

## *Introduction: can South Africa be a developmental state?*

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In the introduction to *State of the Nation: South Africa 2004-2005*, the editors noted that 'the African National Congress (ANC) is in the throes of shifting from the Growth, Employment and Redistribution (GEAR) strategy to a more interventionist, developmental state' (Daniel, Southall & Lutchman 2005: xxxi). Since then, this change has become sufficiently explicit for it to have initiated the beginnings of a serious debate about the changing nature and role of the state as the second Mbeki presidency unfolds.

The editors argued that this shift in orientation – which articulated a comprehensive agenda for transformation put forward by Thabo Mbeki at the beginning of his final term as President – flowed less from the ANC's past or present engagements with socialism, than from its seeking to apply lessons learnt from the idea of an Asian-style (capitalist) 'developmental state' (Daniel et al. 2005: xxviii). However, it was suggested that if the ANC were to transform South Africa into a developmental state, it would have to meet three particular challenges: first, the state would have to confront major deficiencies in its capacity, notably those resulting from the skewed human resource patterns inherited from its racialised past; second, whereas the developmental patterns of the classic Asian developmental states were structured by propitious post-Second World War conditions which facilitated their growth, contemporary South Africa operates in a highly globalised production system in which the capacity of (especially less powerful) individual states to steer their own economic fortunes has been massively eroded; and third, whereas the governments of developmental states were enabled to trade high rates of growth for low levels of democracy, the relatively high levels of popular mobilisation and low levels of social coherence which South Africa has inherited from the struggle against apartheid would require that the ANC seeks to combine development and democracy.

Our interpretation of this change was shared by others. Jumuleng Mahabane, writing in the *Financial Mail* (25.02.05), for instance, observed of President Mbeki's latest 'State of the Nation' address that it 'continued a shift to a transformative and developmental state, aimed at entrenching the principle of shared growth by making all our people part of the economy'. His analysis followed that of the *Financial Mail* (01.10.04) which saw the move as following from the government's reaction to its *Ten year review* (PCAS 2003). This had stated that although much had been achieved, the pressures of poverty and inequality would soon become overwhelming if the 'first economy', linked to the global economy, continued on a present trajectory which saw those who were located in a 'second economy' excluded from the benefits of growth by lack of employment, education, skills, capital and opportunity. The conclusion had been that the state should become more active in correcting the market's failures, a stance which Neva Makgetla (2005) has confirmed subsequently became a subject of increasing debate within the Tripartite Alliance (which links the ANC to the Congress of South African Trade Unions [Cosatu] and the South African Communist Party [SACP] to the ANC). However, such deliberations are themselves mere reflections of the growing boldness with which the government and the ANC have latterly come to openly espouse the 'developmental state'.

### *Government strategy: 'turning the ship of state around'?*

In his 'State of the Nation' speech for 2005, delivered on 11 February, President Mbeki provided an assessment of the government's success in achieving the goals which it had outlined following its victory in the 2004 general election, that is, 'to achieve higher rates of economic growth and development, improve the quality of life of all our people, and consolidate our social cohesion'. Noting that while South Africa has been underperforming compared to its 'emerging-market' peer group, he insisted that the country has positioned itself upon a sustainable higher growth path. Unemployment remains far too high, but employment has gradually begun to improve. Furthermore, the government is making marked progress towards its various targets. Ninety per cent of those deemed eligible are now receiving social grants; over ten million people have gained access to potable water; and over two million housing subsidies have been allocated to the poor since 1994. Likewise, whereas 4.1 million out of 11.2 million households lived on an income of R9 600 or less per year in 2001, by

2004 this figure had decreased to 3.6 million households. The President also claimed that of the 307 'concrete actions' promised in his previous speech, 51 per cent with specific time frames had been achieved, 21 per cent had been undertaken with 'slight delays', and 28 per cent had not been carried out. If, as O'Donovan and Hemson suggest in this volume, the President was putting a favourable gloss upon performance, he was nonetheless highlighting the government's determined efforts to streamline delivery.

President Mbeki declared that the broad objectives of the coming year were 'to increase investment, lower the cost of doing business, improve economic inclusion and provide the skills required by the economy'. Central to this were the continuing plans for public investment, notably with regard to transport logistics, electricity and water resources, while additionally steps had been taken to improve the management of administered prices through the use of independent regulation and more rigorous monitoring. Bold steps were being taken to liberalise the telecommunications industry; sectoral black economic empowerment (BEE) charters were being refined; a new National Skills Development Strategy for 2005–2010 had been approved; government would extend exemptions for small business with regard to taxes, levies and central bargaining and other labour arrangements; new measures were being considered to improve foreign capital inflows; and development strategies were being developed with regard to a range of different industrial sectors. Critically, also, plans were afoot for a thorough review of the functioning of the governmental system with a view to upgrading public service skills and competencies (Mbeki 2005a).

Further elaboration of the government's plans was provided by Alec Erwin, Minister of Public Enterprises. After undertaking major surgery upon the state-owned enterprises (SOEs), the latter were now ready to 'undertake a major investment and efficiency programme'. SOEs were to become 'drivers of growth and development': with a turnover of R83.7 billion in 2004 (larger than the combined turnover of BHP Billiton, AngloGold and Telkom), they combine assets of R175.5 billion, and employ 136 000 people, constituting some 1.2 per cent of formal sector employment of 11 million (*ANC Today* 5[15], 15–21.04.05). Their past performance had been anything but satisfactory. Transnet, the transport and logistical holding state company, had recorded a reduction in value of its net assets in 2003/04 of R8.7 billion; one of its operations, South African Airways (SAA) had lost R15 billion over two years;

Denel (defence) had similarly posted poor results; and while Eskom was financially sound, important policy issues had to be resolved. Confirming major restructuring plans for each, Erwin reiterated the government's commitment to retaining the state's 'core assets' and transforming the key parastatals into companies that would operate efficiently and which would work closely with the private sector where this was appropriate (*Business Report* 17.04.05).

In commenting on the 2005 Budget, the *Financial Mail* (18.02.05) argued that the ANC had now moved closer to the old Afrikaner establishment with which it shares statist views favouring a strong central government that actively leads economic growth. Although movement was slow, 'like turning a massive oil tanker around', government was clearly involved in 'a basic shift in approach and strategy'. Yet was this necessarily in the direction of a developmental state?

