



Democratic Developmental South Africa: A dream deferred?

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Abstract

The paper reviews the extent to which South Africa is meeting set goals, within the context of the 'dream' of becoming a developmental state. I revisit my previous works which had suggested that South Africa was a 'developmental state in the making'. The plans of creating a (democratic) developmental state in South Africa feature in many policy documents of the government and the ruling African National Congress, although lately the emphasis appears to be on the pursuit of a so-called 'capable state' – ideally, a developmental state is a capable state too because various capacities are required for a state to be an effective developmental state. The notion of a developmental state is, arguably, all-encompassing in a sense that the vision of what post-apartheid South Africa was envisaged to be is effectively encapsulated in the developmental state framework. It is in this context that the paper examines aspects of an 'unfinished business' towards attaining the much aspired for developmental state, especially two decades after the dawn of democracy in South Africa. The conclusion reached is that South Africa is still very far from being a (democratic) developmental state and South Africa's dream of becoming a developmental state appears to be getting deferred. A theoretical perspective is advanced as to why that is the case.

Introduction

The African National Congress (ANC), the ruling party in government, has always aspired to create a developmental state in South Africa. A quick read of the Bill of Rights of the Africans' Claims (1943), the Freedom Charter (1955), the Road to South African Freedom (1962), the Ready to Govern (1992), the State, Property and Social Transformation (1998), among others, indicate that developmentalism, if not the notion of developmental state explicitly, has been always in the minds and hearts of the National Liberation Movement in South Africa. The late Guy Mhone (2004) defined developmentalism as a 'proactive role of the state in pursuing and defining a developmental vision to be attained in the long-term, in coordinating economic activities and steering them toward desired outcomes, mobilizing and synergising class and social forces in support of the developmental agenda.' Thandika Mkandawire (2001) defines a developmental state as a 'state which is able to set developmental goals and willing to create and sustain a policy climate and an institutional structure that promotes development.'

To be sure, it is in the 2007 Strategy and Tactics (ANC, 2007) that the ANC spells out in detail its aspiration to create a developmental state, and it explains in details what it means by developmental state and how would it be pursued. The ANC (2007) indicates that it aims to 'build a developmental state shaped by the history and socio-economic dynamics of South African society. Such a state will guide national economic development and mobilise domestic and foreign capital and other social partners to achieve this goal. It will have attributes that include: capacity to intervene in the economy in the interest of higher rates of growth and sustainable development; effecting sustainable programmes that address challenges of unemployment, poverty and underdevelopment with requisite emphasis on vulnerable groups; and mobilising the people as a whole, especially the poor, to act as their own liberators through participatory and representative democracy'. It would seem that the ANC is/was talking about a democratic developmental state. Omano Edigheji (2005) characterises a democratic

developmental state as a state that principally embodies the following four principles: electoral democracy and popular participation in the development and governance processes; economic growth and state driven socio-economic development.

Background

This paper revisits earlier works on the notion of developmental state in South Africa (see, Gumede 2008, 2011 & 2013). I had concluded, tentatively, that South Africa is/was a democratic developmental state in the making, albeit a weak state. The further analysis of the problematic of a developmental state, during the last year or so and examining the past five years or so, suggests that South Africa is drifting away from becoming a democratic developmental state – it might be this realisation that has influenced the shift in nomenclature from ‘developmental state’ to ‘capable state’ as captured in the National Development Plan¹.

Among others, the analysis of human development, poverty and inequality supports the argument I am advancing that the dream of becoming a developmental state in South Africa is being deferred². It is interesting to note that Linda Weiss (2010)³ had the following to say, in the context that South Africa, a priori, declared the ambition of becoming a developmental state: ‘South Africa set itself the unusual and challenging goal of becoming a developmental state. In principle, this is a unique and noble enterprise: unique in so far as no state has ever self-consciously set out to become a Developmental State; and noble in so far as such a project draws inspiration from the experience of certain countries that achieved shared growth – growth with equity. Predatory states have appeared in abundance; developmental states are a much rarer breed.’

