

The National Democratic Revolution as a basis for public policy formulation in South Africa: Economic policy and transformation, 1994-2013

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DECLARATION

I **SESHUPO J. MOSALA** declare that this submission is my own work. It is submitted for the degree of Masters of Arts in the Department of Political Studies at the North-West University, Potchefstroom.

SIGNED.....ON THE.....OF.....2015

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ABSTRACT

The ideology of the National Democratic Revolution (NDR) anchors the ANC ideologically and politically, and is the basis of the National Democratic Society which is a non-racial, non-sexist, democratic, and prosperous society. The National Democratic Society is antithetical to the historical injustices of apartheid colonialism and neo-liberalism. According to the ANC, it is a disciplined force of the left, which is biased to the working class and the poor. It also states that the Freedom Charter is its lodestar and that the economic vision of the ANC rests on “the Freedom Charter’s clarion call that the people shall share in South Africa’s wealth”.

Despite the ANC’s claims, the ANC government has promulgated macro-economic policies that continued the economic liberalisation started by the apartheid government in the 1980s. Furthermore, through its fostering of de-racialisation and democratisation of the colonial economy, the ANC has passed redress legislation that champions superficial transformation with the replacement of white faces with a few politically-connected black faces, whilst preserving the pre-existing structures of social inequality and breeding a new capitalist class – largely to the detriment of the black masses. The macro-economic policies and redress legislation passed by the ANC since 1994 are in contrast to the economic transformation envisaged by the Freedom Charter and the NDR. They have failed to address high inequality, poverty, unemployment, colonial dispossession and underdevelopment – all of which are prevalent in South Africa. This is because the ANC has ensured the maintenance and continuation of the capitalist system in South Africa; also preserving major features of the apartheid economic system.

This indicates a gap between the ANC’s economic policy and ANC’s ideology. The government’s economic policies, which are ANC economic policies, are rooted in neo-liberalism and not in the Freedom Charter (as stated by the ANC). The ANC policies have resulted in the co-option of the black elite by the monopoly capital, which the ANC states is the enemy of the NDR, instead of its abolishment. The co-option/entry-ism has resulted in a new alliance between the black elite and the incumbent capitalist elite –

both locally and internationally – and this alliance has created a powerful political lobby inside and around the ANC against radical change. This is an indication that the ANC has lost, halted or betrayed the national liberation and that the NDR shows no signs of giving way to socialism.

Keywords: National Democratic Revolution, economic transformation, neo-liberalism, National Democratic Republic, public policy, policy formulation, agenda setting, policy implementation, policy analysis, and policy evaluation.

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LIST OF ABBREVIATIONS

ANC: African National Congress
ANC-YL: African National Congress -Youth League
ASGISA: Accelerated and Shared Growth Initiative South Africa
BEE: Black Economic Empowerment
B-BBEE: Broad-Based Black Economic Empowerment
BMF: Black Management Forum
BSA: Business South Africa
CBOs: Community Based Organisations
CODESA: Convention for a Democratic South Africa
COSATU: Congress of South African Trade Unions
COMINTERN: Communist International
CPSA: Communist Party of South Africa
CPC: Communist Party of China
CST: Colonialism of a Special Type
DA: Democratic Alliance
DEP: Department of Economic Policy
FDI: Foreign Direct Investment
GDP: Gross Domestic Product
GEAR: Growth, Employment and Redistribution
GNU: Government of National Unity
JSE: Johannesburg Stock Exchange
ICU: Industrial and Commercial Workers' Union
IGOs: Inter-Governmental Organisations
ILO: International Labour Organisation
ILRIG: International Labour Research and Information Group
IMF: International Monetary Fund
ISL: International Socialist League
IWA: Industrial Workers of Africa
MDGs: Millennium Development Goals

MDMs: Mass Democratic Movement structures
MPRDA: Mineral and Petroleum Resources Development Act
NACTU: National Council of Trade Unions
NEDLAC: National Economic Development and Labour Council
NDP: National Development Plan
NDR: National Democratic Revolution
NDS: National Democratic Society
NEC: National Executive Committee
NGOs: Non-Governmental Organisations
NGP: New Growth Path
NHTS: National Household Travel Survey
NPC: National Planning Commission
NP: National Party
NUMSA: National Union of Metalworkers of South Africa
NWC: National Working Committee
PAC: Pan Africanist Congress
PCAS: Policy Coordination and Advisory Services
RDP: Reconstruction and Development Programme
RSDLP: Russian Social Democratic Labour Party
SADTU: South African Democratic Teachers Union
SACP: South African Communist Party
SACPO: South African Coloured Peoples' Organisation
SACOD: South African Congress of Democrats
SACTU: South African Congress of Trade Unions
SAHO: South African History Online
SAIC: South African Indian Congress
SANCO: South African National Civic Organisation
SANNC: South African Native National Congress
SARB: South African Reserve Bank
SOCs: State Owned Companies
SONA: State of the Nation Address

TEC: Transitional Executive Council

TRC: Truth and Reconciliation Commission

UDF: United Democratic Front

USSR: Union of Soviet Socialist Republics

WTO: World Trade Organisation

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CHAPTER 1: INTRODUCTION

1.1 ACTUALITY

South Africa is an upper middle-income country¹ with a *per capita* income similar to that of China, Botswana, and Belarus (World Bank 2014). Despite this wealth by continental standards, South Africa is also one of the most unequal societies on earth (Marais 2011:7). This is, according to Legassick (2007:481), the result of conquest, segregation and apartheid. The South African history of conquest, segregation, colonialism and apartheid has led to two divided nations, according to former President Thabo Mbeki (1998). Addressing the South African parliament in 1998 in the debate on the report of Truth and Reconciliation Commission (TRC), the then Deputy President, Thabo Mbeki, said:

... material conditions have divided South Africa into two nations. One of these nations is white, relatively prosperous, regardless of gender or geographic dispersal. It has ready access to a developed economic, physical, educational, communication and other infrastructure. The second and larger nation of South Africa is black and poor, with the worst affected being women in the rural areas, the black rural population in general and the disabled. This nation lives under conditions of grossly underdeveloped economic, physical, educational, communication system and other infrastructure. It has virtually no possibility to exercise what in reality amounts to a theoretical right to equal opportunity.

The two nations can also be depicted in the structure of the South African economy. The economy is highly skewed and this is shown in the distribution of assets, such as land and capital, and reflected by the impact of migrant labour (Philip 2010:4). This has resulted in both middle-income and low-income² characteristics in South Africa. Mbeki, in his address to the National Council of Provinces (NCOP) in November 2003,

¹ Upper middle-income countries are countries that have a Gross National Income *per capita* of more than US\$4 125 but less than US\$12 736, calculated using the World Bank *Atlas* method (World Bank 2014).

² Low-income economies are defined by a Gross National Income *per capita* of \$1 045 or less (World Bank 2014).

explained this as two parallel economies (the first economy and the second economy) in South Africa, which were created over centuries of conquest, segregation and apartheid:

Two parallel economies: The second economy (or marginalised economy) is characterised by underdevelopment, contributes little to the Gross Domestic Product (GDP), contained the largest percentage of the population, including the poorest of the rural and urban poor, was structurally disconnected from both the first and the global economies, and was incapable of self-generated growth and development. The first economy is modern, produces the bulk of the country's wealth, and is integrated within the global economy. It is based on skilled labour, becoming more globally competitive, and has made big gains since 1994. The people in the second economy, contrary to the people in the first economy, are marginalised, unskilled and largely unemployed, they cannot escape the trap of poverty by relying on the market, and will fall further behind the first economy if there is not decisive government intervention. The difference between the two economies was created over more than three centuries of conquest, segregation and apartheid, and it has been exacerbated by globalization.

This thesis of “two nations” and “two parallel economies” can be traced to the Colonialism of a Special Type (CST) theory of the Tripartite Alliance, which was first documented in *The Road to South African Freedom*, the programme of the South African Communist Party (SACP), which was adopted in 1962. CST identifies two South Africas in a single, indivisible, geographical, political and economic entity. Within South Africa there was “white South Africa” with an imperialist state, and “non-white South Africa” as a colony. The oppressor and the oppressed lived side by side in South Africa, resulting in an unequal distribution of resources and development along racial lines. Conquest, segregation and CST resulted in colonial contradictions (race, class, and patriarchal relations of power) and a colonial legacy, including colonial dispossession, a negative dependency on capitalism, the prolonged colonial fostering, perversion and aggravation of traditional coercive patriarchy, and unemployment, inequality, and poverty (SACP 2002; ANC 2012a:12).

