

## **“The state and economic development in Africa: Challenges for post-apartheid South Africa”**

Dr Neo Simutanyi  
University of Zambia

Paper presented at the Harold Wolpe Memorial Trust Eastern Cape Lecture Series

16 October 2006  
East London

---

The role of the state in promoting development in Africa has been a subject of lively academic debate since the 1960s.<sup>1</sup> However, despite so much conceptualisation the nature and character of the African state remains problematic and its role in promoting sustainable development far from being resolved. It can be argued that the advent of neoliberal economic orthodoxy in the 1980s and the end of the Cold War has also contributed to a different understanding of the role of the state in Africa. In this discussion I examine the debate on the state in Africa in historical perspective, its controversial role in promoting development and the challenges facing post-apartheid South Africa.

The post-colonial state in Africa bears resemblance to the colonial state. Like the colonial state, the post-colonial state was authoritarian, divisive, predatory, exclusive and an instrument in the service of the dominant capitalist class. The over-arching desire for economic development in the immediate post-independence period was to lead to justifications for the state to play a prominent role in promoting economic development. Thus the notion of the developmental state was to dominate the discourse in the 1960s and 1970s.

According to the notion of the developmental state, economic development was considered a state project. The developmental state was predicated on the assumption that the state would take the lead in promoting economic development, on grounds that there was a less developed entrepreneurial class, absence of a national capitalist class and suspicion that foreign capital would accumulate wealth and not use it for the benefit of the country.<sup>2</sup> Economics was to take precedence over politics and democratic institutions were seen as superfluous or an obstacle to the process of nation-building as they encouraged ethnic or racial divisions. This was to give justification to the introduction of one-party states in most African countries.

The state project of ‘national development’ was an attempt to establish the dominance of state politics over the popular domain of politics. There was a conscious strategy to demobilise or incorporate popular groups and interests, such as trade unions. Political participation and democratic debate were seen as luxuries that the poor people could ill-afford as they were considered divisive.<sup>3</sup> Development was to be state-directed and thus top-down. The strategy was paternalistic in the sense that the state claimed to know what people wanted. National development projects were in fact, state projects which were often at variance with the real needs of the people on the ground.

The notion of a developmental state does not only imply that the state possesses technical capacity to ensure that development takes place, but it also encapsulates

an authoritarian conception of development in which the reproduction of its rule was contingent on the success of its economic projects. But the idea of development is itself controversial. What is meant by development and whose development is it anyway? On whose behalf does the state claim to promote development?

Development involves both quantitative (economic growth) and qualitative changes (involving improvements of people's living standards). It is a process and not a project as it is portrayed by members of the State. Real and sustainable development is not possible without redistribution of income.<sup>4</sup> The concept and discourse of a developmental state has its empirical roots in the post-World War II developmental trajectory of the East Asian countries, such as Japan, Taiwan and South Korea. The success of economic growth and socio-economic development in this region have been explained by specific state interventions policies, which were driven by national developmental project.<sup>5</sup> However, the African experience with the developmental state model has been disastrous. Apart from a few examples such as Botswana and Mauritius, many African states that adopted the developmental model presided over empty treasuries, unequal income distribution and mass poverty.

While the concept of the developmental state has quite a number of adherents,<sup>6</sup> who consider it to offer an alternative to the problem of development dominated by the Western world, it is not a useful concept in unravelling the development problematic in the era of neoliberalism and global capitalism. The project of development cannot be left to the State alone. It has to involve the participation of the people. Thus development is almost inconceivable without democracy. This is what has led others to suggest the notion of a consensual state.<sup>7</sup>

A consensual state is founded on an elite-driven political consensus, such as in South Africa and Namibia. A consensual state is essentially characterised by single-party predominance (such as the ANC in South Africa and SWAPO in Namibia), coalition of various social groups and interests that were united by national liberation struggle and the acceptance of the capitalist logic of production and distribution. In South Africa a consensual state was achieved through the following historical context:

- national consensus around the need to an end to apartheid and introduction of majority rule;
- need to confront racial domination and extend opportunities to the previously disadvantaged groups;
- need to enhance South Africa's position as a world player within the global economic arena.

