikkink, K. & Keck, M., "Activists Beyond Borders", Cornell University Press, London, 1998, p. 18-23

<sup>93</sup> National Economic Development and Labour Council (Nedlac), <http://www.nedlac.org.za/about-us/the-workings.aspx>, date accessed 23 December 2010.

These consultative meetings were prior to the implementation of RDP, such as the special national congress that the COSATU called in 1993 where RDP was adopted.<sup>94</sup> COSATU's use of symbolic politics, particularly its logo as part of accountability politics was effective until 1996. The logo of the COSATU was again used as a reminder of the past pains and struggles of the black majority. It was used to remind the ANC that it had a responsibility to address the wrongs of the past. The party was also reminded that it had to acknowledge the major contributors to the economy, the black majority of workers.<sup>95</sup>

Hence, when the RDP was implemented it was because the ANC felt a sense of responsibility towards the black majority. However the slight changes to the policy in an attempt to accommodate the white minority illustrated that the ANC felt responsible towards the whole population of the country, and not only the black majority.<sup>96</sup> The COSATU continued to pressure the ANC more after the RDP was replaced by GEAR and as mentioned above this was to be done through serving notices on Nedlac. The notices threatened to launch annual protests as reminders of the responsibility the ANC has towards the people of South Africa and particularly the workers (for example COSATU put a notice on Nedlac threatening to protest against privatization in general and planned privatization of municipal services in 1998).<sup>97</sup>

This notice was aimed directly at GEAR because GEAR adheres to privatization of state enterprises. The COSATU saw that privatization would, particularly of municipal services, negatively affect the population of South Africa. This is because municipal services are also

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<sup>94</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 76

<sup>95</sup> COSATU, "Brief History of the COSATU", <http://www.cosatu.org.za/show.php?include=docs/intropages/2009/webcont0709.html>, date accessed 17 December 2010

<sup>96</sup> Visser, W, "Shifting RDP into GEAR: The ANC Government's dilemma in providing an equitable system of social security for the new South Africa", [http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp\\_into\\_gear.pdf](http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp_into_gear.pdf), 2004, p. 4-6

<sup>97</sup> National Economic Development and Labour Council, "Section 77 Notices", <http://www.nedlac.org.za/section-77/archived-notices/municipal-services.aspx>, 1998.

government services and the people of South Africa would no longer receive those services for free. This is evident to date where water has to be bought and can no longer be obtained freely.<sup>98</sup> The outcome of the notice was not favourable to the COSATU, and this is evident in almost every threat (and actual) protest that COSATU has embarked on.<sup>99</sup> A particular example of this conundrum occurred in 2010 when COSATU and its members embarked on a protest against low wages, allowed according to section 77(1)(b) of the Labour Relations Act. Workers are allowed to protest in promotion of their social and economic interests.<sup>100</sup> This protest lasted almost one month, the state was unwilling to succumb to the demands of the union, and instead the union ended up accepting the state's offer.<sup>101</sup>

The threats to protest illustrate COSATU's desire to pressure the state to readopt the RDP as its cornerstone policy. The COSATU still advocates for a socialist state, where economic activities are people-driven, enjoying peace and security, with a particular emphasis in terms of enabling women. In this vision the state must recognize all people as equal and workers are also recognized as the major contributors to the growth of the economy. However, even though the COSATU annually protests the state does not succumb to the pressure, instead the COSATU accepts the terms of the state when it protects. The annual protests are meant to remind the ANC of the promises it made in the Freedom Charter and Harare Declaration. The COSATU was able to pressure the ANC through accountability politics only briefly, and ultimately GEAR was introduced in mid 1996 to replace RDP.<sup>102</sup>

Although COSATU still pressures the ruling government to readopt RDP through protests, it does not seem like the state is willing to convert South Africa into a socialist state. This is

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<sup>98</sup> Loc Cit

<sup>99</sup> Loc Cit

<sup>100</sup> Loc Cit

<sup>101</sup> BBC News Africa, "South African workers march in wage strike", <http://www.bbc.co.uk/news/world-africa-10928321>, 10 August 2010, p. 1

<sup>102</sup> Visser, W, "Shifting RDP into GEAR: The ANC Government's dilemma in providing an equitable system of social security for the new South Africa", [http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp\\_into\\_gear.pdf](http://sun025.sun.ac.za/portal/page/portal/Arts/Departementel/geskiedenis/docs/rdp_into_gear.pdf), 2004, p.8

evident through the complete change in policy in terms of GEAR replacing RDP, and how constitutively different one is from the other. GEAR brought an increase in privatization, which was and continues to be a problem for the trade unions because they argue that workers are not treated fairly. This policy also introduced cut in government expenditure between 1996 and 1999 which negatively affected service delivery particularly for the poor. The gap between the two is wide for supporters of macroeconomic strategies to assume RDP still exists in South Africa through GEAR.<sup>103</sup>

The image below illustrates the future projection of the COSATU with the macroeconomic policy (GEAR) in place instead of the RDP.



The image is from the COSATU's 6<sup>th</sup> National Congress Report from the September Commission

<sup>103</sup> Knight, R., "South Africa: Economic Policy and Development", <http://richardknight.homestead.com/files/sisaconomy.htm>, July 2001.

### **3. Conclusion**

COSATU played an integral role in the implementation of the RDP, using varying forms of influential mechanisms, such as information, leverage, symbolic and accountability politics. These instruments of change and persuasion were effective for the adoption of the policy of the RDP. They were however, ultimately, not effective in keeping it as a national policy to date because South Africa saw the introduction of a new macro-economic policy GEAR in 1996. Hence this ineffectiveness of the COSATU to pressure the ruling party to keep the policy questions its strength as an epistemic community that represents the majority of the needs of the people of South Africa, the workers. The conclusion is that the COSATU played an integral and effective role in economic policy making and implementation in South Africa before and during 1994. However, its ability to further influence the ANC to readopt the RDP beyond 1996 was and continues to be limited because of the ever evolving global economy and the national forces within.

## **Chapter 3**

### **The Growth, Employment and Reconstruction Strategy (GEAR) and the World Bank**

#### **1. Introduction**

The previous chapter illustrated the role that the COSATU played as a knowledge group in shaping South Africa's trade policy. This third chapter will illustrate the role the World Bank played in shaping South Africa's trade policy, through an analysis of GEAR as South Africa's new a macroeconomic policy. This chapter as well relies on the application of Sikkink's and Keck's mechanisms of persuasion: information, leverage, symbolic and accountability politics.<sup>104</sup> I aim to show that the World Bank played an influential role in the abandoning of the RDP and adopting GEAR in 1996 by the South African government. In order to do this, the chapter commences with a historical background of the World Bank and its macro-economic policy strategies, illustrating the link between the Bank's strategies and South Africa's GEAR, after which the aforementioned four mechanisms will be assessed in terms of their application to the adoption of GEAR.

#### **2. The World Bank and Macroeconomic strategies**

The 1980s was a period where most African states experienced a decline in economic growth. This decline was primarily due to corrupt leaders who used state funds to further their own personal gains.<sup>105</sup> The economic stagnation attracted attention from the international community, particularly the International Monetary Fund (IMF) and the World Bank. Hence

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<sup>104</sup> Sikkink, K. & Keck, M. , "Activists Beyond Borders", Cornell University Press, London, 1998, p. 18-23

<sup>105</sup> Collier, P. & Gunning, J., "Why has Africa grown slowly" in Journal of Economic Perspectives, Vol.13, No.3, 1999, p.3

in an attempt to improve the economic decline of Sub-Saharan African states the World Bank and IMF proposed Structural Adjustment Programmes (SAPs).<sup>106</sup>

These programmes were conditions set by the World Bank and IMF for states to qualify for international loans to pay off pre-existing debt. The policies required states to privatise their enterprises, liberalise trade, devalue their currencies against the dollar and cut social spending among a few.<sup>107</sup>

These programmes were implemented across the Sub-Saharan region, however; the perceived growth was not evident. Instead most Sub-Saharan African states further experienced extensive economic decline.<sup>108</sup> The World Bank was able to convince Sub-Saharan African states to adopt these programmes, with the exception of South Africa. However the government did implement a macroeconomic policy similar to the SAPs. In 1996, the new democratic government of South Africa replaced its socioeconomic policy RDP with a macroeconomic policy GEAR.<sup>109</sup>

The macroeconomic policy in South Africa was advocated for by the World Bank, IMF and neoliberal supporters such as the former president of South Africa Thabo Mbeki. The advocacy for GEAR occurred even before the RDP was implemented.<sup>110</sup> This policy was not the initial policy that was suggested by the ANC, but it later replaced a policy that was agreed upon by the ANC and its allies.<sup>111</sup> The World Bank's support for the implementation of GEAR can also be assessed through information, leverage, symbolic and accountability

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<sup>106</sup> World Bank Policy Report, "Adjustment in Africa: Reforms, Results and the Road ahead", World Bank and Oxford University Press, New York, 1994, p.17

<sup>107</sup> Whirled Bank Group, "Structural Adjustment", <http://www.whirledbank.org/development/sap.html>, date accessed 13 January 2011

<sup>108</sup> Shah, A., "Structural Adjustment-A major cause of poverty", in Global Issues, <http://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty>, 2010

<sup>109</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", *Commentary*, 1996, p. 66-67

<sup>110</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 70

<sup>111</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", *Commentary*, 1996, p. 66-67

politics to the degree that by 1996 it was evident that the Bank was successful in its advocacy.

