NUMSA DRAFT CRITIQUE OF THE NDP OF THE NPC
(For Discussion Purposes Only)

“Chronicle of a Developmental Transformation Foretold: South Africa’s National Development Plan in Hindsight”

April 2012

“We have suffered more than just national humiliation. Our people are deprived of their due in the country's wealth; their skills have been suppressed and poverty and starvation has been their life experience. The correction of these centuries-old economic injustices lies at the very core of our national aspirations.”
(ANC, Morogoro Conference, 1969)

“The people shall share in the country's wealth! The national wealth of our country, the heritage of South Africans, shall be restored to the people; The mineral wealth beneath the soil, the Banks and monopoly industry shall be transferred to the ownership of the people as a whole; All other industry and trade shall be controlled to assist the well-being of the people; All people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions.”
(The Freedom Charter, 1955)
A. The Year 2030

Let at say we are in the year 2030.

Looking back from 2030, South Africa can congratulate itself on its record of success in both relative and absolute terms since the turning point in its economic performance was brought about soon after the beginning of the second decade of the new millennium. In brief, select highlights include:

- The creation of eleven million new jobs bringing unemployment down, even for an expanded population, to no more than 6%
- The elimination of poverty across the majority of the population
- The reduction of the Gini coefficient for income from an outrageous 0.7 to an, admittedly, far from acceptable level of 0.6
- A notable reduction in corruption and corresponding increase in government capacity and efficacy
- A national health service provided through the public sector free at the point of delivery with a focus on primary and preventative care.
- A major expansion in provision of basic needs such as housing, water, electrification, education and other elements of social and economic infrastructure
- And considerable progress in shift towards a green economy with adoption of new renewable technologies.

But the single most important change that allowed for and, to a large extent, prompted such changes has been the step increase in the level of investment in the South African economy from around 16% or so of GDP at the cusp of change some twenty years ago to 30% onwards from a few years later, restoring the level that had proved possible even as apartheid was unravelling in the early 1980s.

What is it that brought about this remarkable turnaround in economic performance, one that has now proved so secure and has so stood the test of time for nearly twenty years that we take it for granted and condemn equally both apartheid and the first twenty years of the post-apartheid period to the dismal past, as history? Significantly, the youth of today, for example, have only experienced increasingly better conditions over their lifetimes.

At the risk of exaggeration, we can pinpoint one policy document that was more responsible for this change in performance than any other. Whilst it may have long since been forgotten, The National Development Plan: Vision for 2030, NDP, issued in late 2011 by the National Planning Commission, can be seen to have played a, if not the, major role in triggering the changes and policies that have brought developmental success to South Africa. Indeed, it is astonishing how its goals have in major respects matched the outcomes listed above!
Yet, the role played by the NDP, and its descent into oblivion over the period during which its goals were realised, rests on two crucial factors. First is the extent to which, over the next two decades, developments in practice observed its prognostications in the breach. And second, in the more immediate term, is that the NDP proved, after a long and accelerating brandishing of policy stances and documents, the posturing straw that broke the camel’s back of the people’s suspension of disbelief.

The NDP, deriving from the National Planning Commission, followed more or less immediately upon, the New Growth Path, NGP, emanating from the “rival” Economic Development Department. The creation of these two initiatives under the Zuma government was as much a source of duplication and confusion as of political compromise and institutionalised inertia.

Paradoxically, the NDP could in some respects be more progressive in word and aspiration for being less attached to policy in practice and more visionary into the future than the NGP, claiming as an instance of mine is bigger than yours that it would create eleven million jobs by 2030 compared to, if building upon, the NGP’s five million by 2020. (p. 10)

B. From the Camel’s Back to the Elephant in the Room

But what brought about this loss of patience and its transformation into anger and the clamour for alternative policies? There is no single factor but a cascade of mounting dissatisfactions, just as the straw on the camel’s back is the trigger but not the major causal factor to breakdown. Here, though, the metaphor of straw and camel breaks down. For the NDP straw inadvertently highlighted the very heavy weight of issues that it sought to avoid to a populace that had both experienced inadequate transformation over the two previous decades and which was determined that it should not suffer the same fate over the next two.