That it was definitely intended to be was soon confirmed by Mbeki when he addressed the National Assembly on 25 May (Mbeki 2005b). On this occasion, he reflected upon the decline of the 'Washington Consensus', the ideas which had set the stage for the reduction of the role of the state in the 'development thinking' of global bodies such as the International Monetary Fund and the World Bank since the 1980s. Noting a new acceptance that development 'requires an effective state, one that plays a catalytic, facilitating role', he reiterated earlier statements he had made in 1999 that a minimalist state would be incapable of addressing the backlog of poverty in South Africa. He therefore went on to assert the need for a 'strong state'. To this end, he noted that Cabinet had charged the Forum of South African Directors-General to appraise both the 'capacity of our democratic state' and the challenges of 'social cohesion' (both factors which we identified as key issues confronting any attempt to promote a developmental state in our editorial last year, and which are taken up in different contexts this year in the chapters by both Cock and Kunene). National government having already announced that it would take measures to assume greater decision-making powers over the provinces and local government and to unify the public service across all three levels of government (*Mali & Guardian* 18-24.02.05; *Financial Mail* 11.03.05), Mbeki further insisted that 'as a developmental state', it was vital for government to ensure that all three spheres of governance 'have the necessary professional, managerial and skilled personnel to enable the state machinery to discharge its developmental responsibilities'.

Complementary to the President's latest oration was the release by the ANC of a discussion document which addressed 'Development and underdevelopment'. Proclaiming the government's success on the macroeconomic front, the document nonetheless noted that great challenges remain, notably those of high unemployment, low growth, low savings, low investments, continued mass poverty and deep inequalities based on class, race, gender and region. Addressing these would demand an approach involving focused state-led interventions to ensure the integration of South Africa's 'two economies', poverty alleviation, job creation and sustained growth. During the last half of the twentieth century, it continued, there had been three major successful efforts to overcome the problems of underdevelopment and poverty, and each of these had rested upon the ability of government to act as a developmental state. These efforts were, respectively, the Marshall Plan (whereby US loans had stimulated Western European post-war construction); the East Asian Growth and Development Plan (whereby US aid and capital flows to interventionist governments had created prosperous and stable anti-communist states); and more recently, the European Integration Programme (whereby the European Union is restructuring market forces to promote growth and overcome regional inequalities). Observing key aspects of all these programmes from which South Africa needed to draw appropriate lessons, the paper argued that whilst the Washington Consensus has few supporters left in high quarters today, it has not been replaced by any serious attempt seeking to replicate the examples of successful development cited earlier. Consequently (the document implies rather than states), it is up to the government to make its own decisive interventions to overcome the inherited duality of the post-apartheid economy, with key strategies being: first, to raise the level of investment by lowering the cost of capital; and second, to reform the labour market so that more labour is absorbed (notably by amending the applicability of minimum wage and current labour regulations to small businesses). Nonetheless, for all that the paper suggests that South Africa should learn from all three successful post-war development experiences, it leaves little doubt that its principal inspiration is that of the East Asian developmental model (ANC 2005: 26).

It would seem, in sum, that the ANC and the government's latest thinking asserts the necessity of a developmental state that is 'strong' in the sense of having the intellectual resources to plan, monitor and stimulate high growth (notably through revitalised SOEs), 'strong' in the sense of having legislative

and administrative capacity to share and direct policy, and 'strong' in the sense of being able to mobilise and deploy capital into sectors where private industry will not venture. Yet how are such ideas being received, and what are the prospects of their realisation?

### *The nascent debate about the developmental state in South Africa*

Three broad (overlapping) positions concerning the developmental state have appeared, put forward, firstly, by economic liberals; secondly, by 'Jacobins'; and thirdly, by advocates or admirers of the developmental state. They have been expressed as follows.

#### *The economic liberals*

This perspective, which is promoted by vigorous advocates of the private sector, combines both doubts about the wisdom of the nature of state intervention into the market with fears that attempted implementation of a developmental state will hobble enterprise and growth.

The essence of this position was expressed by an important editorial in *Business Day* on 8 March 2005, concerning what it termed the government's new ideology of 'developmentalism'. The 'developmental state', it proclaimed, citing Thandika Mkandawire ('a senior United Nations economist'), was one that saw itself as having a mission to achieve high rates of accumulation and industrialisation and derived its legitimacy from its ability to do so. The elites of such a state subscribe to this mission, whilst importantly, the state itself has the capacity to implement policies and is sufficiently autonomous from 'myopic private interests' to be able to make long-term strategy. 'Recognise any of this?' *Business Day* asked, and went on to observe that:

It was when President Thabo Mbeki turned to developmentalism that privatization was dropped as a policy, pressure for empowerment was stepped up as a way of ensuring the loyalty of the new elite Mkandawire says is so critical to developmental success, and that a 300-plus point action plan became the Holy Grail for his second and final term.

However, a key peril was one of state incapacity:

The problems may just be too big for a democracy. The model developmental states are East Asian – autocratic if not dictatorial. Here, chaos rules in too many places and the danger is that when the Developmentalist-in-Chief leaves office, the economic model might go with him, a fine idea poorly executed and leaving a vacuum for more popular ideologies to fill. By that time business and capital may have been so tied up in red tape, empowerment codes, broad-based consortiums, public-private partnerships, training levies and endless promises of a dynamic new infrastructure that it will no longer be able to argue the case for a viable alternative. (*Business Day* 08.03.05)

Lawrence Schlemmer has proffered a related analysis (*ThisDay* 18.08.04). Joseph Schumpeter had predicted some 60 years ago that the need to tame long-term business cycles would lead to growing intervention, bureaucratised corporations and the ascendancy of state socialism. However, his predictions have been defeated by the persistence of innovation, new wealth creation, rising mass prosperity in the developed world and the increasing sophistication of short-term economic management. However, South Africa looks set to provide an unwelcome, belated vindication of his fears. Whereas the developmental states of the Far East ('although over-idealised') have shown that a government can work with business in non-directive partnerships to target market opportunities and facilitate investment and technology, South Africa seems set upon another path. Certainly, since 1996, fiscal control has been tightened, firm targets for lowering inflation have been adhered to and growth was to be boosted by the privatisation of state assets. However, growth and investment did not follow because the macroeconomic formula was not backed by deregulation of the microeconomy and labour markets. Private fixed investment lagged, labour absorption fell, and mass poverty and inequality deepened. As a result, ANC popularity slumped in the opinion polls, and protests by Cosatu and the SACP signalled mass discontent, with the result that the government swung left in anticipation of the 2004 general election. Subsequently, privatisation has stalled, the state has reasserted its economic role, corporations are increasingly subject to a maze of legislation about BEE, and all spheres of life are progressively being subjected to regulation. In short, the ANC's version of the developmental state will fail to bring sustained investment, technological innovation and growth and will condemn South Africa to 'mediocrity in perpetuity'.