## **2.1 Information politics**

The World Bank in its attempt was successful in convincing South Africa that macroeconomic policies were the best policies to be implemented for economic growth. The Bank was intrigued by the success seen through macroeconomic policies and concerned by the debt crisis that gripped African countries in the late 1970s. The World Bank argued the case for macroeconomic policies because of the debt that Sub-Saharan African countries had to pay back to the World Bank, governments and other commercial banks.<sup>112</sup>

The Bank was strongly informed, during this period, by the growing economic interdependency evident in the Western states, particularly in Europe. These states experienced economic growth because of macroeconomic policies. This was a strong argument which was used to convince the ANC government in South Africa to shift towards a more macroeconomic policy. The ANC wanted South Africa to be among the top economies in Africa and in the world and in that manner European economies embodied the vision the ANC had for South Africa. This shift in ANC policy was made readily evident after the former President Nelson Mandela attended the World Economic Forum (WEF), in Davos, Switzerland in February of 1992. Prior to attending the forum, Mandela was convinced that nationalisation was the best strategy for the economic growth of South Africa. However, in Davos, delegates who attended the forum argued that macroeconomic policies would be best for South Africa's economic development. They argued that South Africa would not fit into the growing interdependency of economies.<sup>113</sup> They further emphasised

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<sup>112</sup> World Bank Policy Report, "Adjustment in Africa: Reforms, Results and the Road ahead", World Bank and Oxford University Press, New York, 1994, p.17

<sup>113</sup> Sampson, A., "Mandela: The Authorized Biography", HarperCollins Publications, Johannesburg, 1999, p. 434-435



that nationalisation would isolate South Africa and no economy is capable of developing on its own.<sup>114</sup> Therefore South Africa had to abandon nationalisation and join the mainstream economies by implementing macroeconomic policies.

A major or key element was that delegates from the World Bank and other supporters of macroeconomic policies convinced Mandela that if South Africa implements nationalisation, there will not be foreign investment which was needed for economic growth.<sup>115</sup> They argued that since South Africa was experiencing a decline in economic growth with unemployment at its highest and there was a great need foreign investment.<sup>116</sup> On his return to South Africa during an ANC economic conference Mandela proposed the abandoning of nationalisation. This proposal was not welcomed, so this caused Mandela to withdraw his suggestion.<sup>117</sup> It was dominantly the COSATU and the SACP who rejected this suggestion because they still believed in the principles of the Freedom Charter which strongly advocated the nationalisation of economic enterprises.<sup>118</sup>

However, prospects of not having foreign investment in the country got the tripartite alliance thinking of ways to attract foreign capital without abandoning the principles of the Freedom Charter. It was in May 1992 when nationalization was officially abandoned and replaced with a more foreign investment friendly policy, the RDP.<sup>119</sup> This however was not the plan of the World Bank, since the World Bank's plan for South Africa was to completely adopt macroeconomic policies. Their argument to this effect is that since African countries are in great economic debt that needs to be repaid they must implement macroeconomic policies in

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<sup>114</sup> Loc Cit

<sup>115</sup> Loc Cit

<sup>116</sup> The World Bank Group, "South Africa: Stimulating Economic Growth", No.21, July 1994,p. 1-2

<sup>117</sup> Sampson, A., "Mandela: The Authorized Biography", HarperCollins Publications, Johannesburg, 1999, p. 435

<sup>118</sup> Loc Cit

<sup>119</sup> Hirson, B., "Nationalisation: A matter of Slogans",

<http://www.disa.ukzn.ac.za/webpages/DC/slaug92.7/slaug92.7.pdf>, p.79

the form of SAPs.<sup>120</sup> The growing economic interdependency argument was persuasive enough that it contributed to South Africa's implementation of GEAR as part of the macroeconomic policy advocated by the World Bank.

## **2.2 Leverage Politics**

The unpreparedness of the ANC became evident when it had to draw up an economic policy that had no association with nationalisation. The World Bank, the IMF and other international actors capitalised on this weakness. Economic leaders in the ANC were drawn into the World Bank's and IMF's head quarters for training in neo-liberal thinking. This further added to the financial leverage that the bank had over South Africa.<sup>121</sup> Among the economic leaders trained in orthodox liberalism by the World Bank, were Tito Mboweni and Trevor Manuel. The former later became the governor of the Reserve Bank and the latter became the Minister of Finance. These two became great supporters of macroeconomic policies together with Thabo Mbeki, who was also trained in orthodox liberalism.<sup>122</sup> Hence, the World Bank's network of leverage politics grew because not only did it use its financial power but it had influential people within the ANC who advocated for macroeconomic policies on its behalf. In addition to having influential allies within the ANC structure, the World Bank was able to mount a convincing argument that liberal economic policies would assist in the repaying the great debt accrued by the Apartheid government policies.<sup>123</sup>

The government of South Africa was influenced through the power that the Bank holds as the international loan giver, and thought it wise to take in the World Bank's economic advice. The government had to choose between holding on to the Freedom Charter and adopting a

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<sup>120</sup> Shah, A., "Structural Adjustment-A major cause of poverty", in Global Issues, <http://www.globalissues.org/article/3/structural-adjustment-a-major-cause-of-poverty>, 2010

<sup>121</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 72

<sup>122</sup> Ibid.p74

<sup>123</sup> Shah, A., "Causes for Debt Crisis", in Global Issues, <http://www.globalissues.org/article/29/causes-of-the-debt-crisis>, 2007

macroeconomic policy, but the latter made the most sense in terms of loan repayment and economic growth within the new international economic context. In this fashion the RDP was abandoned for GEAR. This kind of a relationship illustrates the nature of politics, both in a national and international context, in which those with greater power, resources and money control society.

### **2.3 Symbolic Politics**

The World Bank also used symbolic elements in its advocacy of pressuring South Africa to adopt macroeconomic strategies. It used case studies of Western states that were successful economically after implementing macroeconomic policies, although emphasizing how these states differed both in historical background and geographical situation from South Africa. Hence, a report was made to illustrate the positive outcomes of macroeconomic policies and negative effects of contrasting policies in Sub-Saharan Africa. This report was specifically focused on macroeconomic policies in the form of SAPs and why these policies were better suited for the continent. Success was captured in six states in Sub-Saharan Africa who implemented SAPs, while twenty nine had deteriorating economies. The success of these economies Ghana, Zimbabwe, Tanzania, Gambia, Burkina Faso and Nigeria was imperative in convincing South Africa to adopt a macroeconomic policy, even though it was not in a form of SAPs.<sup>124</sup> This was because South Africa suffered an economic decline from 1988 to 1993. It was this recession that caused the rise in unemployment and the decline in Gross Domestic Products (GDP).<sup>125</sup>

Therefore, the economies that were successful after the adoption of macroeconomic policies, helped sway South Africa to that direction and this was beneficial to the Bank. The argument

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<sup>124</sup> World Bank Policy Report, "Adjustment in Africa: Reforms, Results and the Road ahead", World Bank and Oxford University Press, New York, 1994, p.58-59