Going through literature regarding the definition of a ‘developmental state’ it is evident that there is no single definition of what a developmental state is. However, a perspective that seems to feature prominently in the definitions of developmental state by leading scholars in

¹ See the National Planning Commission, 2012. The National Development Plan 2030. Ministry of Planning. The Presidency. Pretoria

² The analysis referred to is also captured in my latest publication: Gumede, V (2014), Poverty and Poverty Lines in South Africa. In Kanbur, R et al (editors) (2014), *Oxford Companion to the Economics of South Africa*. Oxford University Press

³ Linda Weiss is a professor at the University of Sydney – she gave a lecture on developmental state at the Human Sciences Research Council in 2010, and the quote comes from her lecture/speech.

the field, such as Chalmers Johnson (1982; 1999), Louis Amsden (1989), Peter Evans (1995), Adrian Leftwich (1995) and Thandika Mkandawire (2001), emphasises the notion of an ‘embedded autonomy’, long range planning, capacity and socio-economic development. As Evans (1995) explains, state institutions have to be *autonomous* in so far as that facilitates the identification and promotion of strategic developmental objectives, while *embedded* in a sense that the state would be able to establish and sustain effective partnerships with key social groups that would add much needed impetus to the achievement of development goals.

There have been many on-going debates in South Africa as to whether or not South Africa is a developmental state. Some of these debates have concluded that South Africa is a developmental state, while others have concluded that South Africa is not a developmental state – as indicated above, I had concluded that South Africa was a developmental state in the making (Gumede, 2008, 2011 & 2013). Let me highlight a few of the views. Alan Hirsch (2013), for instance, argues that ‘it is too early to say that a democratic developmental state is impossible in South Africa [because] our political system is so young and immature...’ Hein Marias (2010), on the other hand, argues that to arrive at a view of whether South Africa is a developmental state or not one should examine ‘features deemed essential’ for South Africa to be a developmental state or one should assess whether South Africa ‘is already conducting itself in a manner of a developmental state.’ William Gumede (2009) concluded that ‘measured in terms of the appropriate vision, commitment, policies pursued, institutions set up and quality of the democracy, the delivery of a democratic developmental state is at best still a work in progress’. Ben Turok (2008) concluded that ‘South Africa could not presently be characterised as a developmental state but that it has taken several significant steps in this direction.’

This paper, as the title⁴ suggests, provides a broad review of the extent to which South Africa is meeting its goal of becoming a developmental state. The paper starts off with theoretical reflections on the possible reasons why South Africa is further drifting away from being a

⁴ Mark Geviser wrote a biography on Thabo Mbeki with a subtitle, ‘dream deferred’. I use the same subtitle because I think the dream of becoming a developmental state in South Africa is getting deferred, so to speak.

developmental state⁵. Then I give a brief description of a notion of developmental state, briefly reviewing some studies. I then discuss the various views on whether South Africa is a developmental state. Before concluding, I examine some empirical evidence that helps to gauge the extent to which South Africa could be characterised as a developmental state or in answering the fundamental question of whether South Africa can ever be a developmental state.

Theoretical reflections

To start with, British and Dutch colonialists in South Africa established an economic system that served the interest of the metropole at the expense of the indigenous people. The system was based on extraction of minerals. The apartheid regime, which officially started in 1948, made racialism a state policy which led to acute pauperisation, exploitation and unimaginable domination of the African majority by the white minority. The apartheid government employed various strategies and policies which ensured that whites assumed and maintained control of the economy, enjoyed better living conditions and prepared for a more meaningful future than the other races.