Analytically key in this respect, in and of itself and in opening the floodgates of dissatisfaction, was the overall level of investment within the economy that the NDP itself acknowledged needed to be doubled to around 30% of GDP. Yet no explanation was offered for why the investment rate should have been so low in the post-apartheid period nor how conditions would be changed so that a higher level could be achieved. Indeed, casual appeal was made to inflows of foreign investment and increases in domestic savings rates, exactly the sources for investment that had been relied upon in the past with such a dismal outcome.

Such a glaring vacuum in the sources that would underpin its plan had the effect of at last bringing to the fore one of the most significant issues that had dominated the performance of the economy in the post-apartheid period but which had by equal measure been sorely neglected. This was capital flight. As had been documented in a series of academic papers, the export of capital from South Africa, much of it illegal, had its origins in the apartheid era. But it had accelerated to gargantuan proportions in the post-apartheid period, with more than 20% of GDP flowing abroad at the expense of the domestic economy. In the twenty years before the NDP, government had not only done nothing about this but had also turned a blind eye, failing to investigate and punish those responsible, and even liberalising exchange controls to make what had been illegal as legal as possible. A last straw of its own was the stated intention, just before the NDP appeared, of allowing an amnesty for such illegal capital flight upon payment of a fine as a preparatory measure towards the full liberalisation of capital flows. Why anyone would self-declare and pay a fine in such circumstances is bewildering. More significantly, it is inconceivable how the investment rate
would be raised by rendering legal what was previously illegal and the major source of the drain on resources for national investment.

On these matters, the NDP was entirely silent, proceeding as if the issue did not exist, the elephant in the room, acknowledgement of which was essential before any major shift in policy could command the resources necessary for achievement. Paradoxically, with the NDP continuing to ignore the issue as did the NGP and all other policy documents previously, those campaigning around it struck a chord with more popular and wide-ranging discontent. For, most significantly in the wake of the global crisis of the time, the relatively narrow issue of capital flight, even if of huge and decisive significance in constraining resources for policymaking, became unavoidably attached to the role of the financial system more generally. This involved both domestic and international aspects.

For the national economy, once the role of capital flight was brought to the fore and seized upon in the popular consciousness, it soon became more or less obvious that it not only involved drain of resources but also exercised considerable influence over macroeconomic policy. For capital flight had involved: pursuit of too high an exchange rate at the expense of competitiveness in order to enhance the value of rand-denominated assets stolen abroad; too high a level of interest rates at the expense of cost of domestic investment and activity in order to allow for inflows of short-term capital to compensate for long-term capital outflows; and the continual location of the macroeconomy on the cusp of instability due to the volatility of these short-term inflows and as any surplus on balance of payments was used to allow for legalisation of capital outflows through their liberalisation.

In this light, it became clear that the whole thrust under which macroeconomic policy had been discussed and implemented had been an entire sham. It needed to be seen in terms of permissive management of capital outflows rather than as inflation-targeting, currency stability and fiscal responsibility. Even those critical of the government’s record, in terms of too narrow a range of targets and too narrow a range of instruments,iv were forced to recognise that more interventionism to a more rounded set of goals could achieve little compared to preventing the long-term haemorrhaging caused by capital outflows that were at most balanced by short-term transfusion of inflowscommanding and imposing high rates of interest.

Further, the claims that one of the major aspects of the first two decades of the post-apartheid period was to have achieved macroeconomic stability against a backdrop of global and domestic turbulence could also be seen from a different perspective. It had, indeed, whatever the record of stability itself of the domestic economy, constituted a remarkable feat of macroeconomic management: getting that much of the economy’s potential capital out of the country without any more severe consequences for instability other than condemning vast swathes of the population to two decades of unemployment, poverty and worsening inequality from the highest of levels in the first place. Nor, at a more personal level, were such ironies lost on those who wondered how the single individual most responsible for achieving such stability should be chairing the Planning Commission designated to build upon its disastrous consequences. At least the NDP proved to be the career autumn for the Treasury patriarch.