Implied in the notion of a consensual state is that major social groups agree to the elite pacts and that the state formulate development programmes that reflect the people's aspirations. However, this is not the case as the so-called consensual state is a construction that was hurriedly put together to ensure a smooth transfer of power. In the case of South Africa, once power was transferred from a white minority regime to a black government, the character of the state remained essentially the same, to protect the interest of the dominant class, which in South Africa is also predominantly white.

The development trajectory in South Africa in the last twelve years has seen the marginalisation of the majority of the working people and the poor at the expense of a small minority.

Central to the concept of the state is the issue of class. Unravelling the class bases of the State in Africa has implications on the understanding the problem of development. Contrary to the liberal conceptions of the state as a neutral institution

able to mediate over contradictory interests of social groups in society and producing and reproducing power for purposes of public order and security and providing a conducive environment for economic production, the State in Africa is in fact an institution representing the interests of the dominant class – the capitalist. This is more so in the era of neoliberal economic liberalisation. The success or failure of the state under neoliberal logic is more a function of the competence of the elite who control it and not necessarily the pressures from popular groups.

The developmental state suffered a serious setback in Africa as the role of the state in promoting development was discredited on account of incompetence, authoritarianism, corruption and neo-patrimonialism. All the good things which were done in the name of the development state, such as nationalisation, state enterprises, subsidization of product and inputs were all dismissed as wasteful and undermining economic growth. Economic decline was blamed on state intervention. Thus there was call for the rolling back of the state, liberalizing markets, abolishing of subsidies and privatization and deregulation of interest and currency rates. From the beginning of the 1980s African countries were urged to adopt neo-liberal economic policies, better known as structural adjustment programmes.

However, the failure of neo-liberal policies was nowhere else more evident than in Africa. Structural adjustment programmes undermined African state capacity to realise economic development. By their very nature structural adjustment programmes were unpopular and provoked opposition from the working class and the urban poor. Which invariably forced many African states to use authoritarian measures to impose or implement these unpopular economic austerity measures. The legitimacy of the African state was eroded in the eyes of the citizens, but enhanced in by the international community. Governments were thus more worried about aid flows from the international financial institutions, such as the International Monetary Fund (IMF) and the World Bank, than demands of their own citizens. A capable state was now defined as one which could deal ruthlessly with organised opposition to economic reform. The imposition of a market-driven economic strategy as a development strategy was no longer negotiable it was considered a necessity, if not an inevitability. The authoritarian manner of the neoliberal economic logic does not provide room to accommodate an alternative discourse. Those opposed to the neoliberal paradigm were often considered dissent elements bent on circumventing the status quo. The State discouraged or thwarted policy debates on alternative economic strategies accepting that the neoliberal approach is the only correct approach to development. It can be observed that in many African countries, such as Zambia, there is simply no alternative discourse against structural adjustment.

However, there is no denying the fact that there has been widespread disillusionment with neo-liberal policy descriptions in Africa. Instead of promoting development, neo-liberal policies have exacerbated unemployment, poverty, marginalisation and destitution. Many countries pursuing neo-liberal prescriptions have recorded positive economic growth rates, but performed poorly in the improvement of people's living standards. Social indicators on income distribution, education, health conditions, access to water and other social amenities have been depressing. Overall, economic and labour productivity have declined, especially due to the HIV/AIDS pandemic which has had a devastating impact on human capital formation in Africa. Some of the countries that have impressive economic growth rates also happen to have high incidences of HIV/AIDS in Africa, if not the world. For example, HIV/AIDS prevalence in Botswana and South Africa is among the highest in the world.