In what follows, I present the link between the experience of South Africa in the 'global matrix of power⁶' under the hegemony of global capitalism and how these appear to limit the capacity of the post-apartheid dispensation to foster inclusive development in South Africa. The current relationship between the state and capital in South Africa must be interpreted within the context of the global matrix of power⁷, under which South Africa is framed and under which it functions as a post-colonial neo-colonial state. As Devan Pillay (2010) argues, South Africa has

⁵ Interestingly, Omano Edigheji and Sam Moyo (2010) had made a case that South Africa is [was] unlikely to achieve its developmental state agenda because of its Minerals-Energy-Complex (MEC), de-industrialisation as well as slack agrarian and land reforms

⁶ Sabelo Ndlovu-Gatsheni, in his 2012 Inaugural Professorial Lecture at the University of South Africa, explains colonial matrix of power as referring to a context or situation in which 'the old colonial hierarchies of European versus non-Europeans remain in place and are entangled with the international division of labour and accumulation of capital at a world scale'. As he puts it, Africans still live under the 'European/Euro-American exploitation and domination'

⁷ Decolonial thought scholars talk of colonial or global matrixes of power in the context of coloniality – Coloniality essentially refers to the colonisers' suppression of African cultures, languages, worldviews (beliefs and value systems), the production of indigenous knowledge and meaning; painting them as inferior and primitive. On the other hand, presenting those of the colonisers as superior and rational and imposing them on the oppressed (Ndlovu-Gatsheni, 2012)

gone through various tragic experiences of 'plunder, exploitation and enclave or bifurcated development.'

The economic history of South Africa owed much to mineral extractions which started in the 1870s. The growth of manufacturing and the retreat of agriculture are directly linked to the dependence of the economy on mining and mineral exploitation. As Seeraj Mohamed (2010) argues, "historically, economic development in South Africa has been centred around extractive activities in mining and mineral sectors". According to Mohamed (2010), the state and the mining industry have been working together to support the growth of manufacturing which has a strong link to what Fine and Rustomjee (1996) describe as the Mineral-Energy-Complex (i.e. a form of political compromise between large English mining interests and the large Afrikaner business and political establishment). Mohamed further argues that the economic history of South Africa has been characterised by the "politics of oppression of black South Africans and the strict control over black workers" (Mohamed, 2010: 44).

Paradoxically, just as the political economy of South Africa was a compromise between global capital (which was represented by the Mineral Energy Complex) owned by the minority white and Afrikaner population during apartheid, the post-apartheid political economy, arguably, is also a compromise between the African majority rule and the white minority who holds greater power in finance capital. In John Saul's (2012) nomenclature, even though the economy has undergone some restructuring with the transition to democracy, nothing much has changed as the economy is still subject to the control, manipulation and exploitation of the global capitalist system.

The corporate sector in South Africa has aligned itself with the global capitalist power brokers to exert pressures on the state to relinquish the control over economic policy to the former. Lawrence Hamilton (2014: 124), in his recent book, puts it in the following terms: 'the elite compromise reified rather than enable the transformation of power relations that had been generated under and inherited from colonial and apartheid regimes and conditions...' Arguably, the acquiescence of the ANC to such pressures came to many as a surprise. However, it was largely borne out of fear that the country may lose credibility with potential investors thereby

affecting the credit ratings of the country. And indeed, such fears are not misplaced. This is because the corporate sector, in alliance with international financial institutions and neo-liberal based governments in the United States of America and Britain, has the means in form of propaganda and the control over movement of capital to wreak havoc within a short period of time. It is widely accepted, for instance, that the Asia financial crisis of 1997/98, was worsened by the sudden withdrawal of the speculative investment by Western based investors in countries such as Thailand, Hong Kong and Indonesia that accentuated the crisis in those countries.

Despite the staggering failure of the neo-liberal policies, the hegemonic control of the global capitalist system looms large over the post-apartheid South African state. Notwithstanding the glaring and potentially dangerous level of poverty and inequality, 'the State has become hesitant about implementing progressive economic policies that could address unemployment and poverty for fear that these policies would drive down share prices and create a negative view of South African policies in international financial markets and business media' (Mohamed 2010:47).