Others share Schlemmer's fears that the economy is over-regulated. It is important to acknowledge that to describe them as advocates of an unrestricted 'free market' may parody their position. For instance, Tony Leon, leader of the Democratic Alliance (DA), repudiates criticisms of his party which suggest that it does not accept the need for government intervention strategies which both address the social needs of the poor and provide for their economic empowerment. He nonetheless argues vigorously that if South Africa's private sector is to be enabled to maximise growth, then there needs to be a radical reduction of state control over the market, notably concerning its attempt to legislate 'race representivity' (Leon, *Financial Mail* 11.03.05).<sup>2</sup> Similar positions are put forward by those who argue that urgently needed, faster job creation would be fostered by a shift away from labour market regulation towards greater labour flexibility, although some also balance this with fears that big business is in bed with government and that the capital (especially the financial) market also needs to be deregulated (Abedian, *Financial Mail* 01.10.04; Bernstein, *Business Day* 17.09.04). In a word, the economic liberals fear an ideological 'developmentalism' that is at best misguided, at worst designed to promote the narrow interests of the ANC elite.

### *The Jacobins*

Mahabane has adopted the name 'The New Jacobins' for his provocative column in the *Financial Mail* where he analyses the strategies of the government with particular regard to the economy. In so doing, he is suggesting that, in echo of the most radical wing of the bourgeois revolutionaries in France after 1789, the ANC ruling elite are intent upon using the state to promote a social transformation which, while not socialist, nonetheless has the potential – in Hobsbawm's phrase – to go 'too far for bourgeois comfort' (Hobsbawm 2000: 63).<sup>3</sup> For instance, it might be proposed that whilst welcoming state economic strategies which emphasise fiscal discipline and market competitiveness, large-scale capital remains nervous about transformative policies such as BEE which threaten to impinge upon their profitability and mode of operation. Yet according to Mahabane, transformation should not stop at BEE, but should extend to the very nature of our thinking on economic development policy: 'Liberals often say SA cannot afford empowerment. What we cannot afford is liberalism' (*Sunday Times* 17.04.05). What South Africa needs, as with China, is a broad

industrial policy to underpin demand and create more sustainable economic acceleration – 'In SA, the state ineluctably has to intervene in the economy'.

Yet Mahabane has severe doubts as to whether the ANC elite has the capacity to make its own revolution (*Financial Mail* 25.02.05). A development state requires an intellectual, cultural and philosophical shift that South Africa has not yet made, nor appears ready to make. In such a state, the state bureaucracy is composed of the nation's brightest and best, following administrative careers which are not subject to the whims of political fortune. A technocratic and meritocratic civil service would be fired not only by the ambition of achieving economic growth, but also of promoting national interests as defined by the administrative elite. In contrast, South Africa remains obsessed by politics, correcting the racialised past:

Our obsession with politics suggests that we are victims of our own minds. Our pathos is not of empowered people who have the means to shape a better future. Our mentality is of people who must continue to fight to assert themselves... We are in fact a political state. Transformation must be about development, not politics; race cannot be the sole consideration. (Mahabane, *Sunday Times* 17.04.05)

A similar view is put forward by Moeletsi Mbeki (*The Star* 08.04.05) who – whilst likewise favouring emulation of the developmental states of East Asia – suggests that existing government policies are likely to distort the development of the black capitalist class which is necessary for South Africa's advance. South Korea's transformation into an industrial power was directed by the state but implemented by the private sector. The government used its control of the commercial banks to borrow from abroad and then channelled those funds to companies investing in approved exporting industries. Attempts to attract foreign investment were eschewed in favour of educating the Korean population, and while industrialisation was initially (between 1962 and 1987) driven by an authoritarian regime, the latter nonetheless promoted measures that minimised social inequality. Furthermore, incentives were provided to the private sector at the same time as measures were taken to augment the state's entrepreneurial activity. By focusing upon promoting Korean entrepreneurs, the government assisted South Korean companies to acquire the capacity and skills to become major players in the world economy. In contrast, South African

BEE policies are creating a class of rent-seeking entrepreneurs who are living off existing industries, and in this they suggest that the country is following the regressive example of the rest of post-colonial Africa. Yet this need not be so.

Whereas development in the advanced economies is driven by the private sector, in Africa the latter is made up principally of peasants and subsidiaries of multinational companies who lack full freedom to operate because they are dominated locally by political elites. On the one hand, these elites use their control of the state to extract surplus which peasants would otherwise have invested; on the other, productive companies – which are largely owned by multinationals or non-Africans – are subject to a wide range of impositions, from official and unofficial taxes to customs dues, backhanders and often artificially high electricity and service charges. The result is that manufacturing in Africa is stunted. Yet South Africa is different, for while the political elite has much the same characteristics as elsewhere on the continent, its room for manoeuvre is hemmed in by three factors. These are: first, the fact that it does not have a peasantry to exploit; second, that there is a dynamic and constitutionally-protected private sector largely owned by (mainly white) South African citizens; and third, that to defeat apartheid it was forced into an alliance with a highly organised black working class. As both the private sector and the working class have a strong interest in growth, the opportunity and capacity of the political elite to extract surplus and indulge in unproductive consumption is therefore severely constrained. Against this, BEE – which is encouraged by elements of the super-rich who are seeking government favours – indicates that the political elite is actively seeking to siphon savings from the private sector, even if the latter has considerable muscle to resist dispossession. For this pattern to be broken and for growth to be maximised, the private sector needs to be unleashed and strengthened, and BEE should be refigured to promote genuine entrepreneurship. In the countryside, communal tenure must be abolished in favour of freehold to allow peasants to become the real owners of their land; they must be allowed to sell their products directly to the market without the intervention of the state; and financial institutions that are independent of the political elite should provide for the financial needs of peasants and small business.