Unemployment, inequality, and poverty are endemic in South Africa and have been dubbed the “triple challenges” that face the current government. In many countries, poverty and inequality stem from many different sources, but in the case of South Africa it was caused by institutional discrimination, state-driven underdevelopment, cheap labour, colonial dispossession and exclusion (May 1998:1-2). While there have been some improvements since 1994³, the triple challenges can still be defined racially, with poverty, inequality and unemployment being more prevalent in black households and communities. This is illustrated in the following paragraphs by means of statistics.

For an upper-middle class country, South Africa’s social indicators (life expectancy, infant mortality or education quality) are closer to those of a lower-middle income country or even a lower income country (Van Der Berg 2010:3). The country’s Gini coefficient⁴ is calculated at 0.63, which reflects this inequality (South African Institute of Race Relations 2012:285). The richest ten percent of the country’s population earns 50 percent of the national income; with the poorest 20 percent only 1.5 percent. Inequality can also be measured through income inequality per household. Black African-headed households were found to have an average annual income of R60 613 in 2011. Coloured households had an average income of R112 172 in 2011, while the figure for Indian/Asian households stood at R251 541. White households had the highest average household income of R365 134 per annum (Stats SA 2012a:42). According to Oxfam (2014), South Africa remains the most unequal country in the world with the two richest South Africans (Johann Rupert and Nicholas Oppenheimer⁵) having wealth equal to the 26.5 million people who comprise the poorest 50 percent of the country.

³ With the introduction of democracy and policies such as affirmative action and Black Economic Empowerment, some blacks have moved to the middle and upper economic classes but a pre-existing structure of social inequality was preserved (Emeks 2012:12).

⁴ The Gini coefficient is a measure of the economic inequalities in a society. The Gini coefficient is defined as a ratio with values between 0 and 1. A Gini coefficient of 1 means complete economic inequality and a Gini coefficient of 0 means complete equality (Bosch *et al.* 2010:1).

⁵ Johann Rupert is the chairperson of Swiss luxury goods company Richemont, as well as South African-based company Remgro. His net worth is US\$7.5-billion, according to Forbes (2015). Nicholas Oppenheimer is a South African businessman, formerly the chairperson of De Beers diamond mining company and its subsidiary, the Diamond Trading Company. His net worth is US\$6.8-billion, according to Forbes (2015).

Poverty is a key development problem in social, economic and political terms (Stats SA 2012b:3). There are many methods used to measure poverty and as a result some of the statistics differ. For the purposes of this dissertation, poverty will be calculated using headcount⁶ with three lines of poverty: the international poverty line⁷, national poverty lines (the food poverty line⁸ of R305 and the lower-upper bounded poverty lines, where the lower-bound poverty line⁹ is R416 and the upper-bound poverty line¹⁰ is R577). The national poverty lines calculate the minimum amount of money a person needs to survive. Those that fall below that line live in poverty (Nicolson 2015). These lines were used by Stats SA to count poverty in South Africa between 2008 and 2009; they come from a cost of basic needs approach, which includes both food and non-food items.

According to Stats SA (2012b:5), using the international poverty lines, 10.7 percent of the population were living on less than US\$1.25 a day and 36.4 percent were living below the US\$2.50 a day poverty line during the survey period. Stats SA (2012b:16) states that 26.3 percent of South Africans were living below the food poverty line of R305 per person per month (the amount that an individual will need to consume enough food in a month). Poverty illustrated according to race indicates that the black African population was most affected by poverty, with 61.9 percent living under the upper bound poverty line. Coloureds had the second highest proportion with 32.9 percent, followed by Asians with 7.3 percent. Meanwhile, the white population had the lowest poverty headcount, standing at 1.2 percent. Gender and disability are other attributes of poverty in South Africa.

⁶ The poverty headcount refers to the proportion of the population living below the poverty line (Stats SA 2012b:5).

⁷ The international poverty line (US\$1.25 and US\$2.50 corrected for Purchasing Power Parity (PPP)) is used to monitor the progress of the Millennium Development Goals (MDGs) (Stats SA 2012b:5).

⁸ The food poverty line refers to the amount of money that an individual will need to consume the required energy intake (Stats SA 2012b:5).

⁹ The low bound poverty line refers to the food poverty line (R305) plus the average amount derived from non-food items of households whose total expenditure is equal to the poverty line (Stats SA 2012b:5).

¹⁰ The upper bound poverty line refers to the food poverty line (R305) plus the average amount derived from non- food items of households whose food expenditure is equal to the food poverty line (Stats SA 2012b:5).

Women, for example, bear the brunt of poverty. According to Stats SA (2012b:15), females had higher poverty headcounts (27.3 percent) than males (25.2 percent) during the survey period when using the food poverty line. Disability also causes poverty and inequality for those living with disabilities and who are cared for by their families and communities (Butler 2004:68). The people most affected in the “second nation” are women in the rural areas and the disabled (Mbeki 1998).

The severity of poverty and inequality is closely linked to high rates of unemployment (Mokate 2000:57). Unemployment and underemployment contribute to poverty and inequality in South Africa. Other factors such as inequality in income distribution; unequal skills; inequalities in ownership of productive assets and access to finance; spatial patterns of apartheid and transport; inequalities in education; and unequal access to infrastructure and market institutions contribute to inequality and poverty (ANC 2012b:7-9; Du Toit & Van Tonder 2009:15). These factors are explained below, starting with unemployment.

Lack of employment, or a high number of unemployed people and a high number of informal sector employment, are significant to poverty (Van Aardt 2009:136; Cassim *et al.* 2000:82). According to Stats SA (2013), the labour force increased by 144 000 persons between the fourth quarter of 2012 and the first quarter of 2013. But there was an increase in both the number of unemployed persons (100 000) and employed persons (44 000), which saw the unemployment rate increase by 0.3 of a percentage point from 24.9 percent to 25.2 percent in the first quarter of 2013. The increase in unemployment has increased the number of unemployed by 100 000 people to 4.6 million. In the poorest 60 percent of households, only one household in two has anyone employed and these families depend primarily on social grants and remittances (ANC 2012b). According to Dimant (2014) the unemployment rate, using the official definition¹¹ is 25.5 percent, and 35.6 percent using the expanded definition.

¹¹ Unemployment data is highly dependent on the definitions used for this term and the methodology used to measure the data. Unemployment’s official definition refers to people who actively seek employment but cannot find work. This definition does not include discouraged work seekers. The expanded definition includes discouraged work seekers (ILRIG 2011:28).

Youth unemployment is also a challenge in South Africa, where the youth constitute 36 percent of the population or 19.5 million people (Stats SA 2012a). South Africa accounts for 0.77 percent of the world's population, but 1.9 percent of its youth unemployment (SAIRR 2015). Unemployment among men aged 15 to 24 years (including discouraged work seekers) is at 67 percent and at 75 percent among females (SAIRR 2015). About 70 percent of all South Africa's unemployed persons in 2013 were youth.

Underemployment, in which the earnings are not enough to ensure movement out of poverty, is prevalent in South Africa. Informal sector employment does not necessarily take a person out of poverty, given the low incomes earned there (Van Aardt 2009:136). In South Africa, the informal sector is an impoverished sector with those that are employed there for survival. This has become more prevalent with the introduction of labour brokers and labour casualisation.

According to data from the International Labour Organisation (ILO) (2015), South Africa has one of the most unequal pay scales in the world. The top executives in South Africa collectively took home R625-million in 2014, while the average employee earns a meagre salary. A platinum miner in South Africa would need to work for 93 years to earn the average CEO's annual bonus (Oxfam 2014). This uneven distribution of income has contributed to inequality. The shortage of skills or skills mismatch also contributes to the unequal pay scale in South Africa.

According to Faulkner *et al.* (2013), higher skills levels translate into better job prospects and higher earnings. Given the history of South African labour segregation and the deliberate underdevelopment of non-white workers, South Africa's pool of skills is limited in the short term. There is abundant supply of low skilled and medium skilled workers but relatively few highly skilled workers, and this situation is exacerbated by the brain drain (Faulkner *et al.* 2013). This skills mismatch or skills shortage also contributes to unemployment. According to Van Aardt (2009:132), from 1997 to 2008 there was an increase in highest skilled occupations (such as administrative, managerial, professional and technical occupations), while there was a decrease in lower skilled occupations (such as artisanal, clerical, sales, production and mining

occupations). This is indicative of a labour market with an increasing demand for highly skilled workers and a decreasing demand for lower skilled workers (Van Aardt 2009:132). Unequal education has also contributed to the skills shortage or mismatch.