In Gillian Hart's estimation, 'Neoliberalism, understood as a class project and manifestation of global economic forces, as well as rationality of rule, has become the dominant frame for many critical understandings of post-apartheid South Africa' (Hart, 2013: 6). Although she says that such framing is inadequate to explain the conundrum that currently characterise the development project in South Africa, the framing reflects the political economy and social constructions of the country. However, Hart's idea of de-nationalisation feeds into the increasing connectivity of the domestic capital into the global capital, which undermine the realisation of the goal of developmental state in post-apartheid South Africa. The latitude that the ANC government provide the corporate sector to define the terms of reconnection with the global economy has worsened the social-economic problems in South Africa. In Hart's words, an analysis of this situation:

'Directs attention to the heavily concentrated character of South African corporate capital; the highly advantageous terms on which these conglomerates engineered their re-engagement with the global economy after the fall of

apartheid through their relations with strategically highly placed forces in the ANC; how the conglomerates have restructured and de-nationalised their operations; massive and escalating capital flight; the formation of a small but powerful black capitalist class allied with white corporate capital; understanding of the 'economy' fostered through these alliances, their ongoing influence over ANC government policy; and multiple ways these forces continue to play into and intensify brutal inequalities and the degradation of livelihoods of a large proportion of the black South African population' (Hart, 2013:6-7)

As mentioned earlier, the seeming powerlessness of the state in getting the corporate sector to serve the interest of the society is a testimony to the hegemonic control of the global capital over the state, not only in South Africa but over Africa as a whole. This hegemonic control manifests in interference of the agents of what Robinson (2004) calls the transnational capitalist class (TCC) in policy making, knowledge production and consumption pattern. To be specific, the passion and the pace in which the World Bank and the International Monetary Fund (IMF) continue to carry out the diagnosis of socio-economic problems in Africa deserves further elaboration. The World Bank and the IMF have both acknowledged that the structural adjustment programmes imposed upon Africa in the 1980s were wrong footed (Stiglitz, 2002). The IMF has also recently shifted ground on its fixation on the sanctity and sacredness of capital account liberalisation and the general neo-liberal dogma that has plunged the world economy into an interminable crisis since 2008.

In what Ndlovu-Gatsheni (2012:65) calls the 'Myths of Decolonization and Illusions of Freedom', post-apartheid South African leaders have not been able to escape the tyranny of the global matrix of power in terms of leverage to adopt home grown development strategies that will help to correct many years of injustices on issues of economic opportunities, land redistribution and improvements in living conditions of the majority of South Africans. Although the various leaders are very much aware of the necessity of taking bold steps to correct these anomalies,

and have in fact tried through various initiative, these have not translated into true freedom for majority of South Africans⁸.

According to Ndlovu-Gatsheni (2012: 67), 'the post-1994 South African situation speaks volumes about how the liberation movement was disciplined into an emancipatory force that finally celebrated the achievement of liberal democracy instead of decolonisation and freedom'. The liberal democracy, as Claude Ake (2000) would put it, that South Africa embraced is not the type of democracy that can bring about development of the people. It is the democracy whose *leit motif* is the protection of the property of the bourgeoisie class and monopoly or finance capital. It is the democracy of the market, investment friendliness and capital. But it is not for the people or the working class.

As much as liberal democracy is based on the logic of the market and individualism, concern for income redistribution and empowerment of the masses will remain mere concerns as infighting and competition over resources will be the norm rather than the exception. The undue importance that foreign capital receives within the context of a liberal/market democracy ensures that state policies and their actors are always subordinated to the logic of capital. These contradictions have played out in the various infightings, broken alliances, policy summersaults and ideological convolution within the ruling ANC during the two decades of democracy in South Africa.

In closing this theoretical section, it is important to emphasise that the road to true freedom in South Africa and Africa in general is through self-awareness of the subservient position that the continent has been inserted by the global matrix of power, a strong aspiration to break loose from this chain, acquisition of relevant endogenous based knowledge and a commitment to fundamentally alter the socio-economic and political structures that have been put in place to make it easy for Africa to be perpetually exploited and dominated. Such fundamental changes

⁸ It is in this context that I disagree with the thesis, elaborated in Lawrence Hamilton's new book, that all South Africans are not free (Hamilton, 2014). Although the theorisation about 'freedom' contained in the book should be congratulated, because it is necessary to better theorise about freedom and justice in particular, it is indisputable that the historical injustice and subsequent deprivations are mainly a consequence of centuries of dispossession and oppression by the white minority over Africans – it is Africans that require true freedom. My works (Gumede 2013 & 2014) provide empirical evidence that support the view that Africans remain worse off in many respects.

will not come easy as it will be fiercely resisted by the domestic and foreign capital and their cronies, who are comfortable with the current lopsided order. In essence, South Africa needs what John Saul has repeatedly called for: complete liberation!