And, of course, lest it be forgotten, this permissive and illegal global financialisation of South Africa’s domestic resources came to be recognised just as the consequences of the great global financial crisis were coming to fruition. It was not simply how finance as such
had been discredited, how vast resources had been readily devoted to rescuing it, how even these could not prevent the severest penalties being imposed on working people who bore no responsibility for what had happened, and how governments themselves were being brought to the verge of bankruptcy by the very financial systems that they had promoted at national and global levels. In addition, just as the NDP was released, the Euro was in the process of being rescued by a package agreed by all but a few of the EU’s members but, most significantly, not the UK. Its reasons were clear that it needed to defend the “national interest”. But equally clear and shameless was that this national interest lay first and foremost, if not exclusively, in its financial system in “the City”. The lessons from and for Europe were readily seized by South Africans and others. Never again would they be foolish enough or fooled enough to allow finance to dictate to the economy rather than vice-versa.

The results, as we now know, are that the world roughly divided into two spheres – one that continued to marry liberalisation of finance with globalisation and one that brought finance more under the dictates of domestic policy as China had so successfully done prior to the crisis. And the consequences of this divide were to prove no less striking as those economies deploying regulated and directed finance prospered (just as Germany and Japan had done in an earlier era) and those continuing to sustain the leading role of finance suffered both poorer performance and instability (as had been characteristic of the UK and the USA in the post war boom and beyond). For South Africa in particular, and for the continent more generally, the subordination of finance to economic and social goals received the added boost of also bringing capital flight itself under control, step-wise shifting resources available for development and relaxing macroeconomic constraints not least with lesser instability and lesser costs of holding reserves to guard against such instability.

The contrast with the prognoses of the NDP could not be more striking. It reports with some satisfaction that the finance sector in South Africa had experienced a tripling of its output from 1994, compared to 67% for the rest of the economy, that it was responsible for between 300,000 to 400,000 jobs either directly or indirectly and that it should have expanded, and had the potential to expand, employment even more especially in bringing financial services to the 40% of the population that had been deprived of them, p. 129. But what exactly did the financial sector produce or contribute through its putative tripling in output. Much like the rest of the global economy, if at a faster rate over a shorter period to make up for the lesser pace of globalisation and financialisation under apartheid, it more or less tripled the ratio of financial assets to GDP. In other words, something of the order of three times the amount of financial assets had become necessary to support the production of a unit of output. If this had been so for any other input – the amount of wood in a piece of furniture for example – it would be seen as a disastrous loss of productivity.

But, for some strange reason, in South Africa as elsewhere, financial activity had become to be seen as contributing to output rather than being a drain upon it, providing a service such as trading in risk. In the wake of the crisis, not only was finance seen as a dramatic creator of risk and instability but its parasitical activities increasingly began to be seen in such terms, with South Africa a leading example. The simple facts even spoke for themselves. A sector that had grown many times faster than the rest of the economy, with the putative function in principle of mobilising and allocating investment and spreading consumption over lifetimes through credit, had in practice mobilised finance to go abroad, failed to raise domestic investment levels, had prompted instability and credit-fuelled excessive consumption, and had excluded its benefits from over a third of the population and skewed them heavily towards those who could access them.
In short, far from finance contributing 20% of GDP, other than in official statistics, it was responsible for appropriating something like a quarter of GDP with the added irony of counting this as its contribution to production. As for its contribution to employment, this is like praising the criminal for providing employment for the police. Indeed, as was universally recognised, the high levels of security services often included within the contribution of the financial sector were, especially in South Africa, a consequence of the high levels of inequality and deprivation that such financial services both created and against which it needed to guard itself. Yet, the NDP projected that finance should continue to grow and that South Africa should replicate its provision as a financial hub across Africa, see below.

Critical reaction to, even outrage at, the NDP’s treatment of finance proved, however, merely the tip of the iceberg of a more widespread and deeper understanding of the past and how it was being projected into the future. This focused on a realisation of how the notion of being South African was being constructed and construed and that this needed to be contested for its misrepresentation of realities let alone prospects if these were sustained.\textsuperscript{vii}

First and foremost, the NDP offered a vision in which all South Africans would benefit, through a virtuous circle of change, although priorities would commendably be focused on the marginalised and impoverished such as blacks, women and youth. But who is South African? And, in particular, where does finance and its representatives fit into this story? Are they going to be allowed to continue to benefit by spiriting the economy’s resources out of the country? These simple questions, once raised, gave rise to inevitable conclusions. On the one hand, there could be no virtuous circle without a dedicated and determined conflict with finance to retain resources within the economy, a matter of power and will on the part of government and the popular and organised pressures upon it. On the other hand, this is less a matter of settling accounts amongst South Africans but of recognising that, even if located in South Africa, its capital in general and its finance in particular otherwise had no special commitment to the country as more than symbolically signified by capital flight.