Unequal education, which was created by colonialism and apartheid, subjected the majority of the population to a poor education and thereby contributed to the country's skills shortage (Du Toit & Van Tonder 2009:19). While all schools have been desegregated, most schools in the poorest communities – especially in Bantustans and near informal settlements – continue to provide low quality education. This has made it difficult for the current education system to alleviate the skills problem, and as a result many South Africans continue to be denied employment in a modern economy that requires skills (Du Toit & Van Tonder 2009:19; ANC 2012b:8). Unemployment rates are high among those with primary level education or no formal education, which makes them vulnerable to poverty (Van Aardt 2009:134).

Inequality in the ownership of productive assets and access to finance is another source of inequality. A relatively small number of people still control the bulk of capital and land. According to the International Labour Research and Information Group (ILRIG) (2011), since 1994, the Land Reform and Land Redistribution programmes have transferred less than two percent of white-owned land to blacks. The richest ten percent of households receive two-thirds of all investment income and profit (ANC 2012b). Colonial dispossession has resulted in skewed development and distorted economic markets.

Assets ownership disparities in South Africa can also be seen through the ownership of the Johannesburg Stock Exchange (JSE)¹². On the JSE, in 2012, black South Africans (Africans, Coloureds and Indians) owned eight percent of the shares directly and a further nine percent through mandated investments such as pension funds and units. Once state and foreign-owned shares are excluded, black ownership stands at 28 percent, while whites have 44.5 percent ownership (SAIRR 2012:294 -297).

¹² The Johannesburg Stock Exchange is also known as the JSE Limited and is the largest stock exchange in Africa. It is situated in Sandton City (JSE Limited 2013).

The colonial and apartheid spatial patterns still play a major role in the socio-economic challenges of black South Africans. Under colonialism and apartheid, roads, the communications system, and banks and retail outlets focused on serving the core formal economy. People in rural areas and townships were largely excluded and underserved and had unequal access to infrastructure and market institutions (ANC 2012b). Inequality and poverty in South Africa can also be explained in terms of rural-urban divides in a developing society (Butler 2004:68). Urbanisation has also led to the establishment of informal settlements and squatter camps in urban areas. The skyscraper economic factor of colonialism has also been exacerbated in post-apartheid South Africa with islands of opulence surrounded by seas of poverty, illustrated by townships such as Alexandra, which is within sight of Sandton.

The spatial patterns contribute to difficulties in transport, which create difficulties for employment seekers. Limited access to transport, as well as transport costs, deprives a large part of the population of the opportunity to be employed and thus be more productive (Du Toit & Van Tonder 2009:19). The Bantustans and townships are far away from services and infrastructure, which make it difficult and costly for job seekers. According to the National Household Travel Survey, which was released in 2013 (Department of Transport 2013), one in ten households in South Africa were of the opinion that taxis were too expensive and millions of citizens lived in a household without a car. This makes job seeking difficult in an environment of poor public transport (Du Toit & Van Tonder 2009:19).

The factors mentioned above indicate that this inequality and poverty are structural and are rooted in the key legacies of conquest, segregation, colonialism, and apartheid (Philip 2010:3). Therefore, the economic marginalisation of the second economy and its people is rooted in structural inequality and poverty. Philip (2010:4) states that, despite the many changes in South Africa since 1994, structural inequality continues to hamper the best efforts of development policy, reinforcing old forms of economic marginalisation, while at the same time facilitating new ones and locking people into poverty.

These extreme inequalities, deep poverty, and lack of access to opportunities still reflect the old fissures of race, gender, class, and geography (ANC 2012a). Literature shows that inequality has a negative relationship to growth, prosperity and poverty reduction (May 1998). In South Africa, where the rate of return on capital and executive pay continue to outstrip the growth rate by a large margin, squeezing the middle classes and lower classes, policymakers need to develop and implement appropriate legislative instruments and policy frameworks to close the income and wealth gap (Turok 2015:41). Mbeki (1998) declared that without decisive government intervention, the “second economy” would fall further behind the “first economy”, and as such government intervention is needed. This intervention will only take place through government policy. The point of departure for an appropriate policy framework for the reduction of poverty and inequality in South Africa is the underlying political economic structure of the country (May 1998). To address inequality and poverty, the post-apartheid government needs to implement policies that will explicitly try to overturn these contradictions and the legacy of segregation, conquest, colonialism, and apartheid.

Public policy or government policy is a government decision to address societal problems through action or inaction directed at the whole society or societal group, and it is subjected to a political process. In a multi-party democracy such as South Africa, political parties play a major role in policy formulation. Government policy or public policy is influenced by the ideology and the values of the government of the day. According to Hanekom (1987:11), policy has levels (this will be discussed in detail in Chapter three): party policy is influenced by party ideology which influences government policy. In the case of South Africa, the ANC use its numbers in parliament to pass its policies into government policy. The government policy would then influence executive policy and executive policy would in turn influence administrative policy (*ibid.*).

1.2 PROBLEM STATEMENT

According to Nel (2010:6), it is the role of the leaders in politics and government to create and execute the policies which provide an umbrella for stability and socio-

economic justice. Failure in this arena destroys the context and structure for socio-economic resilience and growth. The ANC and its leaders are charged with the role of creating and executing policies and ensuring that the contradictions and the legacy of CST are addressed in the interests of poor South Africans – most of whom are black women.

The ANC defines itself as a multiclass organisation – a broad church¹³ which is biased to the working class and the poor (ANC 1997:1; Zuma 2013). “The ANC’s programme has always been about making better the lives of all the people, particularly the working class and the poor” (Zuma 2013). The ANC further defines itself as a disciplined force of the left, which still uses the Freedom Charter as its lodestar.

According to the ANC (2010), the Freedom Charter is the basic policy document of the ANC and one of the documents from which all other policies and actions are derived. It is a vision of the type of society the ANC struggled for and which the ANC seeks to build. Therefore, the attainment of the Freedom Charter’s objective remains the strategic objective of the ANC (ANC Youth League 2010:1). The Freedom Charter forms a basis for the NDR¹⁴ and the objectives of the NDR are documented in the Freedom Charter.

According to Moore (2010:755), the former president of the ANC and the country, Thabo Mbeki, marked the ideology of the NDR to anchor the ANC ideologically and politically. The ANC understood that the CST contained within itself contradictions that could not be resolved through reform. Therefore, it had to be destroyed. As such, the system that the ANC seeks to create will stand or fall on the basis of whether it is able to eliminate the main antagonism of the system (ANC 2007). The ANC believes that the NDR will resolve the antagonistic contradictions (class, race and patriarchal relations of power) created by CST.

¹³ “Broad church” refers to a political party which compasses a broad range of opinion and ideas.

¹⁴ The NDR is an ideology of the Tripartite Alliance and the ANC. It arose out of the imperialism epoch. The NDR is seen as the remedy of the CST within the Tripartite Alliance (see Chapter two).

The NDR, in the *Strategy and Tactics*¹⁵ documents of 2007 and 2012, is clearly presented as the basis of the society (the National Democratic Society) that the ANC seeks to create. The ANC (2007) states that “the NDR seeks to build a society based on the best in human civilisation in terms of political and humans freedoms, socio-economic rights, value systems and identity”. The NDR has, according to the ANC (2012d), a task of economic transformation. The ANC’s economic vision rests “on the Freedom Charter’s clarion call that the people shall share in South Africa’s wealth” (ANC 2012e).

Given the ANC’s character as defined above, it’s ideological orientation as defined by Mbeki, and Hanekom’s (1987:11) claim that party ideology and values influence party policy, which in turn will influence government policy, the ANC government policies should follow a left trajectory and take a certain ideological posture. In the case of the NDR, it should be anti-imperialism, anti-capitalism and more socialist with the redistribution of resources at the centre of policy to address the contradictions and the legacy of CST. The ANC claims that the NDR will lead to a National Democratic Society which is a non-sexist, non-racial, democratic, united, and prosperous society. According to the ANC (2007), the National Democratic Society is antithetical to the historical injustices of apartheid colonialism and neo-liberalism¹⁶.