Developmental State – unpacking the concept

There is a general consensus that a developmental state is central to the economic growth of any country. In this regard, Amiya Bagchi (2000: 398) defines a developmental state as ‘a state that has prioritised economic development in its policies, designing policies that effectively enable the promotion of such a goal.’ Based on this definition of a developmental state, Bagchi further identifies instruments that can be used in the construction of a developmental state, which include forging new formal institutions, the weaving of informal and informal networks of collaborations amongst citizens and officials, as well as the utilisation of new opportunities for trade and profitable production. Therefore, a developmental state is characterised by economic development.

Thandika Mkandawire (2001), however, argues that this definition of a developmental state runs the risk of being tautological since the evidence of a state being developmental is drawn deductively from the economy. This produces a definition of a state as being developmental if the economy is developing, and equates economic success to the state’s strength, while measuring the latter by the presumed outcomes of its policies, excluding a situation in which exogenous structural dynamics and unforeseen factors that can ruin genuine developmental commitments and efforts by the state. Just as these factors account for a state’s developmental success, they too can account for economic failure, in that some government policies, political will and technical capacity may simply prove to be inadequate to fend off exogenous forces.

Essentially, Mkandawire (2001) argues that developmental states are ‘social constructs’ by different role players in particular society, which is related to the argument by Ziya Onis (1991) that the East Asian model of a developmental state is a product of unique historical circumstances. In fact, Manuel Castells (2010) identifies three ‘cultural areas’ in the case of East Asia: the Japanese communitarian approach, the Korean patrimonial logic and the Taiwanese patrilineal logic. As it is commonly known, the pioneer of the concept of developmental state,

Chalmers Johnson (1982), saw the developmental state in Japan as epitomised by a 'plan rational state' where the state shaped economic development as it intervened in the development process and established substantive social and economic goals. This points to an important analytical issue, when thinking about the notion of developmental state, that there are different typologies of developmental states and that developmental states emerge in particular contexts or circumstances.

Guy Mhone (2004) made an important point in this respect, that one needs to look at whether the state is developmental in its thinking and action and also whether it is organised in a way that developmentalism is feasible – for one to determine whether a developmental state exists or is feasible. As indicated above, Mhone (2004) defines 'developmentalism as a proactive role of the state in pursuing and defining a developmental vision to be attained in the long term, in coordinating economic activities and steering them towards the desired outcome, mobilising and synergising class and social forces in support of the development agenda'. It is in this context that I have advanced a view that a developmental state has to be a 'state that is actively pursuing its agenda, working together with social partners, and has the capacity and is appropriately organised for its predetermined developmental objective' (Gumede 2008: 9).

Early studies that attempt to understand the causes and conditions that enable other countries to be more developing than others point to the nature of their politics, especially the character of the state. These studies reveal key characteristic features of two types of states: a 'strong' and a 'weak' state. A strong state is characterised as one that is led by purposeful and determined developmental elites, who establish its legitimacy through its ability to achieved sustained economic growth. Such a state is supported by a technically competent and capable administration which implements economic policies wisely and effectively. As Thandika Mkandawire (2001) suggests, processes and institutions should not be confused with outcomes – Good economic performance and social transformation are positive outcomes of development, which implies that a developmental state is about institutions, processes and their management.

In a nutshell, therefore, the main attributes of what could be characterised as a developmental state include: determined developmental elite, relative autonomy of the state from outside

influences, effective management of non-state economic interests, legitimacy, developmental ideology, meritocratic recruitments, sufficient requisite capacities to determine and implement a long term developmental plan as well as insulated/'neutral' public servants. The orientation, ideologically and practically, of a developmental state has to be developmentalism (as described by the late Guy Mhone).