Indeed, once again, the irony was not lost that the single person most responsible ex officio for allowing South Africa’s conglomerates to locate abroad was none other than the Chair of the Commission in his previous manifestation as Minister of Finance. In this light, it was hardly surprising that the NDP showed no sign of wishing to address the conglomerate power of “South African” corporations, those that had increasingly globalised and financialised their operations under the post-apartheid government as well fully integrating with their “foreign” counterparts.

To some extent, the unbundling of the South African conglomerates, especially Anglo-American, had led to the illusion that corporate power had been diluted, although it was acknowledged that monopoly power remained strong within particular sectors. But research carried out after the NDP appeared, deploying methods applied for other countries, demonstrated through network analysis that relatively few individuals and corporations were responsible for close control of the South African economy, and that these forms of control were heavily integrated into equally concentrated international and financial networks.\textsuperscript{viii} In short, if South Africans were going to embark upon the NDP’s mutually beneficial, “virtuous cycle of growth and development”, p. 2, it was one in which the vast majority of the benefits would accrue outside of South Africa at the expense of constraining the size of the cycle inside.
Such perspectives also inspired, however, a furious realisation of how the NDP’s pretence of symmetry in meeting the aspirations of all “South Africans” veiled an unacceptable asymmetry not only in lack of acknowledgement of unequal relations of power and privilege but also in the representation of what might be termed genuine South Africans themselves, especially those for whom the goals of the NDP were a priority. To some extent, this picture of what it was to be South African was implicit in the NDP, offering a vision of how South Africa would be in 2030 by way of contrast. The “vision” was to bring a population into being with a new ethos. The corresponding implication that this ethos had been absent previously, and had proven an impediment, was put more explicitly in reference on the NDP’s very first page to the need to depart from a “passive citizenry receiving services from the state”, p. 1. And, later, the people are told that they need “shifting from a paradigm of entitlement”, p. 5.

Given the role played by a far from passive, if miniscule, minority section of the “citizenry” in both depriving the country of resources and commanding policy in line with this, and the corresponding failure of the state to deliver basic services to the bulk of its citizens, it is unsurprising where the focus for change in the nature of South Africans is located. As already indicated, the demands made upon its citizenry are not made upon finance which, from the point of view of national developmental planning is about as far away as possible from being capable, efficient, fair, trusting, willing to make short-term sacrifice for long term gain, nimble, cooperative and open to leadership. Significantly, finance only commands a couple of pages in the NDP, pp. 129-30. The contrast with labour could not be more striking. Almost as much attention is given to the details of regulating how employees may be dismissed in order to improve the functioning of the labour markets, pp. 113-14.

C. Twenty Years of Insolitude

This is indicative both of priorities and of understanding in the NDP constructing its vision for twenty years hence. Two elements were involved, the historical and the analytical. For the historical, whatever the deficiencies of the South African citizenry, these are less cause than consequence of the policies adopted in the post-apartheid period, not least in questioning how such a successful liberation movement should have been so bitterly disappointed in its aspirations for economic transformation. The NDP gives an answer in part by reference to the failure to meet the goals of the RDP, p. 4. This is explained in terms of external global shocks and lack of adequate government capacity. But everyone knew long before 2011 that the RDP had been abandoned precipitously with the adoption of GEAR in 1996 even if it had ever been adopted.

And GEAR does not warrant a mention in the NDP, and AsgiSA only in passing. Even the notion of the developmental state, the compromised term at the time over which all could agree to debate future prospects, did not warrant a mention. As for the failings of government, this was increasingly seen after the launch of the NDP more critically in the political terms of what capacities had been available, how they had been deployed, and how little effort had been made to build alternative capacities especially as the excuse of lack of capacity to deliver began to wear thin after twenty years. There had been no problem delivering the financial imperatives previously described nor any number of other priorities ranging from the World Cup to luxury holiday homes in Nigeria.
D. From the Goose to the Monkey, via the Dragon

So, when the NDP begins, literally, with the Chair’s foreword by declaring “Masupatsela! We chart a new course, we write a new story”, it could not have been more unwittingly truthful about the past and less honest about the future it proposed. For, whilst the NDP acknowledges that the transition from apartheid is marked by a dialectic of continuity and change, this is simply read off as setting the sweet fruits of political democracy against the bitterness of continuing impoverishment, p. 1.