Despite its character and ideological orientation and the National Democratic Society being antithetical to apartheid colonialism and neo-liberalism, the ANC government has adopted neo-liberal economic policies since 1994. The post-apartheid government, led by the ANC, adopted socio-economic policies such as the Reconstruction and Development Programme (RDP) in 1994, the Growth, Employment and Redistribution strategy (GEAR) in 1996, the Accelerated and Shared Growth Initiative South Africa

¹⁵ The ANC *Strategy and Tactics* is one of the foundation documents of the ANC, together with the ANC Constitution and the Freedom Charter, from which all the policies and action derive. The *Strategy and Tactics* in turn define in more detail what the ANC struggles for – the vision of the society that the ANC is working towards or the ultimate goal of the National Democratic Revolution (ANC 2010).

¹⁶ Neo-liberalism derives from classical political economy. It proposes that economic growth can be best achieved under minimal state intervention and market individualism (Cornelissen *et al.* 2006:404; Heywood 2007:454)

(ASGISA) in 2005, the National Growth Plan (NGP) in 2009, and the National Development Plan (NDP) in 2012.

The post-apartheid government has also passed redistributive policies¹⁷ such as the Restitution of Land Rights Act, Act 22 of 1994; the Employment Equity Act, Act 55 of 1998; the Black Economic Empowerment/Broad-Based Black Economic Empowerment Act, Act 53 of 2003; and the Mineral and Petroleum Resources Development Act, Act 49 of 2008. These socio-economic policies and redistribution policies have failed to address the structural inequality, structural poverty, unemployment, colonial dispossession, and economic marginalisation of the majority of the country.

The macro-economic policies of the post-apartheid government emphasised economic growth and that the benefits of growth would reach the poor through a trickle-down effect (May 1998). The policymakers claimed that all that was needed for this approach to be successful or for successful development was the freeing-up of markets and the removal of state controls and intervention (May 1998). The post-apartheid government stated that economic growth would be spurred by Foreign Direct Investment (FDI) flooding into the country. The macro-economic policies adopted by the post-apartheid government fostered neo-liberal elements such as austerities, trade liberalisation, removing exchange controls, and a flexible labour market. The post-apartheid government put too much faith in the market and continued with the neo-liberal policies adopted by the apartheid government in the 1980s. Poverty and inequality has worsened since 1996 with the introduction of GEAR (Habib 2013:81; Legassick 2007:507).

The post-apartheid government's redistributive policies also ensured the continuation of the same thing with limited reforms. They championed a superficial transformation with the replacement of white faces with a few politically-connected black faces. To date, South Africa has seen the development of a relatively privileged minority of blacks,

¹⁷ For the purpose of this dissertation Redress policies will be used as a synonym to redistributive policies. Redistributive policies is part of Theodore Lowi's classification of policies, Redistributive policies refer to policies such as welfare, affirmative action and land reform and represents attempts by government to direct allocation of wealth and other values among different societal groups (Landsberg and Venter, 2006:116).

while preserving the pre-existing structures of social inequality, breeding a new capitalist class largely to the detriment of the black masses (Emeks 2012:12). According to Faulkner *et al.* (2013), 18 years since the transition to democracy, the structure of South Africa's economy continues to reflect colonial and apartheid era legacies. The direct descendants of this include the marginalisation of certain social groups and the robust insider-outsider structural dynamics and relationships that characterise the present day production and labour market (*ibid.*). These reforms by the post-apartheid government are contrary to the economic transformation envisaged by the Freedom Charter and NDR. This failure to address the triple challenges, and the adoption of neo-liberal policies, has caused popular discontent within the Tripartite Alliance and the Mass Democratic Movement (MDM) structures; also among the citizens of South Africa.

The popular discontent within the MDM structures and the Tripartite Alliance was illustrated by the 2012 rebellion of the ANC Youth League (ANC-YL) and the 2013 rebellion of the National Union of Metalworkers of South Africa (NUMSA). The ANC-YL accused the ANC of losing the liberation struggle because of the ANC government's approach to strategic economic transformation in South Africa. NUMSA has also accused the ANC of deviating from the NDR and the Freedom Charter while continuing to pass neo-liberal policies. The popular discontent among the citizens is reflected in violent protests in municipalities, and even through the violent xenophobic attacks (which took place in 2008 and 2015). Citizens have also responded by forming popular movements to fight government failure and neo-liberal policies.

To contain this popular discontent, the ANC government has resorted to populism and pro-poor and developmental rhetoric, but it still continues with neo-liberal economic policies. This doublespeak used by the ANC has led to uncertainty which affects policy implementation and confidence of business in the government (Gumede 2012:41).

It can be deduced from the argument above that there is inconsistency between the ANC's ideology, its character, and party policy and government policy (public policy). Given this background, the problem this dissertation will analyse is whether the NDR as

an ideology for redress can indeed be seen as a basis for the economic transformation policy in the period between 1994 and 2013, as the ANC states.

Given the above actuality, the following research questions and objectives are presented for the purpose of this dissertation.

1.3 RESEARCH QUESTIONS

Given the problem statement above, this study will address the following research questions:

- How can the NDR as a political ideology be analysed?
- What are the theoretical perspectives on the formulation of public policy in South Africa with particular reference to economic policy?
- What does the NDR prescribe with regard to economic transformation in South Africa?
- How has the South African economy transformed between 1994 and 2013, and what has the possible influence of the NDR been?
- What was the influence of the NDR on public policy (economic policy) in South Africa between 1994 and 2013?

1.4 RESEARCH OBJECTIVES

Flowing from the research questions outlined above, the overall objective of the research is to explain the NDR as a mechanism for redressing the past injustices and whether it forms the basis for public policy in South Africa. This goal can be divided into the following sub-goals:

- To analyse the NDR as a political ideology.
- To analyse the theoretical perspectives on the formulation of public policy in South Africa, with particular reference to economic policy.
- To analyse the prescriptions of the NDR with regard to economic transformation in South Africa.

- To analyse how the economy of South Africa transformed between 1994 and 2013, and the possible influence of the NDR.
- To determine the influence, if any, of the NDR on public policy (economic policy) in South Africa between 1994 and 2013.

The study goals explained above led to the central theoretical statement of this dissertation, which is described below.

1.5 CENTRAL THEORETICAL STATEMENT

According to Hanekom (1987:11), public policy finds its roots in political party policy and it is therefore inextricably linked to political ideology. The type and extent of public policy usually reflects the political ideology and political values that the government of the day adheres to and which it believes will contribute most to the general welfare of its citizens (*ibid.*). The above central statement indicates the importance of political parties in the formation of public policy. According to Heywood (2007:278), political parties are the source of public policy. The government policy or public policy is influenced by the ruling party's party policy, and party policy is influenced by party ideology.

The research methodology used in this dissertation is described below.

1.6 RESEARCH METHODOLOGY

According to Mouton (1996:36), methodology refers to a higher level of abstraction of research means. Research methodology refers to the methods, techniques, process and tools used to gather information (Mouton 2001:56; Babbie & Mouton 2001:104).

This dissertation will be qualitative in nature, thus focusing on the evolving nature of social reality. This means that it will attempt exploration and understanding of the meaning individuals or groups ascribe to social or human problems (Creswell 2009:4).

According to Auriacombe and Webb (2006:592), qualitative research methods used in social research include observation, in-depth interviews, focus groups and the analysis

of personal documents. Given the scope of the topic, data for this study will be collected through a literature survey and a review of primary documents.

The study will also be deductive in nature, which means that research is the process of logic whereby that which is held to be true is used as the basis for explanation of the new or unexplored (Babbie & Mouton 2001:270). There is a basic agreement that public policy reflects a particular political ideology of the governing party. Since the NDR is an ideology of the governing ANC, it can be concluded that the NDR should have some influence on public policy in South Africa, especially on the issue of economic transformation. This dissertation will investigate if this is indeed so, because it is an unexplored topic in South Africa. The researcher will draw conclusions from the argument.

The research will furthermore be interpretative in nature. According to Bayat and Fox (2007:10), interpretative research is the assembly and analysis of a comprehensive collection of records related to people, actions, context, and the perceptions of participants. In this manner this dissertation renders valuable new insights into the relationship between the NDR and public policy in South Africa, especially since this field of study is almost totally unexplored.