Can South Africa become a developmental state?

Arguably, since the dawn of democracy, significant amounts of efforts by the state and other sectors of the society have gone into devising policies and programmes that seek to bring to life the noble ideals contained in South Africa's Constitution. The essence of the South African Constitution, and consequently the expectation, is that government pursues socio-economic transformation comprehensively from various perspectives: the human rights and other freedoms such as economic, social and cultural ones as well as the expansion of human capability in relation to areas such as education and healthcare. The public policies that have been implemented since 1994 can be said to have been deliberate attempts to engender human progress and social and economic justice, as I have argued elsewhere. However, despite various efforts many challenges remain. Below, I briefly explore the selected socio-economic challenges that continue to bedevil the post-apartheid dispensation, even twenty years since political independence.

Poverty and Inequality

Poverty and inequality, as I have argued elsewhere, are linked to the structure of the South African economy. On the one hand, the labour market is not producing enough jobs and is therefore not reducing structural poverty, and on the other hand the structure of the economy is reproducing inequality by benefiting those with scarce skills and political connections, while keeping the rest of society, particularly within the African community, at a lower level of economic or financial wellbeing (Gumede 2013: 26).

It is when we examine poverty and inequality as well as the level of human development in the post-apartheid South African that the ramifications of apartheid colonialism⁹ are glaring. Poverty remains high, however measured – own calculations suggest that there are at least 40% of South Africans that are below the poverty line (Gumede, 2014). I have argued that it is likely that poverty would have increased as a result of the recent global economic crisis and also due to a South African economy gradually plunging into a recession.

With regards to human development, the 2013 Human Development Report suggests that South Africa’s Human Development Index (HDI)¹⁰ has effectively been stagnant, though it has been marginally increasing in the past few years. As Table 1 shows, in 2010 the HDI for South Africa was 0.621 and 0.629 in 2012, not a major change. Table 1 also shows that both per capita incomes and life expectancy have been stagnant, especially in the recent period. Other useful numbers in the 2013 Human Development Report relate to schooling: data implies that South Africans, on average, school five years less than expected.

Table 1: Human Development in South Africa (1980-2012)

	Life Expectancy	Expected years of Schooling	Mean years of Schooling	GNI per capita (2005 PPP\$)	HDI
1980	56.9	11.1	4.8	8,399	0.57
1985	59.8	11.1	4.8	7,892	0.581
1990	61.5	11.4	6.5	7,671	0.621
1995	59.9	13.1	8.2	7,350	0.65
2000	54.8	13.1	8.2	7,462	0.622
2005	51.1	13.1	8.2	8,420	0.604
2010	52.2	13.1	8.5	9,307	0.621
2011	52.8	13.1	8.5	9,463	0.625
2012	53.4	13.1	8.5	9,594	0.629

⁹ I use apartheid colonialism as a political characterisation of the centuries of a discriminatory system of colonialism and decades of systemic social and economic exclusion of the majority in South Africa; both colonialism and apartheid were formal systems of racial domination and white supremacy.

¹⁰ The Human Development Index (HDI) measures human development as a composite indicator made up of life expectancy, literacy and per capita income.

Since 1995, according to the 2013 Human Development Report, the expected years of schooling in South Africa are 13.1 years. The mean years of schooling have remained 8.5 years since 2010. It indeed seems as though the society is standing still, from a socio-economic transformation point of view. It is generally agreed that the economy has been performing poorly, especially of late or in the recent period (Gumede, 2013).

Again, there is a general consensus in South Africa that inequality, particularly economic inequality is high. All estimates of income inequality in South Africa, using standard measures of economic inequality, place inequality above 0.60¹¹. While it may seem that the growing economic or income inequality is a global phenomenon- the challenge with South Africa's economic inequality is that the scale and racial relations are too high, mainly being concentrated between the black majority and the white minority. Therefore the character of economic inequality in South Africa should be understood along racial lines. As Isobel Frye and her co-researchers put it, 'poverty and inequality in South Africa have a very clear racial bias as a result of the colonial and apartheid policies or racial discrimination and deliberate impoverishment' (Frye, et al 2011: 260). Similarly, Haroon Borhat and his co-researchers have argued that 'in the South African context, the strong inequality between racial groups as a result of apartheid has always been a significant driver of aggregate inequality' (Bhorat et al 2012: 14).