But, as already argued, the latter remained deeply rooted in the failure to challenge the globalisation and financialisation of the South African economy in line with the interests of large-scale capital other than with the token incorporation of a new black elite through BEE with which the NDP scarcely begins to get to critical grips. Indeed, BEE had created a new black bourgeoisie but not one that could carry through a national democratic revolution as some might have hoped in the form of a new progressive fraction of black capital. For its wealth had derived primarily from the processes of financial and ownership restructuring thereby contributing negligibly to the creation of economic and social development as opposed to benefitting from the latter’s subordination to global restructuring and incorporation of South African capital.

Thus, whilst the NDP under- and mis-estimated both the continuities from the past and the need for changes in the future, its analytical predispositions were also seen to be totally inadequate and heavily compromised. The NDP is hardly a scholarly work. Justification for its stances in this respect are confined to at most a scattering of footnotes and references throughout its 450 pages of text. But two of these, cheek by jowl on page 55, footnotes 8 and 9 to Justin Lin (2011) and Dani Rodrik (2009), are revealing. For Lin, like Stiglitz before him with the post Washington Consensus, sought to launch a new paradigm for development economics only, on this occasion it was a matter of first time farce, second time tragedy. Stiglitz found himself sacked for seeking to take his scholarship, whatever its strengths and weaknesses, into the realm of policy whilst his scholarship became more or less the ideological support for continuity in, or strengthening of, the policies associated with the Washington Consensus. Lin, by contrast, in immodestly proposing his own “new structural development economics”, remarkably sought no engagement whatsoever with what the World Bank had ever done or was continuing to do in the realm of policy. Such suspension from realities was marked in Lin’s new development economics not only by this lack of self-reflection but also by a failure to address finance (despite the global crisis), the developmental state and public ownership, for reasons which will soon become apparent.

For, particularly important in the wake of two decades of privatisation and the global crisis was the recognition, in the policies of the World Bank in practice, that the private sector could best be supported by allowing state intervention and shifting aid away from public to private sector provision of social and economic infrastructure, especially through partnerships and the like. With finance discredited, and manufacturing facing depressed conditions, taking over the role of the state with the support of the state offered the best prospects for promoting the interests of (internationalising) private capital. Fortunately, the designs of the World Bank on reserving as much of Africa’s health provision as possible for the private sector were foiled. And, as in South Africa, the historical evidence for the virtues of public health provision was acted upon with correspondingly positive results.
Instead, Lin carefully made sure there would be no misunderstanding over his unwavering commitment to mainstream economics and his distance from the old development economics which at least had the virtue of offering some form of economic and social transformation in seeking development through modernisation (as with the “pre-Washington” Consensus). For Lin, like both the Washington Consensus (leave everything to the market) and the post Washington Consensus (piecemeal correction of market and institutional imperfections), there is no notion of what development is, only how to achieve it. For him, it is a matter of anticipating “latent comparative advantage”, to put in place the institutional and policy supports for the private sector that will best support it in what it will produce after the passage of a decade or so. Lin appeals to history as evidence for this theory – it shows how successful economies were furnished with the advantageous conditions for their success. But a moment’s reflection reveals that this is no proof at all but a mere tautology. Economies that are successful must have benefitted from the conditions for success.

But Lin, to his credit in principle, does find a way of deploying the vacuous to provide policy perspectives. He does so by the simple expedient of suggesting both that developing countries should follow the path taken by those ahead of them in the process and by targeting the lower level economic activities that those ahead relinquish. This involves explicit reference to the flying geese strategy – itself dependent upon two hierarchies, one of sectors in the process of upgrading and the other of nations in the stepladder of development. And, in particular, China is seen as a dragon both exemplifying this strategy and analytical framework and furnishing the low-wage, low-investment, low-productivity economic activity for lesser animals (the geese) that follow.