<sup>125</sup> The World Bank Group, "South Africa: Stimulating Economic Growth", No.21, July 1994,p. 1-2

provided to explain the decline in economic growth was that there was lack of private investment, due to international sanctions, to boost the economic growth of South Africa. Investors lost confidence of reaping their rewards in South Africa from 1985 when the movements for the liberation of South Africa intensified. The argument endorsed was that for South Africa to regain economic growth foreign investment was needed and that was only possible through the intervention of the World Bank.<sup>126</sup> In reality the South African government found itself in a predicament of choosing between macroeconomic policies and its socioeconomic policy. As discussed above the new government of South Africa initially implemented its socioeconomic policy (RDP) in 1994, but this policy did not last long.<sup>127</sup> The economic growth desired was not visible and pressure mounted from international institutions such as the World Bank in convincing South Africa to move toward macroeconomic policies. Even though the World Bank was successful in bringing about the replacement of RDP by using the case studies as motivation, its attempt had flaws. This reinforces George's and Bennett's argument on the weaknesses of case studies (as discussed above).<sup>128</sup> In the South African context it meant that the six countries used as successful economic examples could have achieved their success for a myriad of differing reasons. One such argument could be that the pre-existing institutions of a state established during the colonial period played a stronger role in the nation's economic growth. For example in Botswana institutions formed during colonialism assisted it in maintaining economic growth.<sup>129</sup>

Another possible factor could be the geographical setting of a state: Ghana and Tanzania are tropical states which, in these particular contexts, are understood as being more advantageous

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<sup>126</sup> Loc Cit

<sup>127</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996, p. 66-67

<sup>128</sup> Bennett, A. & George A., "Case Studies and Theory Development in Social Sciences", MIT, London, 2005, p.17

<sup>129</sup> Acemoglu, D., "An African success story: Botswana"

<http://www.colby.edu/economics/faculty/jmlong/ec479/AJR.pdf>, date accessed 02 February 2011, p.1-2

for economic growth.<sup>130</sup> As discussed there could be numerous factors that could assist macro-economic policies where economic growth is concerned, and emphasizes that macro-economic policies are not the sole determining variable.

The World Bank argued that macroeconomic policies focus on medium to long term growth. However, looking at the six states which implemented the policies only two economies Ghana and Tanzania seem to be growing considerably.<sup>131</sup> In this fashion a closer look at these cases questions why these countries were successful in their economies for a short time and only two in the long term. Strategic importance surfaces in the quest to finding the answers of failure and success because of macroeconomic policies. Like Ghana, Tanzania and to an extent Nigeria, South Africa has strategic importance to the World Bank because of its mineral wealth. Ghana and Tanzania are still growing economically and this is due to large exports based on the agricultural sector.<sup>132</sup> South Africa therefore is also important because of the mining sector and because its economy still grows significantly.<sup>133</sup>

The other three states, Zimbabwe, Gambia and Burkina Faso are now part of the twenty nine states that have deteriorating economies. The question therefore emerges: will South Africa be among the problem states in the future if its economy does not yield desired results? Although the main point in this regard is that the case studies that the Bank used to push for the implementation of macroeconomic policies worked even when these nation's long term economic success is questionable. This questions the symbolic politics of the World Bank in advocating for macroeconomic policies in the long term. The World Bank and the IMF assumed that by implementing the SAPs they would provide a quick fix to the lack of

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<sup>130</sup> Bloom, D. & Sachs, J., "Geography, Demography and Economic Growth in Africa", in Perry, G & Brainard, W. (eds), *Brookings Papers on Economic Activity*, 2<sup>nd</sup> Edition, Brookings Institution Press, 1999, p. 211-212

<sup>131</sup> Lugg, R (et.al), "Country profiles for Ghana and Tanzania: Economic, social and political contexts for widening participation in higher education", in Department of International Development, 2007, p.8,9,28

<sup>132</sup> Loc Cit

<sup>133</sup> Department of Trade and Industry, "South Africa: Second Investment Climate Assessment Business Environment Issues in Shared Growth", Volume 2, July 2010, p. 1

economic growth of the Sub-Saharan African countries. However, the institution's failure to comprehend the nature of underdevelopment in each state exacerbated the economic deterioration in Sub-Saharan Africa. The programmes were not carefully made to suite the conditions of Sub-Saharan African countries and instead were expected to follow the policies without proper analysis of the nature of their underdevelopment.<sup>134</sup>

## **2.4 Accountability Politics**

The World Bank has a history of putting pressure on governments by demanding accountability, particularly in donor recipient states. The World Bank introduced the SAPs as policies or conditions for recipients in order to ensure accountability. The donor recipient states had to take recommendations from the Bank, following the policies as articulated by the institution.<sup>135</sup> Since South Africa did not adopt SAPs when they were introduced but rather implemented a macroeconomic policy it put the country at an advantage of not being pressured to the extreme by the World Bank to adopt its stringent conditions. However, the Bank still was able to pressure South Africa through social accountability. This can be assessed in the fact that the Bank always argued that macroeconomic policies promote economic growth and therefore their application would reduce poverty and create jobs.<sup>136</sup>

Therefore the social responsibility approach was more effective in influencing South Africa to implement GEAR. The argument in this case was that South Africa needed to make a decision that would have the best results for its economic growth. Implementing GEAR was seen as the best alternative because by 1996 the RDP had not yielded the results as

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<sup>134</sup> Adedeji, A., "Structural Adjustment Policies in Africa", in International Social Science Journal, Vol. 51, Issue 162, 16 December 2002, p. 522

<sup>135</sup> Eurodad, "World Bank and IMF conditionality: a development injustice," <http://www.eurodad.org/aid/report.aspx?id=130&item=0454>, 1 June 2006

<sup>136</sup> World Bank Policy Report, "Adjustment in Africa: Reforms, Results and the Road ahead", World Bank and Oxford University Press, New York, 1994, p.4

perceived.<sup>137</sup> The Bank pressured the South African government to be accountable to its people by improving public service, providing jobs and eradicating poverty. This social responsibility approached was effective because in 1996 the South African government declared the implementation of a new policy, because of the RDP's failure, to achieve the ambitions that the government had for the economy and the development of the society.<sup>138</sup>

The social accountability tool was not only used in South Africa but throughout Africa (and the rest of the underdeveloped nations). This was primarily because a majority of African states were poor and social development was almost nonexistent, contributing to the South African's government concern with the extremely high poverty rate in the country.<sup>139</sup> The World Bank therefore gave recommendation to the South African government to adopt a macroeconomic policy that it argued would allow the economy to grow, generate employment and reduce poverty.<sup>140</sup>

It has been argued that international donors use accountability to further their interest and that it has proven successful in obtaining the desired results.<sup>141</sup> This means that international donors such as the World Bank manipulate governments into accepting policies in the name of building a better life for its people.<sup>142</sup> Accountability is merely used as an instrument to pressure governments to adopt policies or suggestions that international donors stipulate. Economic development comes to play here because these policies are assumed to bring economic development. Governments are then convinced (and/or coerced into believing) that by adopting certain policies they are doing what is best for the people, and that this decision

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<sup>137</sup> Mbeki, T., "Africa: The time has come", Tafelberg & Mafube, Cape Town & Johannesburg 1998, p.83

<sup>138</sup> Marais, H., "The Logic of expediency: Post-apartheid shifts in macroeconomic policy", in Calland, R. & Jacobs, S. (eds), Thabo Mbeki's World: The Politics and Ideology of the South African President, University of Natal Press & ZED books, South Africa, 2002, p.86

<sup>139</sup> Mbeki, T., "Africa: The time has come", Tafelberg & Mafube, Cape Town & Johannesburg 1998, p.83

<sup>140</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996, p. 66-67

<sup>141</sup> Mutasa, C., "Accountability and Policy Dialogue", in AFRODAD, <http://www.dpwg-igd.org/cms/upload/pdf/accountability.pdf>, 29 July 2008, p. 1

<sup>142</sup> Loc Cit

is a means of taking responsibility for the development of their society. The relationship therefore between accountability and economic development is that of responsibility towards the society's development. Governments are now more dedicated to eradicating poverty because of the accountability pressure felt from the World Bank and other international donors.<sup>143</sup> For example, since the implementation of GEAR South Africa has grown economically and jobs have been created. Although poverty is still a problem, there has been slight improvement in reducing it.<sup>144</sup> Therefore, World Bank's approach of using accountability politics was effective and the results of economic growth were welcomed.