Table 2 below, produced using Gelb (2004), Liebbrandt et al (2009), Borhat et al (2012) and a few of my own calculations using Statistics South Africa's data, demonstrate that all population groups have experienced a significant increase in inequality- however these increases are not persuading in convincing me that the African population group account for the most significant increase in income inequality that the post-apartheid South Africa is reported to be

¹¹ The Gini Coefficient ranges between 0.0 and 1 – perfect income inequality would have Gini coefficient of 1 and perfect equality would be 0. Another economic measure of inequality is the Lorenz Curve which is a graphical representation of the relationship between the cumulative percentage of income and the cumulative percentage of (ordered) population.

experiencing. In fact, income inequality of the African population group appears to be relatively steady between the years 2005 to 2011.

Table 2: Gini Coefficient by Population Groups

	1975	1995	2005	2009	2011
African	0.47	0.49	0.56	0.54	0.55
White	0.36	0.39	0.45	0.39	0.42
Indian	0.51	0.45	0.53	0.49	0.45
Coloured	0.45	0.49	0.58	0.52	0.53

Source: Gelb (2004), Liebbrandt et al (2009), Bhorat et al (2012) and a few of my own calculations.

Based on Table 2, it is within the white population group that significant increase in income inequality has occurred. In my opinion, this has to do with the structure of the economy, which is generally more favourable to whites. The South African economy has been going through a recession from 2008; however, the recession has generally not affected the white minority who has invested well. In fact, they continue to reap the fruits of this much skewed economy. Furthermore, between the years 1995 to 2005, there was a significant correction or adjustment in the income of African, and therefore some Africans earned significantly more than other African, resulting in income inequality within the African population group. According to Habib and Bently (2008), the inadequate racial redress in the post-apartheid South African is the primary cause of inequality. Therefore persistent inequality undermines the prospect of inclusive growth, equal access to social protection and broader sustainable development, which negatively affects aggregate demand and investment in healthcare and education and socio-political and economic stability (United Nations World Economic and Social Survey, 2013). And the answer to redressing the high inequality in South Africa has to do with reconfiguring the whole society as a whole. The starting point should be in directing state capital relations in favour of development and or people as opposed to privileging the market. The government must use the leverage it has to redistribute wealth and resources through fiscal, social and tax

policies. In addition, important assets such as land should be redistributed quicker than it has been the case¹².

Unemployment and underemployment

In addition to income inequality, race remains a persistent fault line in South Africa's unemployment trends. The goal of the South African government was to reduce unemployment, to 14% between the years 2004 and 2014. However the employment performance of the South African economy has not adequately met the needs of the society, especially the needs of South Africa's youth population. David Lam and his co-researchers (2008) indicate that although young people generally have difficulty making a transition from school-to-work, the unemployment rate among the African youth population remains significantly high. The challenge of youth unemployment effectively translates to the exclusion of the youth in the mainstream of the South African society and the economy.

According to Statistic South Africa (2010) 13.13 million people were working in a total population of 19.06 million, which implies that 5.96 million people are unemployed. The youth unemployment challenge in South Africa is structural more than periodic or situational given the number of legislative and programmatic interventions made. According to Statistics South Africa (2012), the first quarter of 2012 showed an unemployment rate of 25.2% compared to the 23.9% of the fourth quarter of the year 2011. This is considerable high if we look at it by global standards. If we use the expanded definition for unemployment, unemployment stands at about 40%, especially if we consider the already discouraged job seekers.