1.7 LITERATURE REVIEW

This study is primarily comprised of a literature study, and for this purpose the following types of literature were surveyed as core literature:

- Biographies and autobiographies of Thabo Mbeki (*Thabo Mbeki and the battle for the soul of the ANC* – Gumede, 2007; *Thabo Mbeki: The dream deferred* – Gevisser, 2009) and Moses Kotane (Moses Kotane: South African revolutionary – Bunting, 1998).
- Scholarly texts on the NDR: *The lasting legacy: The Soviet Theory of the NDR and South Africa* – Filatova, 2012; *Two perspectives on Zimbabwe's NDR: Thabo*

Mbeki and Wilfred Mhanda – Moore, 2012; and *The Freedom Charter and the Theory of National Democratic Revolution* – Hudson, 1986.

- Scholarly texts on the South African transition: *South Africa limits to change: the political economic transition* – Marais, 2001; *South Africa pushed to the limit: the political economy of change* – Marais, 2011; and *Rethinking the South African crisis: nationalism, populism, hegemony* – Hart, 2013.
- Scholarly texts that were also consulted include: *South Africa's suspended revolution, hopes and prospects* – Habib, 2013; *Advocates for change, how to overcome Africa's challenges* – Mbeki, 2011; *From the Freedom Charter to Polokwane, the evolution of ANC economic policy* – Turok, 2008; *Zumanomics, which way to shared prosperity in South Africa? Challenges for a new government* – Parsons, 2009; *The big sell-out by the CPSA and ANC* – Mokonyane, 2011; *Towards Socialist democracy* – Legassick, 2007; *COSATU's contested legacy* – Buhlungu and Tshoaedi, 2012.
- Doctoral and Masters' thesis consulted: *The NDR in a post-1994 South Africa: A reconstruction, interpretation and evaluation of this revolutionary ideology* – Venter, 2012; and *South Africa's negotiated transition from apartheid to inclusive political system: What capitalist interests reigned supreme?* – Shivambu, 2014.
- Scholarly texts on public policy: *Public policy framework and instrument for action* – Hanekom, 1987; *Public policy making* – Anderson, 1984; *Improving public policy: theory, practice, and results* – Cloete and De Coning, 2011; and *Understanding public policy* – Dye, 1992.
- Government legislation and economic programmes: *The RDP White Paper 1994; the BEE/B-BBEE Act, Act 53 of 2003; the Mineral and Petroleum Resources Development Act, Act 49 of 2008 (MPRDA); the Employment Equity Act, Act 55 of 1998; the GEAR strategy document; ASGISA, NGP, and NDP documents.*
- Tripartite Alliance and Mass Democratic Movement structures documents were also consulted: *ANC discussion documents on economic transformation, land reform, and social transformation; Ready to Govern, 1992; RDP base document; Strategy and Tactics documents; the Freedom Charter, 1955; policy documents of the ANC; path to power document of the SACP; Green Book; and many more.*

The documents mentioned above comprised only core and primary sources. The material used in the study is, however, not limited to the above literature.

The chapter outline of the study is detailed below.

1.8 CHAPTER OUTLINE

This dissertation is organised in the following fashion:

Chapter 1: Introduction, problem statement and methodology.

Chapter 2: The analysis of the NDR as a political ideology.

In this chapter the NDR as a political ideology is analysed. This entails the definition and the description of the NDR's evolution. The chapter will also provide a timeline of the ANC's economic policy.

Chapter 3: The theoretical perspectives on the formulation of public policy in South Africa, with particular reference to economic policy.

The chapter provides the theoretical perspectives on the formulation of public policy in South Africa. The theories and models identified here are used to explain public policy formulation in South Africa and the role of the ANC.

Chapter 4: The NDR's prescription with regard to economic transformation in South Africa.

The political and economic prescriptions of the NDR are provided in this chapter.

Chapter 5: The economic transformation of South Africa between 1994 and 2013, and the possible influences of the NDR.

This chapter provides a chronology of post-apartheid government's economic and redistributive policies since 1994 and also provides the possible influence of the NDR in those policies.

Chapter 6: The influence of the NDR on public policy (economic policy) in South Africa between 1994 and 2013.

The chapter contains the findings of the research and also the conclusion of the research. The possible influence or lack thereof of the NDR in post-apartheid government policies is discussed.

Lastly, the value and motivation of this study is detailed below.

1.9 CONCLUSION: MOTIVATION AND THE VALUE OF THE STUDY

The ANC states that it is amongst the disciplined forces of the left and biased to the working class and the poor. Furthermore, it states that it subscribes to the NDR and that the Freedom Charter is its lodestar. The ANC seeks to create the National Democratic Society, which is antithetical to colonial apartheid and neo-liberalism. The ANC states the aforementioned, while its government has continued to pass neo-liberal economic policies and massacred 34 miners fighting for R12 500 minimum wage in Marikana on 16 August 2012.

This dissertation will put in perspective the popular discontent within the Tripartite Alliance and the Mass Democratic Movement structures, which led to the expulsion of Julius Malema and his followers, NUMSA and Zwelinzima Vavi from the ANC and COSATU. Furthermore, it will put into perspective the transition from apartheid to democracy from 1990 to 1994, while also clarifying the character of the incumbent government as a neo-liberal government which is contrary to what the ANC states, and what is envisaged by the Freedom Charter and NDR.

The NDR is the ideology of the Tripartite Alliance, led by the ANC. It is a frame of reference for the government and its associated bureaucracy in South Africa. Yet, no academic work exists on the topic. Thus, this study will be a valuable addition to the theoretical understanding of the NDR within the South African government's actions, as well as policy formulation in the country. The researcher has surveyed different databases and there is no registered MA or PhD on the chosen topic; not even shorter journal articles.

As a result, this study will be a valuable addition to the body of knowledge concerning, firstly, the NDR and its relationship to public policy in South Africa, and secondly, the relationship between political transformation, ideology, and economic transformation in South Africa. The study seeks to explain and describe the NDR as a base for public policy, more particularly the economic transformation policy. As such this study will become part of a very small body of academic literature available on a very important subject, as the NDR determines much of the social, economic, and political reality in South Africa.

CHAPTER 2: THE ANALYSIS OF THE NDR AS A POLITICAL IDEOLOGY

2.1 INTRODUCTION

According to Marx and Engels (1848), the need for constantly expanding a market for its products chases the bourgeoisie over the surface of the globe. Marx and Engels (1848) stated that “capitalism must nestle everywhere, settle everywhere and make connections everywhere.” This need to expand resulted in the capitalist class looking for additional sources of wealth and markets for its products from other countries, which in turn led to the imperialist subjugation of the weaker states¹⁸. This was accompanied by the seizure by Western states of vast colonial empires, mostly Southern states, which were exploited for their resources and deliberately kept underdeveloped for the benefit of the imperial countries (Harman 2007:52).

Lenin (1916) describes imperialism as the highest and the last stage of capitalism. According to Lenin (1920), 70 percent of the world population belonged to the oppressed nations (Africa, Latin America, the Middle East, Asia, the Caribbean Islands, and some East European countries); some under direct rule and others semi-colonies. Thus, a small number of oppressor nations with wealth and powerful armed forces marginalised a large number of oppressed nations. The epoch of imperialism, in which some countries were deliberately kept underdeveloped, created the need for a class alliance between the proletariat and the peasants¹⁹, who represent bourgeois-capitalist relationships to defeat feudalism and imperialism. This class alliance during the Russian Revolution of 1917 was symbolised by a sickle and a hammer; the peasants being the former and the proletariat the latter.

¹⁸ Imperialism is a policy of extending a country's rule over foreign countries. According to Lenin (1916), it is the most advanced stage of capitalism. It follows the stages of industrial capitalism and finance capitalism and represents the exportation of exploitation (Lenin 1916).

¹⁹ The subjugated countries that were kept deliberately underdeveloped lacked a mature proletariat which, according to Marx, is a precondition for a successful socialist revolution, and this lack of a mature proletariat created a need for a class alliance.

In imperialist dominated colonies, the need for a bourgeois-democratic revolution²⁰ was urgent. To address this need, the Russian Social Democratic Labour Party (RSDLP)²¹ adopted a programme in 1903 at its second congress. The programme comprised of a minimum and a maximum programme: the class alliance in underdeveloped countries (led by the proletariat as the only decisively revolutionary class) would struggle for a bourgeois-democratic republic (minimum programme), and eventually socialism (maximum programme), and the programmes were independent from each other. The two stages (two programmes independent from each other) revolution was changed during the 1917 October Russian Revolution as the Bolsheviks championed permanent revolution: a combined and uninterrupted revolution, where the bourgeois revolution is a prelude to a proletarian revolution.²²

At the 1920 second congress of the Communist International²³ (Comintern), a report of the Commission on the National and Colonial Question presented by Lenin (1920) reiterated the need for a class alliance between communists and national peasants in backward countries. The Comintern agreed that communist parties in backward countries (colonies) should support bourgeois-democratic movements. They should support these movements only when they are genuinely revolutionary and when their exponents do not hinder the communists' work of educating and organising, in a revolutionary spirit, the peasantry and the masses of the exploited (Lenin 1920). The Commission also coined the concept "National Revolutionary Movements". These

²⁰ According to Marx and Engels (1848), a bourgeois-democratic revolution is a precondition of a successful socialist revolution.