What are the challenges for post-apartheid South Africa? Many scholars exclude South Africa from the discourse on the role of the state in development. They argue

for the exceptionality of South Africa and its peculiar economic, political and historical circumstances. South Africa is a product of a historical process which was both colonial and capitalist. The apartheid state had characteristics of a colonial state having been authoritarian, divisive, exclusionary and predatory. It presided over a capitalist formation that saw a systematic exploitation of black labour for economic advantage of a predominantly white capitalist class. Income disparities under apartheid were huge and were manifested racially, with the whites being the most privileged of all the races.

The post-apartheid South African state which was constructed as an elite pact between the departing racist government and the representatives of the national liberation movements was more a continuation of maintenance of the capitalist system with its entrenched privileges. The initial commitment to a more social democratic project was abandoned only two years into government for fear that there would be capital flight and disinvestment. Thus Reconstruction and Development Programme (RDP) was replaced by the Growth, Employment and Redistribution (GEAR) programme in 1996. While indicating promotion of redistribution GEAR was a fully-fledged market-oriented programme that emphasised privatization, deregulation and trade liberalisation and a host of measures that tend to be found in standard structural adjustment programmes.

There is growing disillusionment with the GEAR as it has not been able to satisfy the demands of the majority of the people, most of whom are black. Following its "Ten year review" in 2003, the government embarked on a substantial reorientation of its approach to development. The formulation of the "Accelerated and Shared Growth Initiative for South Africa" (ASGISA) as a follow-up policy to the former "Growth, Employment, and Redistribution" (GEAR) strategy is an indication of the government's acceptance of the failure of the neo-liberal strategy. It is clear from the implementation of GEAR in the last decade that the economic growth has not helped in alleviating poverty, unemployment, crime and disease in South Africa. Like in most sub-Saharan Africa economic development as a state project is not meant to benefit the majority of the people, but rather a small class.

It would be erroneous to argue that the South African state is not an interventionist state, in the sense that most development initiatives are left to the private sector. The South African state has been interventionist in protecting capitalist investment and development. It has even gone as far as to promote an indigenous, black capitalist class, through the policy of Black Economic Empowerment (BEE). The promotion of black entrepreneurs is a strategy that has been used elsewhere in Africa to coopt and cajole the middle class so as to rob the mass movements of leadership. It is not aimed at income redistribution, since those involved are a tiny minority. President Thabo Mbeki was emphatic when he said:

The struggle against racism in our country must include the objective of creating a black bourgeoisie... I would like to urge, very strongly, that we abandon our embarrassment about the possibility of the emergence of successful and therefore prosperous black owners or productive capital... the government must come to the aid of those among the black people who might require such aid in order to become entrepreneurs.<sup>8</sup>

The promotion of the BEE and its vehement defence by the government exposes the class nature of the South African state and schisms within the tripartite alliance. At the core of the debate is a view that the African National Congress (ANC) came to power in 1994 on a platform of promoting a social democratic agenda. However, the alliance partners, the Congress of South African Trade Unions and the South African Communist Party, feel betrayed by the ANC government's abandonment of that

earlier commitment. It is not my intention to interrogate this matter here, but to point out that the schism within the ruling coalition reflects disenchantment with the economic policy that is perceived as detrimental to the workers and the poor. It also shows that there is a considerable social distance between the South African state and the mass of the people, who suffer economic deprivation amidst plenty. The state is rather divorced from people's daily struggles concerning itself with the technical management of capitalist economy and ensuring the steady flow of investment capital for the benefit of national and international capital.

Due to its political economy, that is a black-controlled state, largely white-owned economy, continued mass poverty of previously disadvantaged groups and the nature of its position into the global political economy the challenges facing South Africa state are enormous. There are several lessons to be learnt from the nature and character of the state elsewhere in Africa. At least the so far those controlling the state in South Africa have resisted the temptation to abuse their authority and to use their positions to enrich themselves and their clients. Many rich African countries have collapsed not because of absence of wealth by its plunder by selfish state agents. The Democratic Republic of Congo (DRC), Angola, Sierra Leone and Equitorial Guinea are examples of failed states due to mismanagement and corrupt access to the mineral resources.

