

**Discussant's comments on Bill Freund's "State, capital and the emergence of a new power elite in South Africa: 'Black Economic Empowerment' at national and local levels"**

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This is a fascinating paper. It begins from the assumption that there is no Development State in South Africa, and is directed to addressing whether such a state is in the process of creation. In trying to determine this, Freund uses Evan's notion of 'embedded autonomy', and argues that what is required for a Development State to emerge is a set of structural linkages and social interactions between political and economic elites. Freund's analysis suggests that while some linkages do exist between BEE entrepreneurs and some state officials, these are not particularly developed. Similarly he argues that there are not very significant structural relations between state officials and traditional economic elites. His overall conclusion is therefore that existing elite interactions do not meet the standard of Evan's notion of embedded autonomy. Moreover, the elite coalition, however rudimentary it is, does not share a broad political project for national development. On these grounds Freund concludes that the prospects for a Development State are remote in South Africa.

It is useful to note that the characteristics of the Development State can be grouped into two distinct categories; the first being about the structural and institutional characteristics of its inhabitants, and the second involves the policies it advances and implements which are largely of a systemically beneficial nature emphasizing human development indicators. Freund speaks to the first of these categories, but does not reflect sufficiently on the second. After all it is possible to imagine a kind of structural coalition of political and economic elites with a consumerist rather than a developmental agenda. A coalition of elites with a developmental agenda is not born, but rather created under very specific political conditions. And I want to advance the thesis that elites adopt such a developmental agenda when they are substantively uncertain of their futures or systemically threatened.

Let us use the Malaysian case, which Freund relies on to demonstrate this point. The NEP – the developmental and poverty alleviation programme – came into effect in 1971, some 14 years after the transition was inaugurated. What preceded it were the 1969 riots. Could the riots not have engendered a belief among both political and economic elites that something more systemic must be done if a revolution were to be avoided? That is, the uncertainty generated by the riots created the impetus for the broader development project among elites.

It is also worth bearing in mind that Development States implemented a series of policies that discriminated against foreign capital. Why was this allowed by international political elites? The answer is of course a particular global context. All of the areas where Development States emerged were spatial theatres of conflict for the

cold war. Again this created a substantive uncertainty or a systemic vulnerability that prompted international elites to allow policies that discriminated against them, but were at least more systemically beneficial.

What would be useful in the debate on the Development State is to take it to another level. Thus far quite a bit of the South African literature has simply been descriptive of policies. Recently however, and Freund's paper is an example, the discussion has gone beyond a description of policies to involve an analysis of the institutional relationships and structured networks among elites. This is a very useful for taking the debate to another level, but it needs to go one step further to ask why elite coalitions develop national development agendas. It requires an investigation into the political conditions that make elites behave in a systemically beneficial way. Freund's paper opens up the debate, and hopefully the discussion that it provokes can take his reflections further to an understanding of the politics underlying Development States.