²¹ The RSDLP, also known as the Russian Social Democratic Workers' Party or the Russian Social Democratic Party, was a revolutionary socialist political party launched in 1898 in Minsk to unite various organisations of the Russian Empire under one revolutionary party. The party later split into the Minority (Mensheviks) and the Majority (Bolsheviks), which is the faction that eventually became the Communist Party of Soviet Union.

²² The Permanent Revolution refers to a bourgeois revolution as a prelude to proletarian revolution. This simply means an uninterrupted and combined revolution which is in contrast to the two stages theory of Stalinists.

²³ The Communist International, also known as Third International, is a communist organisation which was formed by Lenin and the Bolsheviks after the Russian Revolution in 1917. This international communist organisation succeeded the First International founded by Marx and disbanded after the fall of the Paris Commune. The Second International launched in 1899 but disbanded when the members supported Germany in the First World War. The objective of this Communist International was to foster socialist revolution on a global scale. The South African Communist Party (SACP) was affiliated under the Third International (Legassick 2007; Drew 2000).

movements had a democratic task, hence the National Democratic Revolution (NDR). The NDR was adopted by the SACP in 1928 as an instrument to struggle for a Native Independent Democratic Republic in South Africa (Legassick 2007:157).

Given the background provided above about the genesis of the NDR, the goal of this chapter is to analyse the NDR. This is done through the definition and the ideological analysis of the NDR, and the analysis of the NDR's genesis and evolution, which is indicated through a timeline of local and international events that contributed to the concept. The evolution of the ANC's economic policy is also provided and this will assist in identifying inconsistencies in the ANC's economic policy. The starting point of this analysis is the definition of the concept NDR.

2.2 THE DEFINITION OF THE NDR

The NDR concept has been around since the early 1920s with the coining of National Revolutionary Movements by the second congress of the Communist International in 1920. The concept has, however, not stayed the same and has been modified a number of times (see Section 2.5 of Chapter two).

The term "National Democratic Revolution" is a Marxist-Leninist concept which emerged from the second congress of the Communist International on July 26, 1920 (Lenin 1920; SACP 2007a). The *Report of the Commission on the National and Colonial Question* was drafted by Vladimir Lenin and tabled during the second congress of the Communist International. It addressed the conceptualisation of the working class struggle in backward countries²⁴. The Communist International recognised the connection of national oppression with class exploitation in most backward countries (Lenin 1920; Ridell 1991), thus endorsing that the proletarian parties in backward countries should support the national liberation movements led by national peasants, which entailed a class alliance between national peasants and proletariats to isolate and defeat imperialists (Lenin 1920; Ridell 1991).

²⁴ The conceptualisation was based on the characterisation and belief that most colonised and semi-colonised territories did not have a mature working class and could therefore not wage a class struggle alone to overthrow the colonial capitalist system.

The NDR is a two stage theory. The first stage is the attainment of the National Democratic Republic (or people's democracy) and the second stage is the development of the socialist state (Slovo 1988). Due to the domestic and global balance of forces not being in favour of liberationists, the NDR was unable to immediately proceed to socialism; therefore the revolution moved through stages (SACP 2007a; Nzimande 2006). To achieve the second stage or create fertile ground for its achievement, the NDR as an ideology endorses political and economic independence of former colonies, fighting against imperialism and its military blocs, fighting against new forms of colonialism and penetration of imperialist capital, and rejecting dictatorial and despotic methods of government (Filatova 2012:517). Thus, the NDR is anti-capitalist, anti-neo-colonialism ideology, and seeks authentic independence of colonies from former colonists (see Chapter four on the political and economic prescriptions of the NDR).

“The character, content and the direction of the NDR are of fundamental importance to the Tripartite Alliance, since the deepening and consolidation of the NDR is the glue that holds the Tripartite Alliance together” (Nzimande 2006). The logical conclusion of the NDR is in dispute within the Tripartite Alliance. The ANC has stated that the NDR will lead to the National Democratic Society, while COSATU and the SACP have said that the NDR is a direct route to socialism. This is discussed below.

2.3 THE TRIPARTITE ALLIANCE AND THE NDR

The Tripartite Alliance is an alliance between the ANC, COSATU, and the SACP. Each alliance partner is an independent organisation with its own constitution, membership, and programmes. The ANC is a nationalist party and a leading party within the Tripartite Alliance. The SACP is a Marxist-Leninist organisation and the vanguard party of the working class (SACP 2007b). COSATU is a trade union which comprises of autonomous members. COSATU subscribe to socialism (COSATU 2006). This is a class alliance between the nationalists, communists, and the working class.

The Alliance is founded on a common commitment to the objectives of the NDR and the need to unite a large section of South Africans behind the NDR's objectives (ANC

2015). The ANC (1969, 1991, and 2007) defines the NDR as “a dialectical resolution of class, gender and national contradictions.” According to the SACP (2007a), the NDR champions the defeat of repressive and colonial regimes and the building of people’s democracies and the transformation of the underlying, systematic features of the society that continue to produce race, gender and class oppression. To ANCYL (2011), the NDR seeks to overcome the legacy of racial and national oppression of the black majority and Africans in particular from political and economic bondage through the creation of a racially united nation with no gender discrimination and economic exploitation.

The above definitions indicate that one of the main objectives of the NDR is the resolution of the political and economic manifestation of the CST. This indicates consensus on the objectives and content of the NDR, and that it is still relevant. The only bone of contention within the Tripartite Alliance and the MDM structures about the NDR is the logical conclusion of the NDR; thus, whether a National Democratic Society or a Socialist state.

The following section deals with the ideological analysis of the NDR.

2.4 IDEOLOGICAL ANALYSIS OF THE NDR

The definition of ideology and whether ideology is a positive, negative, or neutral feature of modern society is frequently debated. For the purpose of this dissertation the researcher will not entertain the debate but rather provide a definition of ideology by different authors.

The NDR is an ideology of the ANC and the Tripartite Alliance (Moore 2012:755; Filatova 2012:517; Venter 2012:22). Ideology is defined as a more or less coherent, systematic, and consistent set of ideas and values that provide a basis for political action, whether this is intended to pressure, modify, or overthrow the existing system of power relationships (Seliger 1976; Heywood 2007:45; McCormick 2010:596). Noting the definition above, it can be deduced that ideology provides an existing order (status quo)

which they depict as undesirable. It also provides a model of a desired future and it outlines the implementation of the desired future (Baradat 2009:8).

The NDR can be analysed in relation to the above characteristics. The NDR depicts the status quo, i.e. neo-colonialism and imperialism, as undesirable in South Africa. The NDR proposes achieving the desired future (a National Democratic Society or Socialist state) by dismantling the existing state and government institutions that maintain and consolidate colonialism to create a National Democratic Republic (or people's democracy), which will create peace and stability and dismantle the colonial economic system through the implementation of the Freedom Charter.

The concept of the NDR contains the following main elements, which will be explained below:

- Anti-colonialism and anti-imperialism;
- Working class hegemony and dictatorship of the proletariat;
- National liberation and national self-determination;
- Two stage theory;
- Socialism in one country²⁵;
- Armed struggle and guerrilla army;
- African nationalism and African unity; and
- Egalitarianism.

The lack of socialist revolution in industrial countries²⁶ and imperialism created new challenges for communists and led to the adoption of different strategies and tactics. The NDR ideology is born out of imperialism; in South Africa's case out of the CST. Therefore, the NDR is anti-capitalism and anti-imperialism. The NDR champions self-

²⁵ Socialism in one country was a theory put forward by Joseph Stalin in 1924 and adopted by the Soviet Union as a state policy. The theory held that given the defeat or lack of a communist revolution in Europe (except Russia) from 1917 to 1921, the Soviet Union should strengthen itself internally. This was contrary to permanent revolution and that socialism should be global.