According to the Fifteen Year Review (2008: 77), the South African government adopted programmatic interventions that have been helpful in providing more than 20 000 jobs per year locally and more than 700 placements internationally. However, regardless of these interventions, the challenge of youth unemployment and unemployment broadly still points to the historical inability by of the South African government and partners to sustainably resolve the challenge of youth unemployment. The unemployed, if data from Statistics South Africa is anything to go by, is made up of the unskilled and poorly educated, most of which include the

¹² See, for instance, my recent paper on land and agrarian reform in South Africa in the *International Journal for African Renaissance Studies*, 9(1), 2014, pp. 50-68

youth and women in rural areas. An important question then arises around the developmental capacity of South Africa's economic and social policies, as well as the sustainability and efficiency of education and training systems.

In addition to all this, South Africa is also faced with complexities such as an uneven labour market environment, the continuously changing nature of work, the lack of labour market measurement instruments and that of serving a multi-class service of beneficiaries. The fragmented nature of South Africa's labour market, increasing informality, casualisation and externalisation of the labour market has worsened the job crisis and the economic status of the ordinary working class. Now the South African labour market is confronted with millions of workers trapped in informal, temporary, part-time and casual work that offer a few benefits and limited prospects of advancement. This is the case for youth, women and immigrants who constitute a large part of South Africa's labour market (Gumede, 2011).

Education and Training

The post-apartheid government inherited an extremely poor education and skills regime, and a skewed and bias system that is profoundly shaped by severe skills gap along racial and gender lines (McGrath & Badrodien, 2004). The education systems curricula, research and teaching were fashioned in a way that produces graduates that would serve a labour market that was rigidly separated by race and gender. As argued elsewhere, the inferior education that Africans received was to ensure that they remain at lowest rungs of the South African polity. We should, however, acknowledge efforts made to improve education and training since 1994. This is evident in the increased access, headcount enrolment, increased investment by government and the private sector in education and the institutional rationalisation processes and regulation, respectively, resulting in the greatest strides forward (Kraak, 2008).

However, while education access has improved, the quality of education remains a challenge. This is particularly so in critical areas of primary school literacy, numeracy, science and mathematics education. According to Pottinger (2008) the provision of quality education in South Africa has been the one of the goals of the post-apartheid government, and has been the primary focus of all education stakeholders in the last decade. And despite increased interventions to address this problem, little improvement has been made. The specific reason

for this failure has been argued to be the issues related to the weak school management systems, inappropriate curriculum changes, a ‘wholly under-performing teachers corps’, progressively lowering of academic standards and requirements as well as the collapse of basic discipline in schools fed by an inappropriate and western-based philosophy of classroom management (Pottinger, 2008).

The challenges facing education and training do not augur well for the aspiration of becoming a developmental state. As emphasised earlier, and elsewhere, capacity is critical for creating and sustaining a developmental state. Cummings and Nørgaard (2004) conceptualise state capacity along four dimensions: ideational, political, technical and implementational. Cummings and Nørgaard (2004) define ideational state capacity as the degree to which the state – its actors, role and policies – is legitimated and embedded in state institutions. Political state capacity refers to effectiveness of state institutions in terms of governance structures and technical and implementational state capacities refer to administrative capacities. Education and training has to be effective to deliver these critical capacities.

Concluding remarks

The paper reviewed the extent to which South Africa is meeting set goals, within the context of the ‘dream’ of becoming a developmental state. The analysis suggests that South Africa is far from becoming a developmental state. The empirical evidence presented and discussed in this paper point to an ineffective or weak state, captured by capital – could it be that South Africa is becoming a corporatist state rather. It is not surprising that Gillian Hart (2013) and Adam Habib (2013), in their recent books in particular, argue for a *new political settlement*. Lawrence Hamilton (2014: 128) goes a step further to argue for a revolution or that South Africa is a case of ‘revolution still pending’. As is generally known, John Saul (2012) pushes for ‘complete liberation’ because nothing much has changed as the South African economy is still subject to the control, manipulation and exploitation of the global capitalist system.

For South Africa to be (ultimately) a democratic developmental state, the government would have to take control of the socio-economic transformation programme at the very least. In the main, or fundamentally, South Africa requires a profound restructuring of state-capital relations, if not the complete restructuring of the society itself. Anything else would simply scratch the surface and the developmental state dream would remain deferred, so long as Africans remain worse off in important socio-economic development aspects.

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