



Political Economy of Post-apartheid South Africa





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Political Economy of Post-apartheid South Africa

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DAKAR

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Foreword


This book, *Political Economy of Post-apartheid South Africa*, is an important contribution to the debates about post-apartheid South Africa and the notion of a ‘developmental state’, particularly as it describes what has transpired since 1994 while giving a historical context for each of the themes it deals with. Unlike experiences in other parts of the world, South Africa has *a priori* declared its ambition to become such a state. This started to filter into policy pronouncements in the mid-2000s, especially in the context of the review of progress in socio-economic transformation after ten years of democracy.

Theorisation around the notion of a developmental state is relatively young; and it has evolved *post facto* in an attempt to generalise experiences of countries that were able to sustain high rates of economic growth for a generation and more. A number of East Asian countries – and few others further afield – are held up as exemplars in this regard. Yet some studies have extended the scope of such theorisation to include, for instance, countries in Europe where social compacts have resulted in sustained growth as evincing a form of developmentalism.

Given his broad canvass of theoretical propositions, Vusi Gumede should be congratulated for discussing the various aspects of the political economy of post-apartheid South Africa. The result is an important addition to the body of literature on developmental experiences. Critically, *Political Economy of Post-apartheid South Africa* contains a systematic analysis of South Africa’s post-apartheid development trajectory.

In examining South Africa’s post-1994 experience, the author delves into social and economic policies and institutional arrangements for policy-making and implementation. But he doesn’t stop there. Contained in this book are ideas on what can further be done towards sustaining and intensifying the transformation project.

This, the author argues, entails building on the progress that has been made since South Africa attained democracy. But it also demands an honest acknowledgement of weaknesses as well as the impact of factors that were, and still are, beyond the control of South Africans. Among the latter are issues such as the global environment within which South Africa set out on its transformation journey, the dependence on and influence of global capital, and the trajectory of the global economy during South Africa’s twenty-one years of democracy.



For many years, Vusi Gumede was directly involved in policy development, monitoring and evaluation within South Africa's post-apartheid administrations. That experience and exposure have come handy in crafting a book that can be useful for anyone who wants to know the evolution of the country's numerous political economy issues since 1994. One does not have to agree with his postulates to appreciate that this piece of work has the potential to significantly contribute to sober reflection and introspection.

I recommend the book, not only to academics, researchers and students, but also to policy-makers in both the public and private sectors. I am also certain that members of the public who want to gain new insights on the trajectories of democratic developmental states and know how, as citizens and observers alike, they can exercise agency in influencing South Africa's development trajectory, would gain from this treatise.

South Africa's journey to right a historical injustice is underway. As the country enters the third decade of democracy, it cannot but answer the critical questions about the depth, the speed and the reach of its policies of change. In such a national undertaking, there can be no spectator.

Joel Netshitenzhe

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Preface

As I was preparing my departure from government in 2009, I decided that I must write a book. During 2010-2013, I wrote the book I wanted to write and it was scheduled to hit the shelves during 2016 – it was originally hoped that it was going to be published in 2015 but it has gone through various iterations as it usually happens with such projects.

While completing the book I am referring to, it occurred to me that another book was necessary, perhaps as a precursor to that book. A straightforward text that explains various aspects of South Africa's contemporary political economy issues can be useful for many reasons: it can be a companion guide to students, policy practitioners, researchers and the like. Most importantly, it can be a good background to the book, *Post-apartheid South Africa: Economic and Social Inclusion*, which I was writing.

South Africa has completed twenty-one years of political independence. There were wide and high expectations in and outside South Africa that the formal end of apartheid in 1994 presented a unique opportunity for the country to pursue a progressive development path in which the rights, wellbeing and dignities of all citizens would be recognised, pursued and preserved in line with the overarching goal of building an inclusive, non-racial, non-sexist and non-discriminatory society. These expectations were based on the recognition of the injustices of the past and the challenges that were looming but also grounded on a firm determination of the political leadership, as it seemed, to confront these seemingly intractable problems through the adoption of an appropriate mix of policies.

Since 1994, various policies have been embarked upon by the successive democratic governments, aimed at achieving the 'dream' of a developmental state which could guarantee an inclusive society. From the Ready to Govern (R2G) document of 1992 which laid the basis for the Reconstruction and Development Programme (RDP) of 1994, the Growth, Employment and Redistribution (GEAR) Policy Framework in 1996, the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in 2005, the New Growth Path of 2010 and so on, South Africa has been pursuing a democratic developmental state. The overall consensus among scholars that have written on the trajectories of experiences of South Africa in the past 21 years of acceding to the majority democratic rule is that while some progress has been recorded, various challenges



in terms of poverty and inequality, unemployment, poor service delivery, and the challenge of nation building and development remain thorny issues that, due to their social implications, deserve urgent attention.