²⁶ Marx and Engels in the Communist Manifesto (1848) predicted that communist revolution would break out in the advanced industrial countries such as Germany and England. But the communist revolution broke out first in underdeveloped Russia and was defeated all over Europe.

determination and authentic independence from imperialist countries. To achieve this, the NDR has set economic and political principles (see Chapter four) which will ensure that the national struggle is taken to its logical conclusion.

The section below will detail the genesis and the evolution of the NDR as a political ideology.

2.5 THE GENESIS AND THE EVOLUTION OF THE NDR: FACTORS CONTRIBUTING TO THE EVENTUAL FORMULATION OF THE NDR

This section will focus on the genesis and the evolution of the NDR. According to Heywood (2013:28), political ideologies are always subjected to political or intellectual renewal or both because they interact with and influence the development of other ideologies and they change over time as they are applied to changing historical circumstances. The following timeline will indicate the political and intellectual renewal of the NDR since its genesis, which ensured that it remains relevant to changing historical circumstances. The timeline will also trace the ANC's economic policy evolution and this will assist in identifying inconsistency in the ANC's economic policy. The timeline will commence with the first wave of colonialism in South Africa, which followed the arrival of Jan van Riebeeck at the Cape in 1652.

2.5.1 The arrival of Dutch settlers in 1652 and the British in 1806

The start of colonialism in South Africa can be traced from the arrival of the Dutch East Indian Company (Vereenigde Oost-Indische Compagnie²⁷) in 1652, which was a subject of the Republic of the United Netherlands. The arrival of Jan Van Riebeeck in South Africa is seen as the beginning of the creation of a colony by foreign powers (Currie & De Waal 2001:41; SACP 1962; Cornelissen *et al.* 2006:211). Dutch settlement was characterised by the ruthless colonial exploitation of the natives of South Africa, expropriation of their lands, and the enforcing and harnessing of their labour power

²⁷ The Dutch East Indian Company, also known as the Vereenigde Oost-Indische Compagnie was a merchant trading joint-stock company which created a commercial and territorial empire in the Indian Ocean and Southern Africa in the 17th and 18th centuries (Currie & De Waal 2001:41; Cornelissen *et al.* 2006:337).

(Welsh 2000). After 1806 and during the Great *Trek*²⁸, the Dutch gradually penetrated the country. They drove the indigenous people from the best farmland and seized their cattle through armed conquest. They also forced the indigenous people into slavery and later imposed a harsh system of pass laws and taxation.

The second wave of colonial rule began in 1806 with the arrival of the British, who took over the Cape Colony from the Dutch settlers (Cornelissen *et al.* 2006:211). The arrival of the British ensured the exacerbation and continuation of colonialism in South Africa (SACP 1962). The British colonialists waged a series of wars of conquest against Xhosa and Zulu people in the Eastern Cape and Natal respectively. Large numbers of British settlers were imported to the area to ensure white domination and to extend the colony. British colonialism was characterised by a system of racial capitalism, which was expanded to countries such as Botswana, Zimbabwe, Zambia, and Lesotho (Terreblanche 2002:14).

The discovery of diamonds in 1867 and gold in 1886 led to the large-scale proletarianisation²⁹ of Africans and spearheaded industrial and economic development in South Africa (Houghton 1973; Terreblanche 2002:12). According to Marais (2001:8), the “two nations” society in South Africa originated in the late 19th century with the discovery of diamonds, and later gold. The Glen Grey Act³⁰ of 1894 deprived Africans of access to much of the land they had traditionally occupied (Terreblanche 2002:12). The discovery of minerals also led to the Anglo-Boer War³¹ from 1899 to 1902, and subsequently, to the creation of the Union of South Africa in 1910. Colonialism created

²⁸ The Great *Trek*, also known in Afrikaans as *Die Groot Trek*, was an eastward and north-eastward migration away from British control in the Cape Colony in the 1830s and 1840s by Afrikaner Boers (SAHO 2015a).

²⁹ Proletarianisation is a process whereby people move, sometimes under duress, from being employers, land owners, unemployed or self-employed to being employed as wage labourers.

³⁰ The Glen Grey Act of 1894 was an act of the parliament of the Cape Colony, instigated by the government of Prime Minister Cecil Rhodes, which established a system of individual (rather than communal) land tenure, and created a labour tax to force Xhosa men into employment on commercial farms and in the industry (Davenport 1987).

³¹ The Anglo-Boer War, also known as the Second Boer War, was fought from 11 October 1899 until 31 May 1902 between the United Kingdom and the South African Republic (Transvaal Republic) with the Orange Free State. The war ended in victory for the British and annexation of both republics which were incorporated into the Union of South Africa in 1910 (SAHO 2015b).

a need for a class alliance among those struggling for national independence. This class alliance was firstly indicated by Karl Marx in his document *Permanent Revolution*.

2.5.2 Karl Marx's Permanent Revolution

In London in March 1850, Marx and Frederick Engels addressed the central committee of the Communist League³² on the permanent revolution. Marx and Engels (1850) advocated for independence of the proletariat and strong organisation by the proletariat. The tactic of class alliances with the bourgeois-democrats should only be to force the democrats to make inroads into as many areas of the existing social order as possible and to constantly drive the proposals of the democrats to their logical extreme (Marx & Engels 1850). They admitted that the proletariat would not come to power or realise their class interests without passing through protracted revolutionary development. Rather, the proletariat must inform their own class interests by adopting an independent political position as soon as possible and not being confused by the hypocritical phrases of the democratic petty-bourgeoisie into doubting the necessity of an independently organised party of the proletariat. This document created a platform for the adoption of a minimum and a maximum programme by the RSDLP in 1903.

2.5.3 The second congress of the RSDLP

In 1903, the RSDLP held its second congress from July 17 to August 10. During this congress the party adopted the programme which entailed a minimum and a maximum programme, each independent from the other. By adopting this programme, the proletariat, together with peasants, was going to wage a revolution against the Tsar³³ and the feudal system. They aimed to establish a bourgeois-democratic republic (the minimum programme), and later wage a struggle for a maximum programme, socialism; the dictatorship of the proletariat against the nationalist bourgeoisie who they helped to come to power in the first place. This means that they were going to wage two

³² The Communist League, known as *Bund der Kommunisten* in German, was an international political party established in London, England in 1847.

³³ "Tsar" is a monarchical title which refers to the Russian Emperors. Saint Nicholas was the Russian Tsar of this era and was killed during the 1917 Russian Revolution.

revolutions. The dividing line was destroyed during the 1917 Russian Revolution when the Bolsheviks pushed for permanent revolution, and for combined and uninterrupted revolution. In South Africa, British colonialism and racial capitalism was formalised by the Union of South Africa in 1910 and the need for a national struggle became urgent.

2.5.4 The Union of South Africa in 1910 and the formation of the ANC in 1912

By 1910, the Boer Republics and Great Britain had buried the hatchet from the bitter Anglo-Boer War (1899 to 1902) to form the Union of South Africa, in which blacks were further marginalised and regarded as second class citizens (Gumede 2007:3). The Union of the four British colonies (Transvaal, the Orange Free State, the Cape Colony, and the Natal Colony) resulted from the 1909 South African Act passed by the British parliament. This Act formalised the colonial conquest over South Africa by the British (Currie & De Waal 2001:40-43; Shivambu 2014:35) and consolidated racial capitalism.

This perpetuation of marginalisation of the African majority by the colonialists led to the formation of the South African Native National Congress (SANNC) in Bloemfontein in 1912, renamed the African National Congress in 1923. The founders struggled for the recognition of the “civilised” Africans as citizens able to take part in the political and socio-economic activities of South Africa. The marginalisation was further entrenched by the Native Land Act, Act 27 of 1913³⁴, and the Black Urban Areas Act, Act 21 of 1923, which reduced the entire African population to squatters by forcefully wresting away control of the land on which they had homes, earned a living, and hoped to be buried. It also prohibited the permanent settlement of blacks in “white areas” (Gumede 2007:3). With the formation of a liberation movement – in this case the ANC – the vacuum in the socialist organisation was filled by the International Socialist League.

³⁴ The Act set aside 7.3 percent of the total South African land area as reserves to accommodate natives and also put restrictions on the possibility of natives purchasing and owning land outside these reserves. The land set aside was increased to 13 percent with the introduction of the Black Urban Areas Act (Christopher 1994:32; Davenport 1987:531).