### **3. Conclusion**

The World Bank was successful in pressuring the new democratic government of South Africa even before it came into power in 1994. This pressure was exerted through different mechanisms (discussed above). The point though is that the institution was able to pressure the government to implement a macroeconomic policy and keep it to date. South Africa's economic policy continues to have macroeconomic policy aspects to it and seems there are no prospects of abandoning it. This supports the hypothesis of this research, because the World Bank, as an epistemic community, played an integral role in the evolution of South Africa's trade policy since the early 1990s (marked, as discussed by Mandela attending the World Economic Forum in Davos, Switzerland).

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<sup>143</sup> Loc Cit

<sup>144</sup> Loos, J., "The South African Economy", <https://www.fnb.co.za/downloads/commercial/economy.pdf>, date accessed 13 January 2011, p. 3-4



## **Chapter 4**

### **The Accelerated and Shared Growth Initiative for South Africa (AsgiSA)**

#### **1. Introduction**

The chapter continues discussing the evolution of trade policy and the role that epistemic communities play in this process. The chapter will again apply the criterion used in the previous chapters provided by Sikkink and Keck. The focus here is the AsgiSA Task Force and how it lobbied the government to adopt what is now referred to as the AsgiSA policy. An important difference from the previous discussions is that it was the Task Force that was informed and able to present the document to the government. In this manner, instead of putting pressure on the government, the Task Force identified the issues and possible solutions to the lack of development in South Africa and therefore convinced the government to accept the policy cooperatively.

#### **2. Accelerated and Shared Growth Initiative for South Africa (AsgiSA)**

The Accelerated and Shared Growth Initiative for South Africa (AsgiSA) is a national initiative that originated from the mandate given to the government of South Africa to halve poverty and unemployment in 2004 by the year 2014.<sup>145</sup> The mandate originally came from the United Nations Millennium Summit in the year 2000, where 189 nations agreed to work towards halving poverty and unemployment by the year 2015.<sup>146</sup> The South African government joined this initiative and proposed a more ambitious deadline of attempting to halve poverty and unemployment a year earlier, by 2014. This mandate was and continues to be important to the government because poverty and employment have been at extremes regardless of other positive developments, particularly after the 1994 democratic elections.

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<sup>145</sup> The Presidency of the Republic of South Africa “Accelerated and Shared Growth for South Africa”, [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p. 2

<sup>146</sup> United Nations “Millennium Development Goals” <http://www.un.org/millenniumgoals/>, September 2000

A Task Force was then formed to come up with strategies that would address the growing concerns of poverty and unemployment in the country, especially amongst the youth. The task force was called the AsgiSA Task Force, and was composed of organised business and labour groups, and state owned enterprises, religious leaders, government economic agencies, women and youth groups and entrepreneurs. This Task Force was headed by the then Deputy President of South Africa, Phumzile Mlambo Ngcuka.<sup>147</sup>

The Task Force saw the launching of the AsgiSA document on the 6<sup>th</sup> of February 2006. It is normally accepted by the national government that the first AsgiSA period was between 2004 and 2009, although the policy still exists and it is in its second phase.<sup>148</sup> AsgiSA is different from the two previous policies because of the strategy adopted by the Task Force. The Task Force firstly looked at the previous policies and what the problems were, and only then were able to devise a strategy: to identify issue areas that acted as a challenge to the growth of the economy and hence promoted the increase of poverty and unemployment.

## **2.1 Information politics**

Poverty and unemployment were the two factors that prompted the Task Force to present the AsgiSA document to the government. The Post-Apartheid government of South Africa had hope that economic growth would improve after the poor economic performance in the apartheid era. This enthusiasm was however met with great disappointment, particularly because the Gross Domestic Product (GDP) was at a constant 2.9 percent between the year 1994 and 2004, while unemployment rate was 26.7 percent in the year 2005.<sup>149</sup>

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<sup>147</sup> The Presidency of the Republic of South Africa, "Accelerated and Shared Growth for South Africa", [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p.3

<sup>148</sup> The Presidency of the Republic of South Africa, "Annual Report 2006: Accelerated and Shared Growth for South Africa", 2006, p.2

<sup>149</sup> Gelb, S., "Macroeconomic Policy in South Africa. From RDP through GEAR to AsgiSA", in Nelson, M. (et.al) (ed.s), *At the end of the Rainbow? Social Identity and welfare state in the new South Africa*, African Contact, 2007, p. 17

Unemployment is considered by most to be a significant factor (and marker) in the disappointing growth rates of the country.

This factor is rooted in the low skilled workers dynamics. A majority of South Africans do not possess the skill needed in the ever growing economic demands, as there is more demand for skilled labour in an inter-dependent world economy in this new period of globalization.<sup>150</sup>

This uneven reality then causes less demand for unskilled labour, which results in retrenchments and unemployment.<sup>151</sup>

This was one of the issues that the AsgiSA task force had to address, identifying the issues and present possible solutions that the government can adopt. The issues and solutions, one of them being the reality of poverty, were documented in the AsgiSA policy in 2004 during the discussion and later launched in 2006. Poverty is a broad notion that is understood differently globally but Everatt in his research “Who are the Poor? The size and structure of the poor problem” provided useful indicators. The research focused on the size of poverty in all nine provinces of South Africa between 1996 and 2001. Everatt provided a list of indicators namely, the rate of unemployment, illiteracy, female-headed households, household income, overcrowding dwelling, sanitation, water, electricity and refuse removal. Each indicator was calculated out of a 100 percent and therefore an increase of a percentage was read as a negative. This then meant that the levels of poverty were at an all-time high.<sup>152</sup>

In the year 1996, the poverty levels were 33.6 percent and by the year 2001 they had dropped slightly to 33.4 percent. This slight (and statistically insignificant drop) was coupled with a drastic increase in the unemployment rate, which jumped from 37.6 percent the year 1996 to

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<sup>150</sup> The Presidency of the Republic of South Africa “Accelerated and Shared Growth for South Africa”, [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p.9-10

<sup>151</sup> Loc Cit

<sup>152</sup> Everatt, D. , “Who are the poor? The size and structure of the poverty problem”, in Nelson, M. (et.al) (ed.s), At the end of the Rainbow? Social Identity and welfare state in the new South Africa, African Contact, 2007, p.32

48.2 percent in the year 2001.<sup>153</sup> This drastic increase, of course, infringed upon the slight drop of the poverty rate during this period.

These statistics are an indicator that even though the South African government implemented policies to address poverty and unemployment that were slightly successful, the success was not enough to convince the government that it was doing enough to combat poverty and unemployment. It was these same statistic and cases studies that prompted the AsgiSA Task Force to convene and discuss on a possible policy that would address poverty and unemployment. The Task Force identified binding constraints, one of the important ones being the volatility and level of the currency. The currency value is normally understood, directly affects the unemployment rate because it is in turn affected by the volatility of the world economy.<sup>154</sup>

This volatility affects national firms because workers, in most cases, get retrenched adding to the rate of unemployment. The same volatility decreased the demand for unskilled or semi skilled labour. This is a big problem in South Africa because there is are high number of unskilled labourers, so if there is a low demand for their skills further unemployment and poverty are perpetuated in the country. To this effect, the solution to this problem that directly impacts the rate of poverty and unemployment was investment in education and skills development. The Task Force saw this as important particularly for the young generation so that there would be an increase of skills, especially professional skills that would be used to contribute to the growth of the economy.<sup>155</sup>

In addition to the Education and Skills development venture was the focus on Macro-Economic issues. This criterion was a particularly challenging one because as the economy is

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<sup>153</sup> Ibid.p.36

<sup>154</sup> The Presidency of the Republic of South Africa “Accelerated and Shared Growth for South Africa”, [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p. 2-6

<sup>155</sup> Loc Cit

based on macro-economic policies it would be difficult to find better strategies. The purpose of these strategies was for them to allow the government to control the volatility of the currency and government strategies. Another constraint was the fact that the South African government has a tendency of over expending concerning the state budget, and therefore having macro-economic strategies that would also address this matter was important in combating the poverty and unemployment issue.<sup>156</sup>

The AsgiSA task force was not only challenged in producing the AsgiSA policy by statistics but also through leverage by the United Nations.