The idea of a developmental state on which the successive post-apartheid governments in South Africa anchored their developmental programmes remains a contested and problematic one, in view of the overriding influence of the skewed global distribution of power on socio-economic policies in the country. While most of the scholarly works on South Africa's development experiences have accepted the daunting challenges of correcting the historical injustices of the past, there is little effort to situate the complexities involved in addressing these challenges within what could be termed 'democratic developmental state debate', especially as it relates to the ability and autonomy of the government to formulate and implement appropriate policies that are in synch with the expressed ideology of reconstruction and development on which the African National Congress (ANC) secured political power in 1994.

This book, *Political Economy of Post-apartheid South Africa*, comes as a background to a more thorough and detailed analysis of what has happened in South Africa in the past 21 years regarding social and economic inclusion. It explains in straightforward terms what has happened in the various selected political economy areas in post-apartheid South Africa.

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I also acknowledge my former colleagues at the University of Johannesburg – and the students that I was teaching – who confirmed that a publication like this is necessary. I acknowledge colleagues at the Graduate School of Public and Development Management (now called the School of Government) at the University of the Witwatersrand. Many of the students I taught during 2009–2014 have shaped this book through the heated debates in and outside class, and so are those who attended sessions I facilitated for the Public Administration Leadership and Management Academy (now renamed the National School of Government).

I have to thank the reviewers. Similarly, I have to thank the publisher, particularly the colleagues directly responsible for publishing this book. Alexander Bangirana, Head of Publications at the Council for the Development of Social Science Research in Africa (CODESRIA) played a critical role in getting this book published. I also thank CODESRIA for the financial support that made this project a reality. A word of gratitude is extended to Tshego Sehlodimela who assisted me with preparing the book for publication through her publishing and editing knowledge.

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I thank my parents for the sacrifices they made to allow a possibility that I can contribute to knowledge production. Thanks also to many people in my life who played different roles that have enabled me to contribute to knowledge production.





Abbreviations

ABET	Adult Basic Education and Training
ACE	Advanced Certificate in Education
ACSA	Airports Company South Africa
AIDS	Acquired Immune Deficiency Syndrome
ANAs	Annual National Assessments
ANC	African National Congress
ANCYL	African National Congress Youth League
ARMSCOR	Armaments Corporation of South Africa
AsgiSA	Accelerated and Shared Growth Initiative of South Africa
AU	African Union
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
BUSA	Business Unity South Africa
CASP	Competitive Agriculture Support Programme
CDE	Centre for Development Enterprise
CES	Centre d' Economie de la Sorbonne
CHE	Council on Higher Education
CLARA	Communal Land Rights Act
Codesa	Convention for Democracy in South Africa
Cosatu	Congress of South African Trade Unions
CPPP	Community Public Private Partnership
CSDP	Competitive Supplier Development Programme
CSIR	Council for Scientific and Industrial Research
CST	Colonialism of a Special Type
CTCP	Clothing and Textile Competitive Programme
CWP	Community Work Programme
DBE	The Department of Basic Education

DED	Department of Economic Development
DoE	Department of Education
DoHE&T	Department of Higher Education and Training
DFI	Development Finance Institution
DPE	Department of Public Enterprise
DPME	Department of Performance Monitoring and Evaluation
DTI	Department of Trade and Industry
DMS	Development Merchant System
EE	Employment Equity
EFF	Economic Freedom Fighters
EIP	Enterprise Investment Programme
EPZ	Export Processing Zone
ESAP	Economic Structural Adjustment Programme
ESKOM	Electricity Supply Commission
ESTA	Extension of the Security of Tenure Act
ETQAs	Education and Training Quality Assurance Authorities
FAO	Food and Agricultural Organisation
FDI	Foreign Direct Investment
FET	Further Education and Training
FGT	Foster-Green-Thorbecke
FOSAD	Forum of South African Directors-General
EPWP	Expanded Public Works Programme
FTLRP	Fast Track Land Reform Programme
GAA	Group Areas Act
GBE	Government Business Enterprise
GDP	Growth Domestic Product
GEAR	Growth, Employment and Redistribution Framework
GHS	General Household Survey
GNU	Government of National Unity
HSRC	Human Sciences Research Council
HIV	Human Immunodeficiency Virus
HDI	Human Development Index
HPI	Human Poverty Index
HPI-1	Human Poverty Index (for developing countries)