Unfortunately, as was soon pointed out, even if the flying geese perspective had been appropriate in understanding the past, it had become totally inappropriate for the then present and much more so for the future. For one, China continued to combine command of low wage production through its reserves of unskilled labour with achievement at the highest technical levels (with an increasing shortage of necessary skills). And, for another, the simplistic hierarchies associated with the flying geese strategy no longer prevailed in a world dominated by globalised production networks in which, as with China itself, individual economies could leapfrog developmental stages for some activities whilst remaining bogged down in others.

And, of course, this was immediately realised to be the case for South Africa totally discrediting the NDP’s casual reference to Lin for analytical support (and releasing for the first time a much more careful and considered approach to economic relations with China both for South Africa itself and for Africa as a whole, see below). Indeed, two stunningly unacceptable conclusions were recognised to follow from Lin’s new structural development economics (apart from not new, not structural, no development and just mainstream orthodox economics that had already dismally failed both developing and developed economies). First was the far from subtle implication that developing countries should primarily prepare themselves for paying low wages so that they could occupy those jobs being rejected as such by more developed economies. Second was the equally far from subtle implication that, whilst state intervention had become necessary to achieve latent comparative advantage, a concession that could hardly be avoided in more general terms given the global crisis, far from involving a rethink about the role of the state relative to the Washington Consensus, Lin’s new structural development economics was intended to constrain developing economies from restoring a more radical role for the state.
Significantly, together with a continuing faith in mainstream economics, this is exactly the thrust of Rodrik’s “One economics, many recipes”, http://www.youtube.com/watch?v=fBAF5sGiPPY. And, like Lin, whilst presenting itself as promoting state intervention against neoliberal dogma, its main thrust is to limit the role of the state. Further, although his Harvard team had already demonstrated its inadequacies under the Mbeki regime in the limited and flawed recommendations that it had offered to Treasury, that it should, alongside Lin, be the point of analytical reference for the NDP was to add insult to injury.

Where, at least, distinctively from Lin, the Harvard team had prided itself (alongside Rodrik’s one economics) in teasing out country-specific empirical realities as “diagnostics”, a clear inspiration for the NDP, both were sorely deficient in examining the patient, not least in identifying the haemorrhaging of resources through illegal capital flight. In addition, if paradoxically and despite their common conclusions around limiting the role of the state, there is total inconsistency between the two approaches.

Whereas Lin’s slavish geese in following the dragons lays out a well-worn path to development, Rodrik is more inclined to emphasise how it is impossible to identify elusive comparative advantage in advance and the best the state can do is to facilitate entrepreneurs in their processes of “self-discovery”. Indeed, the metaphor is used of monkeys swinging through the jungle looking for bananas, with little point in the state guiding arms and tails as they do so. Yet, this hardly began to get to grips either with the historical role that state enterprise and industrial policy have played in development nor the role that they were about to play over the next two decades in reaction against the preceding disastrous period of neoliberal hollowing out of state intervention and, it should be added, of alternative modes of thinking to mainstream economics and its priority in making private capital work with or without the support of the state.

It was unfortunate, then, that the Washington Consensus had not only set the developmental agenda of state versus market but had also hollowed out alternative ways of thinking about development (and industrialisation) so that Lin’s marginal scholastic concessions in principle could be so warmly welcomed by erstwhile critics, such as Rodrik, thereby revealing how little the post Washington Consensus and its herds of followers had to offer by way of alternatives in the wake of the global crisis. We now know that the total analytical and practical ineffectiveness and influence of those peddling alternatives to the resumption of business as unusual (the restoration of finance) inspired a global movement for much more radical measures, not least those that recognised not so much market versus state but whose economic, political and ideological interests were going to underpin the relationship between state and market. And it was not simply a matter of subordinating financial markets to the real economy (whether through some dilute form of Keynesianism or more radical measures to expand effective demand) but of going beyond finance and market demand to the allocation and control of resources for the provision of sorely needed goods and services.

E. The MEC: From Albatross to Dead Duck

In the South African context in particular, this brought the notion of the Minerals-Energy Complex, MEC, to the fore. Even before the NDP was released, the salience of this notion for understanding South Africa’s past, present and challenges for the future was
increasingly being recognised. Whilst not mentioning the term itself, even the NDP acknowledged that the weight of highly capital-intensive investments around mining, energy and related activities, had been disadvantageous to labour-intensive employment creation. Of course, what it failed to recognise was that the MEC incorporated the very conglomerate power that had not only been the major beneficiary of apartheid but had also continued to dominate economic and social developments in the post-apartheid period. In particular, the dynamic of the South African economy had been determined by the financialisation and globalisation of its conglomerate mining houses, with Anglo-American to the fore, and the continued priority to sustaining the MEC’s core activities to generate a surplus for transfer abroad as opposed to development at home.