## **2.2 Leverage Politics**

This mechanism was used differently in this case in contrast to the previous cases of the COSATU and the World Bank. In this case there was cooperation mainly because of the role of government in its policy making decision processes that had evolved. The Task Force views held traction with the government because they were similar to the agreed upon Millennium Development Goals (MDGs).

On the 6<sup>th</sup> to the 8<sup>th</sup> of September 2000 the United Nations convened a Summit on “The Role of the United Nations in the twenty-first century”.<sup>157</sup> This summit was focused on ending poverty in the world because almost half of the world’s population lives on less than 1.25 dollar a day.<sup>158</sup> This mandate was agreed upon by all the nations of the world, with South Africa also committing itself to this mandate. Hence, the power and influence that the nations of the world have together in unity acted as leverage, primarily because South Africa’s reputation is important. Therefore leverage here was coherence with international approaches and practices.

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<sup>156</sup> Loc Cit

<sup>157</sup> United Nations “ Millennium Summit: 6-8 September 2000”,  
<http://www.un.org/millennium/backgroundunder.htm>, date accessed 22 June 2011

<sup>158</sup> United Nations “Millennium Development Goals” <http://www.un.org/millenniumgoals/>, September 2000

The commitment was geared towards ending extreme poverty by the year 2015 by focusing on eight goals: eradicating extreme poverty and hunger, achieving universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development.<sup>159</sup>

However, South Africa is focusing on the goals that are urgent in its context, these are eradicating extreme poverty and hunger, achieving universal primary education, combating HIV/AIDS and promoting gender equality and empowering women. The negative impact of these issues has impeded on initiatives of development in the country. For example, South Africa has the highest rate of HIV/AIDS in the world.<sup>160</sup> This is problematic because this disease has killed young people whose skills would have contributed to the growth and development of the country's economy. This disease has also killed mothers and fathers making children orphans who at times also die of the HIV/AIDS.

However, turning back to leverage politics, the nations of the world acted as leverage for the government to take the initiative to assist in starting up the AsgiSA Task Force as an epistemic community. This epistemic community took advantage of this mandate and the importance of maintaining a good reputation to be able to research deep into the poverty issue in South Africa and presented its solutions. In this fashion both this epistemic community and the government rather subtly were pressured by the United Nations Millennium Development Goals (and the nations of the world) to take responsibility in combating poverty.

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<sup>159</sup> United Nations "Millennium Development Goals" <http://www.un.org/millenniumgoals/>, September 2000

<sup>160</sup> Central Intelligence Agency, "World Facts", [https://www.cia.gov/library/publications/the-world-factbook/rankorder/rawdata\\_2156.txt](https://www.cia.gov/library/publications/the-world-factbook/rankorder/rawdata_2156.txt)

### **2.3 Symbolic Politics**

Poverty in South Africa can be dissected in two dominant ways, racially and gender based. Racially based poverty can be seen across the nation where wealth is still in the hands of a white minority. Even though official racial discrimination is not evident in South Africa, it still exists in the distribution of wealth.<sup>161</sup> The black majority is still poor and this is the first level of poverty the government is attempting to address. Then there is another poverty based on gender. Women in South Africa are poor because of the unequal gender power relations in societies and the vulnerability of women to diseases and violence. This is particularly true when it comes to the issues of education in the country but specifically in provinces such as Kwa-Zulu Natal and Limpopo.<sup>162</sup>

Kwa- Zulu Natal is prone to high levels of poverty based on gender discrepancies because of the nature of societal relations. There is deep rooted patriarchy where women are accorded subordinate roles to men. Women in such societies are not allowed to grasp opportunities that would empower then contribute to the growth of the economy.<sup>163</sup>

A typical patriarchal society does not give young girls an opportunity to go to school as young boys. It is understood that men are the providers, allowing them these opportunities while the women take care of men. Another element feeding to this is the dimension of violence against women and teenage pregnancy. Young women in poor rural societies are the ones that suffer most because of their poor backgrounds, getting into relationships that continue to make them dependent on the men. This male figure in most cases is abusive and this abuse raises issues of shame contributing to young girls do not go to school anymore.

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<sup>161</sup> Ntsebenza, L. & Hendricks, F. "Black poverty and white property in rural South Africa", in Desai, A. (et.al) (ed.s), Zuma's Own Goal: Losing South Africa's 'War on Poverty', Africa World Press, 2011, p. 213

<sup>162</sup> Karisson, J., "Understandings about the interrelationships about of gender inequality, poverty and education, and gender based strategies to reduce poverty: Some findings from two case studies in South African education sector",

[http://www.dfid.gov.uk/r4d/PDF/Outputs/ESRC\\_Dfid/60614\\_Understanding\\_about.pdf](http://www.dfid.gov.uk/r4d/PDF/Outputs/ESRC_Dfid/60614_Understanding_about.pdf), 2009, 71-74

<sup>163</sup> Loc Cit

They live, and continue to stay on, with abusive men and this then increase the illiteracy rate because they end up dropping out of school. Most of these women also look to get pregnant in hopes of being supported by the male figures or receiving grants from the state.<sup>164</sup> This again increases the illiteracy rate because this also contributes to them dropping out of school.

In the broader context the illiteracy rate affects poverty levels in particular where education is concerned. The greatest concern for the government of South Africa is that there are a large number of unskilled labourers. Most of these labourers originate from such provinces as Kwa-Zulu Natal and Limpopo of which a majority are women. As discussed above the direct link of this aspect of poverty and the economy is demand of skilled labour. As inter-dependent economies continuously demand for skilled labour which South Africa lacks, it highlight's that the country's knowledge and skills contribution is not at a rate that is desired for purposes of economic development.

Kwa-Zulu Natal became symbolic to the Task Force because it is one of the provinces with the highest poverty rates in the country, and also with highest population in the country.<sup>165</sup> The Task Force took note of this and then made a proposition to the government: the AsgiSA document discusses the need to address skills development in the country and have a platform to bridge the gap between skilled and unskilled labourers.

This does not exclude professionals or rather skilled labourers who will be trained to become better skilled project managers with experience, particularly at local government level. Another initiative that assists new entrepreneurs is the Umsobomvu Youth Trust, this is a

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<sup>164</sup> ibid.p.73-74

<sup>165</sup> Pauw, K., "A profile of Kwa-Zulu Natal: Demographics, Poverty, Inequality and Unemployment", PROVIDE PROJECT, 2005, p.1



program that look to assist with skills and business development.<sup>166</sup> These initiatives are only a few that have been presented by the Task Force and adopted by the government of S.A. Therefore the symbolic politics here rather gave insight to the Task Force, and then this epistemic community had enough solid knowledge to present facts and solutions to the government of South Africa. These variables became significant in government's adoption of AsgiSA because the Task Force was able to illustrate through such symbolic politics that skills development initiatives were needed in the country. These initiatives according to the Task Force would prove to bring about the desired economic growth by combating poverty through education and skills development programmes. Hence, the AsgiSA policy became a policy that would solve the problems faced by the South African government.

#### **2.4 Accountability Politics**

Accountability takes a different turn in this chapter because of how it came about, the government of the country pressed upon itself the importance of being accountable to the nation. The previous chapters were an illustration of how the government was pressured to take responsibility and be accountable for the development in South Africa. The instance discussed in this chapter is different because the government took accountability by challenging itself to address the issues of poverty and underdevelopment in the country. This was evident through its initiative to start the AsgiSA Task Force.

This was a step illustrating accountability because it was evident that poverty and unemployment were still at extremes in South Africa. Therefore the government here was not pressured to take accountability of policies that were not yielding the desired results.

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<sup>166</sup> The Presidency of the Republic of South Africa "Accelerated and Shared Growth for South Africa", [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p. 9-10

However, this sense of accountability also stems from the government's mandate of 2004 to halve poverty in the country by the year 2014.<sup>167</sup>

Even though the first decade of freedom showed considerable economic growth improvement from 1 percent prior to the elections to 3 percent between 1994 and 2004. In the year 2005 growth again reached a 5 percent increase, the government is optimistic that this will be a trend in this decade.<sup>168</sup> This is positive but attempts of being accountable seem futile when South African borders are flooded by illegal immigrants every day.<sup>169</sup> This phenomenon is a challenge for the government because it is difficult to know how many people are residing with the borders of the nation. It is also problematic because as the population increases the resources of the government are stretched to limits that are challenging to meet.