HPI-2	Human Poverty Index (for developed countries)
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IDTT	Inter-Developmental Task Team
IFI	International Financial Institutions
IFP	Inkatha Freedom Party
IJR	Institute of Justice and Reconciliation
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IPR	Intellectual Property Rights
IRP	Integrated Resource Plan
ISCOR	Iron Steel Corporation
ITAC	International Trade Administration Commission
ITED	International Trade and Economic Development
JIPSA	Joint Initiative for Priority Skills
LRP	Land Reform Programme
LRRP	Zimbabwean Land Reform and Resettlement Programme
MAFISA	Micro Agricultural Finance Institute of South Africa
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MEC	Mineral-Energy-Complex
MERG	Macro-Economic Research Group
MPC	Monetary Policy Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NA	National Assembly
NAMAC	National Small Business Advisory Council
NAP	National Agricultural Policy
NCOP	National Council of Provinces
NDP	National Development Plan
NDR	National Democratic Revolution
NDS	National Democratic Society

Nedlac	National Economic Development and Labour Council
NEET	Not in Education, Employment or Training
NEF	National Economic Empowerment Fund
NECSA	Nuclear Energy Corporation for South Africa
NERSA	National Energy Regulator of South Africa
NFTN	National Foundry Technology Network
NIEP	National Institute of Economic Policy
NIPF	National Industry Policy Framework
Nepad	New Partnership for Africa's Development
NGM	National Gender Machinery
NGOs	Non-Governmental Organisations
NGP	New Growth Path
NHI	National Health Insurance
NIEP	National Institute of Economic Policy
NIPP	National Industrial Participation Programme
NEDP	National Export Development Programme
NLA	Natives Land Act
NLM	National Liberation Movement
NMISA	National Metrology Institute of South Africa
NP	National Party
NPC	National Planning Commission
NPM	New Public Management
NQF	National Qualifications Framework
NSBs	National Standard Bodies
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NSDP	National Spatial Development Perspective
NRCS	National Regulatory for Compulsory Specifications
NYDA	National Youth Development Agency
OBE	Outcomes-Based Education
ODA	Overseas Development Assistance
OECD	Organization for Economic Cooperation and Development
PAC	Pan African Congress
PCAS	Policy Coordination and Advisory Services

PF	Peoples Front
PIC	Public Investment Corporation
PICC	Presidential Infrastructure Coordinating Commission
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework
PRC	Presidential Review Committee
PSRs	Poverty Strategy Papers
QIDS UP	Quality Improvement, Development Support and Upliftment Programme
QLTC	Quality Learning and Teaching Campaign
QCTO	Quality Control for Trade and Occupation
R2G	Ready to Govern
RDLR	Department of Rural Development and Land Reform
RDP	Reconstruction and Development Programme
RNCS	Revised National Curriculum Statement
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SANDF	South African National Defense Force
SACP	South African Communist Party
SAIRR	South African Institute of Race Relations
Samaf	South African Micro Finance Apex Fund
Sanac	South African National Aids Council
Sanco	South African National Civic Organisation
SANAS	South African National Accreditation Systems
SAPs	Structural Adjustment Programmes
SAPS	South African Policy Service
Sasol	South African Coal, Oil and Gas Corporation
SAR	South African Railway
SARB	South African Reserve Bank
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
Sawid	South African Women in Dialogue
SDA	Skills Development Act

SETAs	Sector Education and Training Authorities
Seda	Small Enterprise Development Agency
SEZ	Special Economic Zone
SGB	School Governing Body
SHI	Social Health Insurance
SME	Small and Medium Sized Enterprises
SMMEs	Small, Micro and Medium Enterprises
SMTs	School Management Teams
SoC	State Owned Companies
SOEs	State Owned Enterprises
SQAM	Standard Quality Assurance and Metrology
SSA	Sub-Saharan Africa
Stats SA	Statistics South Africa
TB	Tuberculosis
TBVC	Transkei, Bophuthatswana, Venda and Ciskei
TCC	Transnational Capitalist Class
TEO	The Enterprise Organisation
TGRs	Third Generation Reforms
TIA	Technology Innovation Agency
TNPA	Transnet National Ports Authority
TRC	Truth and Reconciliation Commission
TVET	Technical, Vocational Education and Training
UDF	United Democratic Front
UN	United Nations
UNISA	University of South Africa
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization
ZANU	Zimbabwe African National Union

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