What socio-economic system would these changes bring about? Certainly not socialism! These changes would, for the first time, bring into being in Africa a capitalist market economy that answers to the needs of African producers. (M Mbeti, *Financial Mail* 13.08.04)

In summary, the Jacobins espouse what is at heart a radical nationalist position which views African economic liberation as involving a radical transformation of ownership and control in favour of black capitalists and producers. Only a genuinely South African capitalism – rather than one externally directed by monopolistic multinationals – can set the country upon a development path of benefit to all its people. South Africa, in short, requires a genuinely 'patriotic' bourgeoisie. Simultaneously, the Jacobin position incorporates the paradox (or is it a dialectic?) that a strong state is needed to set this patriotic bourgeoisie free!

### *The developmentalists*

According to Jeremy Cronin, Deputy General Secretary of the SACP and an ANC Member of Parliament, 'there is now a growing intra-ANC alliance consensus on the need for a strong, developmental state' (*ThisDay* 16.08.04). However, there would seem to be rather little consensus as to what this consensus is about! On the one hand, flowing out of the ANC's theory of the national democratic revolution, there is strong overlap with the Jacobin position concerning the need for the state to promote a class of black capitalists. On the other hand, there is simultaneously much more caution with regard to the developmental benefits of a 'deracialised' free market, and correspondingly more concern to both control the new black capitalist class and render the political economy responsive to mass social needs and interests. Yet the difficulty is that first, the term 'developmental state' means different things to different people, and second, as Makgetla (2005) observes, it is 'used without much investigation of its intellectual origins or significance in international development theory'.

For all that key government actors may have turned to the idea of the developmental state in the wake of the market's failure to promote adequate growth and create enough desperately needed jobs, its present popularity may well be that it can serve as an ideological glue to hold the Alliance together. Indeed, its emergence in 2004 – an election year when the ANC leadership successfully calmed prior highly vocal disagreements between itself and Cosatu and the SACP concerning economic strategy – was probably no accident. Yet this is not to suggest that its appearance did not have deeper origins.

The Jacobin perspective emphasises that the developmental state idea has strong anti-colonial origins – Japan's determination to escape Western

domination, South Korea's own drive to escape the thrall of both pre-Second World War Japanese colonialism and post-war US imperialism, and so on. It is therefore scarcely surprising that the rapid growth achieved by the developmental states should be hailed by Third World nationalist elites, and that prestige may be gained by 'looking east' and associating with such states and their strategies. It is perhaps no less surprising that, for all that the successful East Asian states were simultaneously capitalist states, influential thinkers within the Tripartite Alliance should be looking to contemporary China as, if not a developmental state itself, then at least a country which is learning from their experiences.

Describing how the SACP has sought to 're-imagine socialism' following the collapse of the Berlin Wall, Cronin identifies the Chinese Communist Party as not so much embracing the market as engaging the capitalist-dominated world as 'a risky but unavoidable way' of defending and advancing socialist gains. 'There are technologies and there are markets controlled by capitalism, but which, in the pursuit of their own profits, might also be harnessed to a different project' (*ThisDay* 16.08.04). Hence, faced with a decline of their exports to their crisis-ridden Asian neighbours in the late 1990s, the Chinese increased wages in their vast public sector by some 25 per cent to create a compensatory demand. Socialism, in short, is not a self-contained system, and it is more useful to think of it as the struggle, in the midst of capitalism, for the hegemony of a political economy of social needs over the dominance of private profits.

Cronin observes that such an argument takes us straight back to different conceptions of the national democratic revolution. In the old tradition of viewing history as a succession of stages, some within the Alliance appear to think that because contemporary South Africa is not socialist, it has to be capitalist. It is only after it has been deracialised and normalised (and some revolutionary capitalists have got extremely rich), that a move to socialism can be contemplated. On the other hand, the democratic state can be seen as a terrain contested by capitalist and popular forces in which, given the failure of capitalism to address the needs of the poor, the latter are struggling to achieve an alternative social economy. From this perspective, the present consensus around the developmental state contains both those who see a strong state as necessary to get the balance right between public interests and the capitalist market, and those for whom a strong public sector combines with embedded

traditions in the liberation movement of participatory democracy to become part of a far more ambitious transformational agenda.

Makgetla has joined Cronin in looking to China for lessons (*Business Day* 22.04.05). This is in response to a flurry of interest about that country's economic model, resulting not only from admiration of its recent high levels of growth,<sup>4</sup> but also from concern about the rapid expansion of South Africa's trade imbalance with China (in part due to the import of cheap Chinese clothing imports, which has had a highly deleterious impact upon the local textile industry). While the economic liberals propose that recent Chinese experience highlights the need for maximising competitiveness through labour flexibility, achieving high rates of savings and attracting foreign investment (Leon, *The Star* 21.04.05), Makgetla looks rather to the Chinese government role in promoting relative income equality, subsidising necessities to compensate for low monetary wages, undervaluing the currency (to boost exports) and controlling many basic inputs such as finance to restrain production costs. Yet Makgetla's position is not that China is a developmental state for she recognises that that term describes the ability of a state to mobilise a nation for rapid development within the capitalist system. While China might fit the description of a development state as she sees the term being generally used in South Africa – that is, to mean little more than a state that drives development, in contrast to a free market approach – she argues the value of using the concept of a development state as it has been elaborated in the international development literature if appropriate lessons are going to be drawn from East Asia.

Citing Chalmers Johnson and other prominent authors, Makgetla defines developmental states as having engaged in a revolutionary project which, unlike Leninism, viewed the market as a better instrument for achieving their objectives of rapid modernisation than central planning. From this perspective, the developmental state classically had two principal characteristics. First, 'in class terms, the development state was closely allied to business but able to maintain the autonomy needed to drive development of new industries; maintaining mass support through a combination of nationalist propaganda and improvements in living standards for workers and small businesspeople, while associating these with rapidly increasing employment and paternalistic labour relations in larger companies. Second, in policy terms, the state intervened vigorously to develop new industries, using a combination of

massive amounts of subsidized credit, strong tariff protection, substantial training and infrastructure development'. However, such actions could not take place in a vacuum, and the success of Japan, South Korea and Taiwan 'resulted as much from peculiar international and national circumstances as from good policies'. After 1945, the US and Western Europe saw these three countries as a bulwark against communism, and hence provided substantial foreign aid, preferential access for exports and indirect support through US spending throughout the East Asian region. Meanwhile, capital in all three countries was disorganised after the second World War, hence less able to resist radical land reform or exert pressure to retain resource-based production, existing industries and traditional forms of inequality and subordination. In short, while offering a critique of both free market models of development as well as of the distorted patterns of (under)development pursued by numerous Third World countries, the developmental state idea offers experiential support for the view that states in the South must intervene extensively (but appropriately) in business decisions if they are to achieve rapid growth. Yet it does not offer general truths that must be slavishly adopted; only ideas 'about possible causes of failure and solutions'.