This then is also problematic for the government because achieving its target of halving poverty by 2014 is unrealistic. The government's efforts are countered by the reality of the situation in South Africa. Unemployed teenage girls are still falling pregnant and teenagers, both men and women, are still opting for unskilled labour by dropping out of school. The South African borders are still difficult to control and there is still over spending in government departments. Hence, the government is working against reality and against itself. This however does not take away the importance of the initiative by the government to take responsibility for the flaws of the policies made prior to the AsgiSA policy.

A conclusion can be made that the flaws of the previous policies prompted the government to make an analysis on what the major issues were and are so that there will be progress. This

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<sup>167</sup> United Nations "Millennium Summit: 6-8 September 2000", <http://www.un.org/millennium/backgroundunder.htm>, date accessed 22 June 2011

<sup>168</sup> The Presidency of the Republic of South Africa "Accelerated and Shared Growth for South Africa", [www.info.gov.za/asgisa](http://www.info.gov.za/asgisa), February 2006, p.2

<sup>169</sup> Solomon, H., "Strategic Perspectives on illegal immigration into South Africa", in African Security Review, Vol.5, No.4, <http://www.iss.co.za/pubs/asr/5No4/StrategigPerspectives.html>, 1996,

then called for a Task Force that would research the issues, discuss and analyse them, bring solutions then present a policy for the nation. Therefore, the dynamics of how this mechanism came into play also draws a distinction between the two former policies (the RDP and GEAR) to the recent one (AsgiSA).

### **Conclusion**

This chapter provided a different application of the mechanisms of change discussed by Sikkink and Keck. It illustrated that the government rather was cooperative in its involvement with trade policy. It also was a case that showed the evolution of government involvement in policy making decisions and how it involved different groups to form a powerful epistemic community. It seems AsgiSA is a start of a new era in South African progressive government involvement in the coming years.

## **Chapter 5**

### **Analysis: Epistemic Communities and South Africa's Trade Policy**

#### **1. Introduction**

This chapter analysis and discusses the role of epistemic communities in South Africa's trade policy and how their views were carried out in the policy. The chapter draws from the previous chapters and analyses. More specifically, this chapter analyses the effectiveness of the COSATU, the World Bank and the AsgiSA Task Force, analyzing which of the three epistemic communities was effective in shaping South Africa's trade policy by comparing the mechanisms of persuasion (as proposed by Sikkink and Keck and applied). The chapter therefore illustrates the validity of the hypothesis that epistemic communities have played an influential role in shaping South Africa's trade policy (perhaps even more so than the government). This chapter also shows the evolution of the government's role in consultation with epistemic communities and involvement in policy making decision processes.

#### **2. The role of Epistemic Communities in South Africa's Trade Policy**

Epistemic communities in South Africa emerged as a powerful force in the elections of 1994 that ushered in democratic transition. They became prominent in working with the ANC before the elections to address poverty and inequalities as well as the issue of unemployment.<sup>170</sup>

In this context, COSATU focused on the relations between the employers and the employees as a main priority.<sup>171</sup> The World Bank and COSATU both had intentions of seeing the end to poverty and inequality in South Africa. However, they both maintained competing

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<sup>170</sup> Noyoo, N., "Civil Society and Poverty Reduction in South Africa"

<http://www.africanscene.co.za/2011/02/time-to-prioritize/>, France, date accessed 1 February 2011, p. 2

<sup>171</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, p.28-29

perspectives on how to achieve this, particularly in trade policy. COSATU wanted a socioeconomic policy the RDP which was based on the principles of the Freedom Charter.<sup>172</sup> Here socialist ideas emerged with specific emphasis on the role of the state in rectifying inequalities brought about by years of economic exclusion for the majority of South Africans. In contrast, the World Bank was interested in seeing South Africa blend in with the mainstream economies by adopting a macroeconomic policy, GEAR.<sup>173</sup> This approach advocated more market based economic ideas with a smaller role for government. The contestation of ideas is evident between COSATU and the World Bank, while the AsgiSA Task Force and their policies rather seek to reconcile different agencies involved in policy making. The latter effort draws in the government to take an active role in its trade policy making instead of being driven by a specific community as discussed in chapters 3 and 4.

These epistemic communities knew that to influence the social development of the country's decision-making pressure on trade policy had to be maintained. It was evident that these communities needed to play a more influential role in addressing the problems that were faced by the government of South Africa.<sup>174</sup> This was because discriminatory policies of the apartheid government has so adversely affected the society and exacerbated poverty. Therefore, epistemic communities got involved in policy drafting before the 1994 elections in preparation for the democratic transition. The research however focused on three dominant epistemic communities the COSATU, World Bank and the AsgiSA Task Force as major players in South Africa's trade policy and their effectiveness in shaping the evolution of the trade policy is measured by comparing the four mechanisms of change they used.

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<sup>172</sup> COSATU, "NUMSA Central Committee Meeting", <http://www.cosatu.org.za/show.php?include=docs/cosatu2day/2010/pr1209.html&ID=4366&cat=COSATU%20Today>, December 2010

<sup>173</sup> Sampson, A., "Mandela: The Authorized Biography", HarperCollins Publications, Johannesburg, 1999, p. 434-435

<sup>174</sup> Noyoo, N., "Civil Society and Poverty Reduction in South Africa" <http://www.africanscene.co.za/2011/02/time-to-prioritize/>, France, date accessed 1 February 2011, p. 2

## **2.1 Information politics**

The three communities used information politics to persuade the South African government to adopt their trade policy proposals. The COSATU used Socialism as an ideology that would guide the drafting of the policy, the RDP. It also used the Freedom Charter as the oldest document made to guide liberation struggle of the people of South Africa. The principles in this document were later adopted in the socioeconomic policy of the COSATU and the ANC. The Harare Declaration was also used to persuade the ANC to adopt the socioeconomic policy. While the World Bank used the debt crisis that African countries experienced in the 1970's, the debt was meant to be paid back to the institution. South Africa too owed the World Bank, who argued that to stimulate capital to pay back the loan macroeconomic policies were the best strategy.<sup>175</sup>

The COSATU was more radical in its approach. Looking at the information used, the COSATU put more pressure from the initial stages. It used documents drafted during the liberation struggle to convince the ANC to adopt the RDP after the elections. In the meanwhile the World Bank did not have to use documents that explained the history of the liberation struggle but rather, used a reality crisis that the ANC had to address once in power. The ANC government inherited the debt of the apartheid regime, and the reality of stimulating economic growth and paying back the debt became a priority to the government.<sup>176</sup> The World Bank was strategic and effective in persuading the soon to be South African government to consider macroeconomic policy then later implement it.

Both the World Bank and the COSATU wanted the ANC government to address the issue of poverty and unemployment in South Africa. However, while the COSATU used the

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<sup>175</sup> The World Bank Policy Report, "Adjustment in Africa: Reforms, Results and the Road ahead", World Bank and Oxford University Press, New York, 1994, p.17

<sup>176</sup> Shah, A., "Causes for Debt Crisis", in Global Issues, <http://www.globalissues.org/article/29/causes-of-the-debt-crisis>, 2007

sentiments and documents of the past, the World Bank used contemporary reality and financial numbers. It showed that South Africa was faced with a crisis that would persist if not addressed by adopting a macroeconomic policy. Hence the World Bank presented what it deemed a relevant solution to the ANC that did not rely in the historical past but addressed the new struggles faced by South Africa.

The Task Force rather adopted a more accommodative way of drafting the AsgiSA policy because instead of focusing on the main players in trade policy it focused on the issue at hand. The Task Force consulted a broad number of groups nationally and internationally, all players were equals and they formed this powerful community. Through cooperation the AsgiSA document was therefore presented to the government, this document provided the facts about poverty and unemployment in South Africa. Instead of using historical sentiments, the success of other countries and the debt crisis, it specifically focused on an issue that is seen throughout the country. A conclusion can be made that the Task Force learned from the its predecessor in terms informing the government based on group interests but not the interest of the society at large.