It is important to locate the South African state within the trajectory of an integral part of a world capitalist system, where international capitalist interests dictate economic policy and threaten economic reprisals should the government abandon its commitments. By pointing at failed states and programmes such as the one in Zambia and Zimbabwe, the international economic orthodoxy has been able to hold down any pretensions for a social democratic project. However, economic development in South Africa will not sustainable and meaningful without the inclusion of the mass of the population. Economic policy, even if market-oriented, should aim at the redistribution of wealth. The success of the Scandinavian social democracy has been as a result of using market-principles to promote production, but redistribute the wealth, thereby reducing income disparities and promoting high living standards.

In conclusion I would like to point out at least six challenges confronting post-apartheid South Africa. These include, but are not limited to:

- a) need to re-examine the nature of democracy in South Africa and its implications for the promoting broad participation of the mass of the people in economic policy making that is relevant to the satisfaction of people's basic needs.
- b) resolving the national question so as to clearly address the question in whose interest development is being pursued
- c) thorough-going analysis of the class nature of the South African state is required so as to understand how to locate popular struggles
- d) the notion of the exceptionality of the South African political economy will need to be seriously interrogated and challenged so as to avoid falling into the pitfalls of other African states
- e) considering the huge income inequalities in South Africa it imperative for a debate on the possibilities pursuing a social democratic development agenda within a neo-liberal context.

While it is now fashionable to suggest that state intervention in economic development is unattainable under neo-liberal economic paradigm and that the state should simply play a facilitative role, such role is not and has never been neutral. The

state under neo-liberalism intervenes on behalf of capital. Thus the state remains an arena of political contestation by competing classes who have conflicting ideas of national development. The challenge for Africa in general and South Africa in particular is to make the state relevant to people's lives and for all social groups to feel included in not only political power, but also economic power. In addition to the other functions of state, the state can facilitate redistribution of wealth. Democracy is empty without the fulfilment of the economic aspirations of the people, while economic growth on its own without redistribution poses problems of the security of the state and capital as the disempowered and marginalised groups will not accept their subjugation for long.

---

## Endnotes

<sup>1</sup> Martin Doornbos, 'The African State in Academic Debate: Retrospect and Prospect', Journal of Modern African Studies, vol.28, no.2, 1990, pp.179-198.

<sup>2</sup> See Adrian Leftwich, 'Bringing politics back in: towards a model of the developmental state', Journal of Development Studies, vo.31, no.3, 2000, pp.400-420; Thandika Mkandawire, 'Thinking anout Developmental States in Africa', Cambridge Journal of Economics, vol.25, no., pp.289-313 and Paul Collier, 'The role of the state in economic development: cross-regional experiences', Journal of African Economies, vol. 7, no. 2, 1998, pp.38-76.

<sup>3</sup> Michael Neocosmos, 'Towards understanding new forms of state rule in (Southern) Africa in the era of Globalization', African Journal of Political Science, vol. 6, no.2, 2001, pp.29-57.

<sup>4</sup> Claude Ake, Democracy and Development, Ibadan: Spectrum Books, 2001.

<sup>5</sup> P. Mbabazi and I. Taylor, 'Botswana and Uganda as Developmental States in Babazi, P and I. Taylor (eds.), The Potentiality of Developmental States in Africa – Botswana and Uganda Compared, Dakar: CODESRIA, 2005.

<sup>6</sup> See Leftwich, op. cit.

<sup>7</sup> Neocosmos, op. cit

<sup>8</sup> Thabo Mbeki, ' Challenge of the formation of a black capitalist class, a black bourgeoisie', Speech at the annual conference of the Black management Forum, Kempton Park\ November 20, 1999. (<http://www.anc.org.za/ancdocs/history/mbeki/1999/tm1120.html>).