### *Pursuing the debate*

All three broad perspectives seek to promote South Africa's rapid development as well as sharing a number of overlapping concerns – about unemployment, inequality, social coherence and so on. Yet they also address different remedies for South Africa's travails.

### *Challenges to South Africa as a developmental state*

Let us now examine the way in which the different approaches can throw light on challenges facing South Africa if it is to aspire to becoming a developmental state, namely, the issues of historical specificity, state capacity, and the purported democracy/development trade-off.

#### THE DEVELOPMENT STATE: CAN HISTORY BE REPEATED?

Marx once famously said that history repeats itself, firstly as tragedy, secondly as farce. His aphorism speaks to the folly of mechanical attempts to reproduce

past experiences out of time and place, and in the present context, raises the issue of historical specificity: were the conditions which allowed or promoted the developmental state in Japan, South Korea and Taiwan peculiar to their post-war situation and, if so, what does this imply?

It has recently been proposed by Doner, Ritchie and Slater (2005: 327–362) that the political origins of developmental states are located in conditions of 'systemic vulnerability', or the simultaneous interplay of three separate constraints: (i) broad coalitional commitments, (ii) scarce resource endowments, and (iii) severe security threats. Their argument is that 'the interactive condition of systemic vulnerability is both a necessary and sufficient condition for developmental states', and that unless political leaders are confronted by all three of these constraints simultaneously, they will find less challenging ways of staying in power than constructing a developmental state. 'Systemic vulnerability' thus makes the reconciliation of coalitional, geopolitical and fiscal constraints a matter of ruling elites' political survival.

To elaborate:

- Politicians need to build a broad coalition when revenues are desperately needed for national defence, and when there is little revenue to go round. Only by expanding the national pie through sustained growth, yet without pursuing cheap labour policies, can such an inclusive coalition be sustained. Systemic vulnerability therefore presses elites to abandon low-wage-based export growth for a higher-skill, quality-based export trajectory. Elites thus have to make 'side payments' (in this case higher wages) without draining the national treasury or raising exporters' costs.
- Strong states arise in response to security threats, in part by appealing to nationalism and patriotism. But external threats do not in themselves develop institutional capacity. The key factor is whether threatened states are forced to turn inwards to meet the financial challenges of defence or war.
- A state's ease of access to revenue influences institutional development, with an abundance of resources potentially encouraging the creation of distributive rather than extractive state institutions. Yet countries of similar resource endowments develop different institutional capacities. Some elites merely satiate in revenue collection, that is, they only collect the minimum amount of revenue needed to survive politically. But the



demands of maintaining broad coalitions and meeting external security threats force developmental states to maximise revenue. The need to reconcile these competing pressures likewise compels elites to develop collaborative public-private linkages, redistribute assets such as land, identify areas for investment, improve the competitiveness of firms and upgrade skills. 'Easy' development strategies are not viable.

Doner et al. conclude that whereas Taiwan, South Korea and, they believe, Singapore responded to the combination of all three challenges by forming developmental states, other fast-growing, yet less successful, 'intermediate' states in South East Asia (Malaysia, Indonesia, Philippines and Thailand) did not, and display lower bureaucratic coherence and less effective public-private linkages.

The parsimonious nature of this approach suggests that few other countries are likely to become developmental states. Similarly Wade (1999: 345-350) proposes that whereas the successful East Asian countries were enabled to 'govern their markets' because of the favourable historical and industrial conditions in which their policies were implemented, subsequently developing countries faced immensely more hostile environments: they confronted a new protectionism limiting their exports to Western markets, a fall in the demand for unskilled labour and raw materials per unit of industrial production attendant upon dramatic changes in technology, a more volatile global financial market and so on. Theorists also argue that the globalisation which has taken place since the 1980s has taken its own toll on the mercantilist basis of the developmental states, eroding their political and economic autonomy and rendering them more market oriented (Kim 1999). Following Wade (1999: 348, 381), it may be assumed, therefore, that adoption of policies by governments to impart an East Asian directional thrust will have a smaller effect than they had in East Asia. Yet this does not detract from the wisdom of developing countries studying the East Asian experience to see how government and capitalism have been arranged in states where growth has been a top national priority for decades.

This approach urges a mixture of the scepticism of the economic liberals and the caution of the developmentalists towards the applicability of the developmental state idea to South Africa. At one level, the liberals fear that, however well-intentioned, growing state regulation of the market is likely to

misfire, and will lack the sophistication of the East Asian examples. Rather than promoting development, state intervention is more likely to stifle it, a belief which, it must be said, also follows from the ahistoric nature of much neoclassical economic thinking which commends the minimal state as a prerequisite for growth. At another level, the liberals share the concerns of the Jacobins that state controls over the economy imposed by the ANC may not only be unproductive, but may work to drain surplus into the pockets of an avaricious emergent black bourgeoisie for private consumption.

Yet it is undoubtedly the developmentalists, represented in this context by Makgetla, who have most to say about this issue. For a start, she warns against the ahistoric embrace of a generic 'developmental statism' as merely the ideological obverse of free-marketism. Compared to the East Asian states, the South African economy has pursued an entirely different and far more unfavourable historical trajectory. Whereas the former faced national capital groups that saw industrial growth as their main road to profit, South African capital was shaped by mining, and financial institutions, parastatals and even agriculture were geared to ensuring that it succeeded. While Afrikaner nationalists enjoyed some success in getting mining interests to support manufacturing from the 1920s, manufacturing remained oriented to providing consumer goods for higher income groups and was based heavily on imported inputs and capital equipment. The mines and financial institutions remained largely foreign owned until the 1980s, and when the economy was reopened at the end of apartheid, they rapidly reintegrated into global markets. While this background does not imply that the South African state is powerless, it does suggest that it is likely to face far greater resistance to industrial restructuring than was found in the successful Asian economies. Nonetheless, just as *dos* and *don'ts* can be learnt from contemporary China, so the developmental state idea can be used to inform state policy for maximising employment-creating growth, building export industries on the back of an expanding domestic market, ensuring real increases in living standards for workers (for example by subsidising the cost of transport and holding down the value of the rand), and ensuring that BEE strategies are broad-based.