## **2.2 Leverage Politics**

Leverage was important in persuading the new government of South Africa to adopt the recommended policies. Leverage politics is the most influential mechanism of persuasion compared to the other mechanisms. This mechanism had clout because it was through it that a decision was possibly made on which policy would carry South Africa's economic activities to this day. COSATU relied on its allegiance and clout in the tripartite alliance to persuade the ANC to adopt the RDP.<sup>177</sup> It was evident that the COSATU was successful in doing this, particularly since the ANC had recently become the ruling party in South Africa. Hence, it

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<sup>177</sup> COSATU, "6<sup>TH</sup> National Congress: A Report from the September Commission", 16-19 September 1997, 28-29

was still new in its comprehension of policy decision making process. This then acted as an advantage for the COSATU. This was proved correct a year later after the ANC came into power. In its quest to understand the needs of the people and finding solutions to the problems of the country, the ANC started to deliberate with the third force, the World Bank.<sup>178</sup> This institution became very prominent in the making of South Africa's trade policy even before the ANC came into power because of its international standing. The World Bank is renowned in giving loans to states across the globe and almost every country is associated with it in this or another manner. Therefore the Bank's international standing added to the financial clout that it had over a majority of developing states owing loans to it.

When one compares the leverage mechanisms used by the two groups the World Bank was most effective. The growing global interdependency of economies played a role in strengthening the effectiveness of the Bank to pressure the South African government. The strongest economies of the world are associated with the World Bank, and in this manner association with the World Bank meant South Africa would have the an opportunity to interact with other world economies.

The South African government needed the finance from the Bank and association with it for foreign investment purposes. The COSATU and the World Bank both presented problems and policies as solutions. The difference between the two is that the COSATU is not an international interest group that has finances to lend to developing states. The politics of who was in control of economic policies and foreign relations became imperative in the adoption of GEAR. Thabo Mbeki and Trevor Manuel were central to these, Manuel was the Minister of Finance and Mbeki was the Deputy President also highly involved in South Africa's foreign affairs. The World Bank was therefore guaranteed to have its suggestion of adopting

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<sup>178</sup> Adelzadeh, A., "From the RDP to GEAR: The gradual embracing of Neo-liberalism in Economic Policy", Commentary, 1996, p. 66-67



a macroeconomic policy approved. Therefore this shows that leverage played a major role in the adoption of GEAR. The COSATU and World Bank in contrast with the AsgiSA Task Force pressured the government to adopt their lobbied policies.

However, the Task Force rather worked on the fact that the South African government committed itself to halving poverty by 2015 in September of the year 2000. This commitment acted as leverage enough because it was a commitment not only to the people of South Africa but it was a commitment to the nations of the world. Therefore, nations of the world acted as leverage for South Africa to work towards halving poverty by focusing on education, child health, ending hunger, gender equality, maternal health, combat HIV/AIDS, global partnership and environmental stability.<sup>179</sup> This commitment proved to assist South Africa to work towards achieving these goals even though there are stringent constraints. This is particularly true where HIV/AIDS is concerned and the government of South Africa is still struggling to address this matter. However, it is the MDG commitment that keeps the government searching for solutions to its major problem, which is poverty.

Again, when one contrasts all three, the World Bank was successful in stamping its macroeconomic policy proposal but it was limited in terms of its “trickle-down effect” philosophy. It ignored the issues that the AsgiSA Task Force identified by linking its solutions to the MDGs commitment. It also ignored the root of South Africa’s problems that is, poverty. Ultimately, these epistemic communities differ in their levels of success primarily because of their central or main focus.

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<sup>179</sup> United Nations “Millennium Development Goals” <http://www.un.org/millenniumgoals/>, September 2000

### **2.3 Symbolic Politics**

Symbolic politics illustrate that the World Bank already had an advantage over the COSATU. In terms of the symbolic methods used to convince the government of South Africa, COSATU's methods were more convincing. It was able to push for the implementation of the RDP, and one would have assumed that it was supposed to be able to further pressure the government to keep the RDP to date. However, as strong as the symbolism was, it was not enough to stop the government's adoption of GEAR.

The World Bank on the other hand used cases studies whose success is questionable today. The World Bank used Sub-Saharan African countries to test the effectiveness of macroeconomic policies in the form of SAPs. The World Bank had knowledge of political instability that most of the Sub-Saharan African states were battling with.<sup>180</sup> However it still encouraged macroeconomic policies that had no guarantee of success. This was evident with the deteriorating economies of Sub-Saharan African countries.<sup>181</sup> The Bank should have first addressed the political instabilities before suggesting economic policies that further exacerbated the political instabilities. These policies which were conditions for aid did not bring about the desired growth. African countries adopted the economies in exchange for aid; however the aid was not used for development. Instead it was used to fund corrupt governments.<sup>182</sup>

The Bank's use of two cases of success was flawed because there are more cases that illustrate negative effects of these macroeconomic policies than positive results.<sup>183</sup> The negative results were also due to internal issues that the World Bank initially ignored in its

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<sup>180</sup> Adedeji, A., "Structural Adjustment Policies in Africa", in International Social Science Journal, Vol. 51, Issue 162, 16 December 2002, p. 522

<sup>181</sup> Loc Cit

<sup>182</sup> Collier, P. & Gunning, J., "Why has Africa grown slowly" in Journal of Economic Perspectives, Vol.13, No.3, 1999, p.3

<sup>183</sup> Adedeji, A., "Structural Adjustment Policies in Africa", in International Social Science Journal, Vol. 51, Issue 162, 16 December 2002, p. 522-523

quest to see the implementation of macroeconomic policies in Africa. The World Bank pressured African states to implement the policies right in the aftermath of independence.<sup>184</sup> Therefore the outcome of these policies should have been foreseen to be disastrous.

The sentimental approach of the COSATU should have been more effective in keeping the RDP to date but the World Bank had more clout in convincing South Africa to adopt GEAR. This is because the use of these examples was not convincing enough for the adoption of GEAR yet it was adopted. The approach used by the AsgiSA Task Force here was also different because of its use of relevant and current cases that are a problem in South Africa. This research discussed only one aspect of the poverty issue in South Africa, namely education. This aspect was merely microscopic lens of the bigger problem in the entire country. This approach it seems is more effective; given the long time span the government of South Africa will be able to combat the issue of poverty because of its impact on the economy. The success of this policy is determined by its time span because even the previous policies were not given enough time to produce the desired outcomes. However, these previous policies also failed to root down the problem that impeded on the growth of South Africa's economy. The optimism is that the current policy will then be able to address effectively poverty and unemployment in the country.

#### **2.4 Accountability Politics**

Accountability is one of the most famous mechanisms used globally. Both the COSATU and the World Bank used the notion of responsibility to hold the ANC accountable. In 1993 the COSATU called a special congress; this was a consultative meeting with the ANC. The COSATU was able to convince the ANC to adopt the RDP by reminding the ANC of its

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<sup>184</sup> Loc Cit

responsibility and promises to the people of South Africa.<sup>185</sup> This worked to the advantage of the COSATU because it was the eve of the 1994 elections so the ANC had to succumb to the pressure.

Furthermore two years into the democracy, the COSATU used platforms such as the Nedlac to express its disapproval of government policies, and hold the ANC accountable on behalf of the people of South Africa. This civil society group posted notices to protest on Nedlac disapproving the ANC's approval of GEAR. To date the COSATU still serves notices to the Nedlac because it disapproves the economic policies of the ANC as this is expressed in its annual protests.<sup>186</sup>

The World Bank on the other hand used the concept of social responsibility to pressure the government to adopt macroeconomic policies. This concept basically pressures governments and Multinational Corporations (MNCs) to take responsibility of their actions. It questions policies and decisions which negatively affect societal development.<sup>187</sup> Hence, this concept became instrumental in putting pressure on the South African government. The concept was more effective particularly because it was evident that the RDP did not achieve the desired results as proposed.<sup>188</sup> The World Bank held the government accountable because of the RDP, and at the same time advocating for liberal economic policy implementation. There is no doubt that this strategy worked to the Banks advantage.

The strategies to hold the ruling party of South Africa accountable were relevant and they worked to the advantage of both interest groups. However, social responsibility is not

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<sup>185</sup> Gumede, W.M., "Thabo Mbeki and the Battle for the soul of the ANC", Zebra Press, 2005, p. 76

<sup>186</sup> National Economic Development and Labour Council (Nedlac), <http://www.nedlac.org.za/about-us/the-workings.aspx>, date accessed 23 December 2010.