In this light, the NDP’s vision for the future around each and every aspect of its proposals for social and economic infrastructure were increasingly viewed with scepticism. Of course, the plans for meeting the needs of the majority were to be welcomed but represented little more than the rhetoric of the time, as did the grand proposals for greening the South African economy and developing alternative energy sources. The suspicion was that the NDP would, in practice, lead to a two-track path in which, as in the past, the highest and overwhelming priority would continue to rest upon a partnership between the state and private capital in promoting capital-intensive development around core mineral and energy activities. Indeed, the return to more overt interventionism by the state with the NGP and the NDP (and the developmental state itself) was seen to signal a strategy to sustain this path rather than depart it, not least as symbolised by the renewal of constructing huge coal-fired power stations with massive World Bank aid. Reinvigorating the MEC core would, at most, be accompanied by more or less token schemes for employment generation through public works and the like for the majority not benefitting from the high road.

In the event, the economy took a new path or, more exactly, new paths by rejecting the NDP and focusing on a strategy of expanding public sector employment for the meeting of basic needs through domestic production of food, housing, transport and so on. Genuine life was breathed into the IPAP process emanating from the DTI, reversing the longstanding failure of the MEC to diversify out of its core activities. And, far from reviewing regulation of the public sector, as proposed by the NDP, it was realised that it was the limited and undemocratic powers of regulation that were at fault and could not be fixed without extension of state powers and public ownership.

F. Resurrecting the Dodo Scenario?

When South Africa entered negotiations around the post-apartheid transition, as prospective government in waiting, the ANC was bombarded with scenario planning of all varieties as well as being courted by the rich and powerful. The consequences were tragic as the less than subtle charms of sustaining business as unusual triumphed with the rejection, not failure, of the RDP and the adoption of GEAR. Twenty years later, the scenario had turned full circle and, once again, South Africa was offered a vision of its future, more rooted in the disasters of the past than in transformation for the future. But, on this occasion, it was a vision that was roundly and soundly rejected not only for its inadequacies for South Africans but also for its prognostications over the larger landscapes of Africa and the globe. For the former, one of the NDP’s few more specific proposals was for South Africa to become a financial centre for the continent – the very last thing that was realised to be needed. Far from extending its parasitical and dysfunctional financial services to the rest of Africa, finance was brought under control and turned into a genuine instrument for development. And the break
with finance also offered a more positive developmental relationship with both North and South.

References


Footnotes

i This essay is submitted in January, 2031, as an assessed assignment for the undergraduate degree, “The Present as History”. At the time of drafting, the student has been inspired by reading the novels of Gabriel García Márquez and a visit to the zoo. In order to avoid charges of plagiarism, it should be noted that what follows draws heavily upon the now (and then) obscure works of an academic of twenty years earlier, Ben Fine, and his collaborators. Drafted over the Xmas period, the inspiration could otherwise well have been from Charles Dickens, and the ghosts of development – past, present and future.

ii “The New Growth Path: The Framework”, Economic Development Department, South Africa, 2010. For a contemporary critique of the latter, see Fine (2011b). For the vast majority of the NDP it is as if the NGP does not exist or, at most, is simply taken for granted.

iii See, for example, Ashman et al (2010b and 2011).

iv See Comert and Epstein (2011) for example.


ix Again, another irony, insofar as the NDP’s Chair was one of those who early deployed the notion of the developmental state, in what proved to be a futile attempt to save the Mbeki regime, before it was shifted towards more progressive intents by that regime’s opponents.

x See Fine (2008).

xi Chief Economist at the World Bank and Harvard academic, respectively. For critical commentary on Lin and Rodrik, see Fine (2011a and 2012b).


xiii The NDP transcribes “recipes” as recipients.

xiv See Fine (2009a and b) and Hausmann and Andrews (2009).


xvi Or radically transforming, not killing, the goose that lay the golden egg!


xviii This was transparent through the continuing travails of the steel industry let alone retailing.