South Africa is clearly not subject to the 'systemic vulnerability' which Doner et al. view as both the necessary and sufficient conditions for the creation of a developmental state, but this does not mean that appropriate lessons cannot

be learnt from East Asian (and other) examples. However, implementation of any policies is dependent upon state capacity, about which there remain many doubts.

#### STATE CAPACITY

The key thrusts of the three competing perspectives towards state capacity are as follows. First, in arguing that state intervention into the economy is always fraught with perils, the economic liberals stress that in South Africa this is compounded by the added danger of policy-driven attempts to achieve demographic representivity. These accentuate the widely acknowledged skills deficiencies of the state and undermine the values of the democratic Constitution. Second, while favouring meritocracy, the Jacobins espouse a radical capitalist agenda which, by implication, demands a strong Africanist state capable of simultaneously controlling, directing and mediating conflicts between national capital (inclusive of the new black bourgeoisie), multinational capital and the organised working class. Third, the developmentalists, in urging the necessity of the developmental state achieving 'transformation' and growth simultaneously, seek to will it into existence and hence seek to implement policies designed to achieve desired ends (delivery, growth and so forth). Such a view, whilst recognising the state as 'a site of struggle', assumes the capacity of the state to reconcile conflicting interests and to pursue its goals democratically. All three perspectives provide considerable insight, yet equally they are all partial (and partisan), and need to be complemented by a more systematic approach towards the highly complex issue of the state.

Gerhard Maré (2004) argued in the first *State of the Nation* that any assessment of the post-apartheid state needed to be made in terms of four broad issues: What social inequalities had it inherited and how was it attempting to address this legacy? What were the sources of political legitimacy, and to what extent did these provide for a durable relationship between citizens and state? To what extent were state structures able to meet the needs of the country's new inclusiveness, and how effective were they as a delivery mechanism? Finally, who was gaining what, and on what basis were they fighting for what? He concluded that, with all its multiple contradictions, the new state had resolved the tensions between reform and repression that characterised the apartheid state through the incorporation of all South Africans under equal citizenship rights. However, the transition also demanded measures that

maintained South Africa's mode of incorporation into global capitalism. The key questions which followed, therefore, were: Should South Africa be placed within the long line of African transitions that utilised the state for enrichment of a bureaucracy and rapid class formation into a dependent bourgeoisie? Or is the South African state better understood as a complex set of class, gender and race contestations, occurring under conditions, internally and globally, vastly different from those that applied during the wave of decolonisation?

Maré only addressed the issue of state 'capacity' obliquely. In contrast, this has formed a central concern of theorists of the developmental state, who in broad terms have divided between an approach which argues that the key to successful economic performance rests with 'strong' states imbued with a high level of autonomy, and those who contend that state power derives from the extent to which states are 'embedded' in society. A recent attempt to bridge the gap between these positions is offered by Cummings and Norgaard (2004), who propose that state capacity can be best understood by examining it along four closely interrelated dimensions: ideational, political, technical and implementational.

- *Ideational state capacity* refers to the degree to which the state is legitimated and embedded in state institutions. If the ideas of the elite are to become influential, and if state institutions comprise groups of individuals in power, then the elite's ideas need to have the endorsement of those individuals. The more that functions and policies are perceived to be addressing collective problems, the better ideas fit officials' sense of their role and identity, and the more the ideas are regarded as legitimate by the public, the stronger the state's ideational capacity.
- *Political state capacity* refers to what makes for an effective structure of governance, both horizontally (how individuals and departments work together internally with government) and vertically (how individuals and departments relate to the domestic and international community).
- *Technical state capacity* refers to the intellectual and organisational resources owned by a state, such as internal or external expertise, that may be brought to bear on the policy-making process so as to design coherent, viable and politically feasible policies.
- *Implementational state capacity* refers to the ability of the state to carry out decisions that have been taken, dependent upon such factors as material resources or the blocking of implementation by particularist groups.

This multidimensional approach provides one potential framework for encapsulating the concerns of our three perspectives and taking forward our thinking about the capacity of the South African state. Space is too short to argue this comprehensively, but the following considerations may be suggestive:

- Maré's assessment that the post-apartheid state has provided an inclusive basis for its political legitimacy is widespread, as are upbeat assessments about consequential outcomes. South Africa, notes a leading business spokesman, has achieved a 'virtuous circle' of high growth, democratic governance and social development (Parsons, *Business Day* 05.10.04). Whereas the apartheid ideology was fundamentally and purposefully divisive, the constitutional foundation of the post-apartheid state upon democratic values of individual freedoms, racial and gender equality, and state accountability is acclaimed by all major political actors, even if (as the contributions in this volume by February, Gouws and Governder indicate) their realisation is imperfect. Nonetheless, South Africa's *ideational state capacity* may be said to be severely limited by at least two ideological fractures. The first concerns the mode of the government's attempt to address the history of racial inequality, with liberals contesting the official drive for promoting 'representivity' by favouring black appointments and promotions in both state and societal institutions as 're-racialising' South Africa, and being joined by the Jacobins in arguing that presently constructed BEE policies compromise efficiency and encourage entitlement over achievement. (This, however, is not to say that Jacobins' perspectives are wholly consistent, for their espousal of a meritocratic civil service is curiously quiet about the implication that at this stage of South Africa's history this could well slow extension of African/black/majority control over the machinery of state.) The second fracture revolves around economic strategy and the resultant nature of South Africa's post-apartheid capitalism. As already suggested, the state's own promotion of the idea of the development state may at one level be an attempt to forge a 'broad coalition' concerning this issue amongst the ruling party's multiple constituencies, whilst simultaneously drawing closer to national (especially Afrikaner?) capital. Yet the extent to which the state's robustly conservative fiscal policies have contributed to entrenching social inequalities, not least through shifting the balance of employment towards the informal market (see Valodia et al., Buhlungu & Webster, and Moleke in this volume) and by raising questions about whether South Africa's present

capitalist path can be socially redistributive (see Southall in this volume), has excited much controversy, especially among developmentalists within the Tripartite Alliance.

- As reiterated in the 2005 'State of the Nation' speech, the government recognises the state's limited *political capacity* as indicated notably by provincial and local government failures to implement policies. Its proposed remedy is the restructuring of the public service to give greater powers of control to the centre, while simultaneously using its fiscal muscle to reward efficiency and punish the reverse. Its most notable critics in this regard are economic liberals, who fear that not only are financial and administrative breakdowns propelling a creeping centralisation which is leading to reduced accountability at provincial and local government levels, but that government's ambitions shoot far beyond its resources, notably of competent senior managers (Schlemmer, *Business Day* 04.03.05). In contrast, Jacobins praise the government's aspirations towards the developmental state, but concur that the state has too limited a capacity to make strategic interventions, citing in particular its alleged lack of a coherent industrial policy (Mahabane, *Financial Mail* 13.08.04), a theme which is taken up with regard to South Africa's evolving trade strategy by Blumenfeld in this volume.