<sup>187</sup> Mutasa, C., "Accountability and Policy Dialogue", in AFRODAD, <http://www.dpwg-igd.org/cms/upload/pdf/accountability.pdf>, 29 July 2008,p. 1

<sup>188</sup> Marais, H., "The Logic of expediency: Post-apartheid shifts in macroeconomic policy", in Calland, R. & Jacobs, S. (eds), Thabo Mbeki's World: The Politics and Ideology of the South African President, University of Natal Press & ZED books, South Africa, 2002,p.86

necessarily a strategy because the COSATU was also using that approach. The difference is that it had practical events to pressure the ANC. The Bank however relied on the leverage it had over the ANC, especially with allies within the ruling party.

The role of the World Bank was not as strong as that of the COSATU. In this fashion the World Bank was rather subtle in its public approach but behind the scenes it was consistently strong in its views that liberal economic policies were the best idea of South Africa. While COSATU was more active in policy making because of the relationship it has with the ANC and the SACP. The COSATU was more radical in its approach on trade policy. This was because its role and interest in the anti-apartheid struggle to see the ANC implement a policy that would address the discriminatory policies of the apartheid government. Therefore the adoption of the policy required a radical strategy and the COSATU took that responsibility.

However, South Africa was more concerned with capital flight from the 1980s to post-apartheid era. The solution therefore was part of the social contract to nationalize everything. However, suggestions of the COSATU were sidelined because they were too extreme and threatened investors. While the suggestions of the World Bank held more traction hence they were later accepted.<sup>189</sup>

The COSATU is a great opposition of the government but its influence on policy making has been limited since the RDP was replaced by GEAR.<sup>190</sup> However, it seems the latter of the two policies has drawn the attention of the government to take responsibility without being pressured by any group. This was done through establishing the AsgiSA Task Force. This Task Force worked together with the government to fulfil its commitment of halving poverty

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<sup>189</sup> Mohamed, S., & Finnoff, K., "Capital Flight from South Africa, 1980-2000" in Epstein, G.A (eds), Capital flight and capital controls in developing countries, Edward Elgar Publishing, 2005, p. 85-86

<sup>190</sup> Ranchod, K., "State-Civil Society Relations in South Africa: Some lessons from engagement", in Centre for Policy Studies, Vol. 20, No.7, 2007, p.14

by 2014. Therefore, the AsgiSA Task Force can be commended for assisting in ushering the evolved and more active government participation in its trade policy.

### **3. Conclusion**

This chapter highlighted the differences between the World Bank, COSATU and the AsgiSA Task Force in South Africa's trade policy. All these groups were effective in their strategies respectively of persuading the ANC government to adopt proposed policies. The COSATU was successful until the government had to face the reality of the situation in South Africa. At this point the World Bank's methods became effective even though they were not as radical and progressive as that of the COSATU. However, it seems from the previous lobbying the government took initiative and called for an establishment of the AsgiSA Task Force. This Task Force has been successful mainly because of its focus and its mutual relationship with the government. Finally, based on the research and chapter analyses the proposed hypothesis is valid that epistemic communities played an important role in influencing government decision making processes where trade policy is concerned.

## **Conclusion**

### **1.1 Concluding Summary**

This research focused on the role of epistemic communities in South Africa's trade policy. The aim of the research was to investigate the influence these epistemic communities had, and still continue to have, on South Africa's trade policy. The research hypothesis stated that epistemic communities played an important role in influencing government decision making processes where trade policy is concerned. Three communities were used: COSATU, the World Bank and the AsgiSA Task Force.

The introduction of the research is divided into six subheadings which break down the purpose, expectations and limitations of the research. As stated above, the intention of this research was to illustrate the exact role that the World Bank, the COSATU and the AsgiSA Task Force played in South Africa's trade policy. The independent variables of this paper are notably the epistemic community's roles, while the dependent variable is the shift in trade policy. The problem emerged when the shift occurred, hence the research aimed to investigate the shift and its causes. The reasoning behind the research was that the South African government has been critiqued for the lack of development in the country due to the change in trade policy. Granted that the government plays some role in the change of trade policy, however the research aimed to illustrate that epistemic communities play a greater and more influential role than usually perceived in this change. Literature review was provided to illustrate where the interest of this research came from, as well as, literature on the AsgiSA, RDP and GEAR.

The first chapter is an in depth discussion of the conceptual framework and the methods that were used in the research. The conceptual framework used is concept of Epistemic Communities. The research however applies mechanisms of persuasion from the work of

Sikkink and Keck who engage in the four mechanisms of persuasion (information, leverage, symbolic and accountability politics) used throughout the chapters.. These mechanisms are then used in the research to illustrate the influence that the AsgiSA Task Force, the COSATU and the World Bank had on South Africa's trade policy. This chapter also explores the methodology of the paper and its use of the case study method. Primary material from the COSATU head quarters and literature on the World Bank and AsgiSA Task Force was used to prove the hypothesis.

The second, third and fourth chapters are a discussion and analysis of the COSATU, the World Bank and the AsgiSA Task Force respectively. These chapters illustrated how these epistemic communities were influential in persuading the South African government to adopt their respective policies. They provided interesting and strong arguments on why the government should adopt their policies, however the World Bank was more persuasive and this is illustrated in the fourth chapter. This is true when comparing the World Bank and the COSATU, the AsgiSA Task Force had a cooperative relationship with the government. Hence, this community did not pressure the government as the previous two.

The sixth chapter however provided an analysis of the third, fourth, and fifth chapters. It illustrated that the World Bank was more effective in its strategies because the government is still using macroeconomic policies to carry South Africa's economic activities. This is true even though the COSATU annually tries to persuade the government to reconsider the RDP with failure to do so. However, it also showed that the Task Force was more effective and progressive in its approach and focus. Finally, the conclusion (current part) summarises the report and provides recommendations for further research.



## **1.2. Balancing Theory and Practice**

The research balanced out theory and practice, using a conceptual framework and Sikkink's and Keck's mechanism of persuasion. The research illustrated that epistemic communities are able to persuade governments to adopt policies or take responsibility of their actions. This was illustrated by using practical cases, the World Bank, the COSATU and AsgiSA's use of the mechanisms of persuasion to pressure the ANC government to adopt their policies. These epistemic communities used information, leverage, symbolism and accountability to persuade the South African government. The COSATU was successful in doing this when the government adopted the RDP after careful and radical persuasion from the trade union. The success was not long lived since in 1996 the World Bank's strategy proved to be more effective as expressed in the creation of GEAR as a form of a macroeconomic policy. The World Bank proved to be successful because even to date the government is still pursuing macroeconomic strategies. The government has not shown any interest in implementing RDP again as suggested by the COSATU. Putting the theory into practice through the use of these cases proved that advocacy networks have played an active role in South Africa's trade policy. It also proved though that this depends on the leverage the organization has over a specific government. In this case the World Bank had more leverage than the COSATU in persuading the government to adopt GEAR and any macroeconomic policy to date. AsgiSA provides a more positive approach of epistemic communities because it shows that epistemic communities also are able to work with the government instead of exclusively lobbying for their interests.

## **1.3. Recommendations**

The author recommends that there should be further research on this hypothesis, particularly on the means to which the World Bank specifically convinced South Africa to adopt a

macroeconomic policy. This is because during the author's quest to accumulate information on the exact role the World Bank played was a challenging one. The sources who promised to provide the relevant information could not do so after the author specifically explained the requirements of the research. Therefore there is more research that can be done to further understand the World Bank's role in South Africa's economic policies.

The author also recommends that there should be further research on the topic in the quest to uncover the problems of poverty and inequality in South Africa. This is because it was assumed that the policies, namely RDP and GEAR would eradicate poverty and address inequalities. However these still prevail in the country. Further research is needed to understand the limitations of these policies and maybe suggest the fusion of these policies or, even possibly, the re-adoption of the RDP.

The role of epistemic communities is also a motivator for further research. It is evident that grass roots epistemic communities played an integral role in South Africa's decision making process, particularly where AsgiSA is concerned. Hence, further research could help the government see the importance of involving these grass roots communities in the decision-making process.

This is important in International Relations because economic policies are a very important aspect to a state's development economically, politically and socially speaking. There is no doubt that further research to understand these policies could further elucidate South Africa's poverty, unemployment and inequality issues. This in turn could help South Africa finally eradicate poverty.

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