Nothing has been more influential in promoting the new popularity of the developmental state than the government's new emphasis upon restructuring the SOEs and making them 'drivers of growth'. Their performance has been so problematic (with exceptions, notably Eskom) that criticism of the policy shift has been muted. Hence, although the government has been widely censured for its alleged mismanagement of the privatisation of the telecommunications industry, the urgent necessity of the state shaking up the railways to lower freight costs is barely disputed (for example, Lunsche, *Financial Mail* 29.10.04). Related positions concerning *technical state capacity* are expressed across the ideological spectrum. For instance, Jacobin criticisms of the limitations of existing industrial policy have been endorsed by other commentators who argue that government should do more to shift South Africa from a capital-intensive growth pattern to a more integrated policy that increases the economy's international competitiveness by, *inter alia*, increasing local demand, curbing exchange rate volatility, and developing a rational national public transport policy. As Kahn and Reddy do in this volume, they also stress the need for the

co-ordination of educational, technological, skills and industrial policy (Machaka, Mohammed, Phela & Roberts, *Mail & Guardian* 15-21.10.04). President Mbeki's espousal of firm targets for the delivery of services in 2004 was part and parcel of the government's adoption of new performance strategies to render the post-apartheid public service more efficient, as has been a concerted attempt to make monitoring and evaluation of policy implementation central to official practice. While such initiatives designed to improve *implementational state capacity* are widely welcomed in principle, failure to realise targets often invites criticisms that inefficiencies follow from the government's ideological impulse to control from above, and reveals its inability to 'loosen the shackles of state regulation and adopt policies that stimulate private initiative' (Honey, *Financial Mail* 22.04.05).

It is scarcely surprising that debate is more vigorous around ideational and political rather than technical and implementational state capacities. Yet what is equally notable is how all three perspectives remain remarkably reluctant to confront the issue of a democracy/development trade-off.

#### SHADOW DEBATING A DEMOCRACY/DEVELOPMENT TRADE-OFF

There is no subject more out of bounds in South Africa's contemporary political discourse than any suggestion that development may require constraints upon democracy. Democratic rights for the majority in South Africa have been so hard won that any hint that they have costs is distinctly unwelcome. The ANC clings to its identity as the liberation movement which freed South Africa from the shackles of apartheid, the DA identifies itself as the embodiment of individual rights, and the New National Party found the burden of ridding itself of its apartheid past so great that it recently collapsed itself, and unaimed, into the new ruling party. Everyone favours 'freedom' and academic commentators concur with the new global orthodoxy that the struggle for political and socio-economic rights democratises development whilst also developing democracy (Graham 2005). Yet as the *Business Day* editorial (08.03.05) pointed out, developmental states have been autocratic if not actually authoritarian, and whilst scholars such as Doner et al. concede that developmental states may have become democratic, 'side payments' that compromising various freedoms were often necessary to get them to that destination. It is scarcely surprising, therefore, that this problematic aspect of

the developmental state has been downplayed by its promoters. This needs surprisingly little elaboration.

For the developmentalists, the debate about the developmental state has been largely restricted to one of economic strategy. Yet ironically this ignores the foundations of the developmental state as it was originally analysed by such academics as Chalmers Johnson. He argued that in contrast to early industrialising, *market-rational* states such as the US, where the state's economic role was *regulatory*, late industrialising developmental states were *plan-rational*, that is, they assumed as their dominant feature the setting of substantive social and economic goals. Most relevantly: first, the plan-rational system depends upon the existence of widely agreed upon overarching goals for the society, such as high-speed growth; second, in a plan-rational state the government will prioritise industrial policy, that is, promote an industrial structure that enhances the nation's international competitiveness; third, in a plan-rational system decision-making is centred in an elite bureaucracy, whereas in a *market-rational* system it is located in a parliamentary assembly. In the plan-rational system, therefore, change will be characterised by internal bureaucratic disputes, factional infighting and conflict among ministries, whereas, in a market-rational state it will be fought over via strenuous parliamentary contests over legislation and by election battles. In short, in the developmental state, economic interests are explicitly subordinated to political objectives.

Liberal critics of the ANC argue precisely that its intention is to extend its political control over all aspects of the state and the economy. In contrast, the ANC responds that all suggestions that it is misusing its political dominance to inhibit opposition and accountability are derogatory of its own historical role as the harbinger of democracy, and often racist (Southall 2005). It also recognises that in an era when the maintenance of liberal-democratic institutions is much vaunted as a foundation of political stability and an attraction to foreign investment, any moves by government to centralise control and narrow political space have to be justified in avowedly market-rational rather than plan-rational terminology. In any case, for all that the government may wish to promote commandism in the interests of efficiency, it remains uncomfortably aware of its limited capacity to impose order upon unruly protests about delivery failures without aping the strategies of its oppressive forbears. The dilemma remains, therefore, of how to combine

plan-rationality with liberal democracy, yet on the whole developmentalists choose to ignore it.

The Jacobins' position is in many ways the most interesting, because it is rarely made explicit. Yet there is undoubtedly a hint of revolutionary authoritarianism. As expressed by the DA's Ryan Coetzee (*This Day* 29.07.04), who characterises the entire ANC leadership as Jacobin, the Jacobin conception of democracy has its roots in Rousseau's conception of the 'general will'. From this perspective, the ANC is said to see itself as the organic representative of the majority, and from there conflates 'the people' with the 'party' and the 'state'. Whereas liberal democrats seek to balance the desires of the majority against the rights of individuals, Jacobins believe that individuals must submit their desires to the general will.

This interpretation is certainly reflected in Moeletsi Mbeki's analysis of how South Africa is to escape the fate of African underdevelopment: as well as undertaking to constrain unproductive private accumulation by the new black elite, the ruling party must undertake a radical restructuring of the capitalist relations in both town and countryside to free the market and liberate all citizens to become entrepreneurs. Only a 'strong' state will be capable of doing this, and hence by implication the further suggestion is that if reactionary elements of capital get in the way, they will have to be pushed aside or even appropriated. If the one face of the Jacobins is that of Margaret Thatcher, the other is that of Robert Mugabe!

In their rejection of the developmental state, the economic liberals espouse an uncomplicated relationship between democracy and development. Individual political and economic freedoms, overseen by a market-regulatory state, maximise economic opportunity and hence entrepreneurship and growth. Yet theirs is a different problem, for they fail to confront the despotism inherent in their gospel of labour market flexibility. As Webster and von Holdt (2005) elaborate, corporate restructuring and the reorganisation of work are pointing to an emergent crisis of social reproduction in post-apartheid South Africa: in the formal economy, the dominant trend is towards managerial authoritarianism, resulting in worker dissatisfaction, alienation, resistance and inefficiency; within the non-core of informal work, workers are subject to job insecurity, low wages and alienation, with more and more workers being pushed over the edge into poverty; in the third zone of the

economy, one of unemployment and informal subsistence, households are placed under devastating pressures of impoverishment and hunger. While economic liberals imply that only an intensification of present market trends, notably by weakening the trade unions, can lead to long-term growth and wealth, Webster and von Holdt propose the alternative of the state assuming a developmental role, one which in part it will be propelled into undertaking by a 'counter-movement' of trade unions and social movements – realities of political economy which economic liberals too readily forget.

### *Concluding thoughts*

The burden of this discussion is that while the aspiration for South Africa to become a developmental state is understandable and in many ways admirable, it must nonetheless be regarded with caution. Most certainly we need to go well beyond the employment of the term as a 'feel-good' label if the concept of the developmental state is to retain any heuristic value. A number of conclusions follow.

First, there are clear indications that the experience of the developmental states cannot be replicated as a matter of will. It may well be that in their analysis of the 'systemic vulnerability' of the East Asian states Doner et al. adopt a too severe definition of the developmental state, for other writers such as Evans (1995), whose distinction between predatory, developmental and intermediate states was discussed previously (Daniel, Southall & Lutchman 2005), adopt a broader perspective which would allow the application of the term to a wider array of high-growth developing economies. Nonetheless, the point is well taken both that the nature of South Africa's internal political economy (a now largely black-controlled state, still mainly white-owned industry, a black working class, an impoverished black informal sector and a propertyless black rural population heavily dependent upon transfers from urban areas for their subsistence), as well as the nature of its location into the global political economy (continuing heavy reliance upon the export of minerals), is so very different from what faced ruling elites in post-war Japan, Taiwan and South Korea that no easy analogies can be drawn. It is also clear that while the recent shift in government strategy to restructuring the SOEs does represent a major initiative which has been overwhelmingly favoured by private capital, a strengthened public sector does not itself add up to the 'plan-

rationality' which saw developmental states politically establishing economic goals, devising a far-reaching industrial policy and directing the investment behaviour of their largest corporations. Finally, it needs to be noted that, as presently conducted, the debate about South Africa as a developmental state is overwhelmingly addressed to its internal strategies and arrangements, and it is strangely silent about how it does or should relate to the global and African continental economies. However, as is eloquently explored in the chapters by Blumenfeld, Naidu, and Daniel and Lutchman in this volume, this is hugely problematic: links between industrial and trade policies are weak, China's relations to South Africa are dictated by considerations of *realpolitik* more than benevolence, and South Africa's proactive search for energy self-sufficiency is encouraging behaviour that is leading it into collaborative relations with some of the most unaccountable, corrupt and abusive regimes in Africa.

Despite these problems, a second conclusion is that important lessons (negative as well as positive) can be learnt from the developmental states. As stressed notably by the developmentalists, these mainly concern matters of economic strategy, notably about how to boost internal demand, deploy state resources to promote domestic industrial capacity, and combine employment growth with redistribution. From this perspective, the developmental states provide important models from which broad orientations as well as particular policies can be pragmatically borrowed and implemented, just as relevant lessons may be drawn from contemporary China, whose developmental path has been so different from its East Asian capitalist neighbours. However, in this regard, the warnings of both the economic liberals and the Jacobins should not be easily discounted. While they differ fundamentally about the wisdom and necessity of state intervention into the economy, they converge around the issue of the seriously limited capacity of the South African state as it is today and raise important questions about the simultaneous short-term pursuit of 'demographic representivity' and 'efficiency', objectives which they view as being in tension. Beyond this, furthermore, their concerns overlap with those of the developmentalists about how 'state capacity' can be both analysed and improved, a dimension to which recent thinking about the developmental state could well add considerable value if pursued systematically.

A final contribution of the notion of the developmental state is that it may compel new thinking in South Africa around the issue of how democracy can be combined with development. What 'broad coalitions' are necessary

or desirable for growth to be achieved? What bargains have to be struck between which groups in society, and what 'side payments' have to be made if stability and development are to be combined? If strategic intervention by the state is necessary to bring about a shift in an employment and wealth-creating direction, does it have costs which are either inherent or an outcome of particular policies? Our three schools of thought tend to provide different answers, but it is in their clash of ideas that innovative and productive solutions may emerge.

### Afterword

As with our previous volumes, this edition of *State of the Nation* takes its cue from the President's own annual assessments of the country's condition and surrounding ideas of where it is going. If this editorial has highlighted the emergent debate around the developmental state, the issues which that is raising come through strongly in all the chapters that follow, although equally all our authors range widely across their topics and extend their analysis beyond the confines of contemporary discussion as it has been presented here. Taken together, however, they allow this collection to pose the pressing question: if democratic South Africa is to achieve its objectives of growth and equity, will it need to become 'a developmental state of a special type'?

### Notes

- 1 Editorial headline, *Financial Mail* 18.02.05.
- 2 'What is the state of our nation? The answer: the nation is strong; the state is the problem' (Leon, *Financial Mail* 11.03.05).
- 3 'After 1794 it would be clear to moderates that the Jacobin regime had driven the Revolution too far for bourgeois comfort and prospects, just as it would be clear to revolutionaries that "the sun of 1793", if it were to rise again, would have to shine on a non-bourgeois society. Again, the Jacobins could afford radicalism because in their time no class existed which could provide a coherent social alternative to theirs. Such a class only arose in the course of the industrial revolution, with the 'proletariat' or, more precisely, with the ideologies and movements based on it.' (Hobsbawm 2000: 62-63)
- 4 Officials from the Presidency were said to be hugely impressed by the Chinese government-led growth model after a visit to China in early 2005 (*Mail & Guardian* 11.02.05).