2.5.5 The formation of the International Socialist League in 1915

The International Socialist League (ISL) was formed in 1915 when a section of the White Labour Party³⁵ broke away from the parent body over the issue of participating in the First World War (Bunting 1998:23). The party applied Marxism to the national question in South Africa and its purpose was to unite the working class in South Africa – regardless of race and gender – because it realised that socialism in South Africa could not be restricted to whites, but must include all races (Bunting 1998:26). The ISL made contact with black formations, sought cooperation with the ANC, and later with the Industrial and Commercial Workers’ Union (ICU). The Party also formed the first industrial African trade union, the Industrial Workers of Africa (IWA) in 1917 (Bunting 1998:26; SAHO 2015c). The League later dissolved to form the Communist Party of South Africa, which was inspired by the Russian Revolution of 1917.

2.5.6 The Russian Revolution of 1917

The Russian Revolution of 1917, led by the working class in a relatively backward Russia, was a combined and uninterrupted revolution (Legassick 2007:94). A socialist revolution with the content of a bourgeoisie-democratic revolution, this revolution, which was against the semi-feudal dictatorship of the Tsar, was waged by a class alliance with the proletariat as the catalyst. The working class took power to achieve, in the first instance, democracy and “bread, land and peace” (Legassick 2007:98). This was an uninterrupted revolution, a minimum (bourgeoisie-democratic republic) to maximum (socialist state) programme with working-class hegemony to take the revolution to its logical conclusion.

In backward Russia, still under semi-feudalism, the small size of the proletariat meant it had to form an alliance with the peasants. The class alliance was represented by a hammer and sickle: the hammer stood for industrial labourers and the sickle for the peasantry. Communists commonly regard an alliance between the proletariat and

³⁵ The South African Labour Party was formed in 1910 after interaction between trade unions and the independent Labour Party of Transvaal. The party was socialist in orientation but represented the rights of the white working class (SAHO 2015c).

peasants as normal (SADTU 2011). The legacy of the revolution provided the inspiration for millions of workers and peasants throughout the world who sought to overthrow capitalism in Europe between the two World Wars – as well as the inspiration for the foundation of the Communist Party of South Africa in 1921 (Legassick 2007:158). The Revolution was followed by the Second Congress of the Comintern in 1920.

2.5.7 The second congress of the Communist International in 1920

On July 26, 1920, the second congress of the Communist International was convened and one of the discussions was about the report by the Commission on the National and Colonial question. The report was presented by Lenin to the congress. The report dealt with imperialism and the conceptualisation of the working-class struggle in colonies and semi-colonies. The report emphasised a clear distinction between a large number of oppressed nations and a small number of oppressor nations with colossal wealth and powerful armed forces (Lenin 1920).

The report identified the lack of a mature working class in backward countries as a weakness for a proletarian party pursuing communist tactics. It was indicated that for them to pursue communist tactics, they would have to establish definite relations with the peasants' movements (Lenin 1920). The congress made a resolution that Communist International and proletarian parties in underdeveloped countries must support the bourgeois-democratic movement. The support must be for only genuinely revolutionary national liberation movements. They should not hinder the work of educating and organising, in a revolutionary spirit, the peasantry and the masses of the exploited (*ibid.*).

The wording on what to call the revolution in backward countries was also discussed in the report. The report states that any national movement can only be a bourgeois-democratic movement, since the majority of colonised countries' populations consist of peasants who represent bourgeois-capitalist relationships (Lenin 1920). Because of the support of the Communist International and proletarian parties in backward countries of

the bourgeois-democratic movement, it was agreed to speak of the national revolutionary movement rather than of the bourgeois-democratic movement. The second Congress coined the phrase “national revolutionary movements”. Such movements have a democratic task (hence the National Democratic Revolution). The congress was followed by the first international anti-colonial conference held in Baku in which the same sentiments about class alliance were reiterated.

2.5.8 Baku, Congress of the People of the East in 1920

The Communist International on September 1, 1920 in Baku, the capital of Azerbaijan, convened a Congress of the People of the East. The congress was attended by 1 891 delegates from Turkey, Persia, Egypt, India, Afghanistan, Baluchistan, Kashgar, China, Japan, Korea, Arabia, Syria, Palestine, Bukhara, Uzbekistan, Dagestan, Northern Caucasia, Azerbaijan, Armenia, Georgia, Turkestan, Fergana, the Kalmykia autonomous region, the Tatar Republic and the Far Eastern District (Communist International 1920). Most of the delegates at this congress were from underdeveloped countries under imperialist rule.

The anti-imperialism congress provided a manifesto of the Congress of the People of the East, which outlined the strategy and tactics for fighting against imperialist rule. The congress endorsed the resolution made by the July 26 1920 second Communist International Congress. This resolution was to support bourgeois-democratic movements and seek alliances between the peasants and proletariat parties in backward countries. This class alliance would take place under the banner of Communist International (Communist International 1920). In South Africa, the CPSA became an affiliate of the Comintern.

2.5.9 The formation of the CPSA in 1921

The Communist Party of South Africa (CPSA) was formed in July 1921 after the second Congress of the Communist International on July 26, 1920 and the Congress of the People of the East on September 1, 1920; both were convened by Communist International, which emphasised the need for communist parties in backward countries.

Various leftist organisations, including the ISL, came together to form the CPSA (later renamed the South African Communist Party in 1953) and it became the South African affiliate of Communist International (Bunting 1998:26). The goal of the CPSA was to unite workers in South Africa – regardless of race and gender – to struggle for socialism.

Despite the CPSA's efforts, it fell short in uniting the South African working class and also struggled to find a solution to South Africa's national question. In December 1928, the seventh annual conference of the CPSA adopted a radically new programme under the watchful eye of Communist International. The programme adopted by the CPSA included the following demands: "An Independent South African Native Republic as a stage towards the workers' and peasants' republic, guaranteeing protection and complete equality to all national minorities" (Legassick 2007:157). This adoption of a two stage programme in South Africa intended to address the national question in the country; it was also a reinforcement of the RSDLP programme adopted in 1903.

2.5.10 The adoption of the Native Republic Thesis in 1928

At the sixth congress of Communist International in 1928, the executive committee of the Comintern adopted a resolution on "the South African question". South Africa was described as a British dominion of the colonial type. The resolution also stated that the development of relations of capitalist production had led to Britain imperialism, which was carrying out economic exploitation of the country, with participation of the white bourgeoisie of South Africa, the British and the Boers (Communist International 1928). This did not alter the general colonial character of the South African economy, since British capital continued to occupy the principal economic positions in the country (banking, mining, and industry), and since the South African bourgeoisie was equally interested in the merciless exploitation of the black population (Communist International 1928).

One of the CPSA's tasks was to determinedly and consistently put forward the slogan of an Independent Native South African Republic as a stage towards a workers' and

peasants' republic, with full equal rights for all races – black, Coloured and white. The CPSA declared that South Africa is a black country, the majority of its population being black and workers and peasants, but where the majority of the peasantry's land – 87 percent – had been expropriated by a white minority. Therefore, the national question in South Africa was based upon the agrarian question which would have to lay the foundation of the revolution in South Africa (Bunting 1998:39).

The adoption of the Native Republic Thesis also came with the resolution that the CPSA should pay particular attention to the embryonic organisations among the natives, such as the ANC. The CPSA, while retaining its full independence, should participate in these organisations and seek to broaden and extend its activities. The aim of the party should be to transform the ANC into a fighting nationalist revolutionary organisation against the capitalists and British imperialists, based upon the trade unions, peasants' organisations, and so on, while systematically developing the leadership of the workers and Communist Party in these organisations (Bunting 1998:39). This was followed by an inactive period in the national struggle which was brought back to life in the early 1940s.

2.5.11 The *Africans' Claim in South Africa* document, 1943 and the ANCYL, 1944

The 1940s was a time of rejuvenation and intensification of the struggle in South Africa, with the adoption of the *Africans' Claim in South Africa* by the ANC in 1943 and the 1949 *Programme of Action*. Furthermore, the formation of the ANCYL in 1944, as per a resolution of the 1943 congress of the ANC, injected life into the struggle and the ANC. The African miners' strike of 1946³⁶ was another event which reignited the struggle flames in the 1940s (Naicker 1976). All these events contributed to the rejuvenation and radicalisation of the struggle in South Africa.

³⁶ The African miners' strike of 1946 was a turning point in South African politics. On August 12, 1946, the African mine workers of the Witwatersrand (today largely Gauteng) came out on strike for a week in the face of brutal police terror. The strike was led by the African Mine Workers' Union, with the help of the CPSA. This strike and the violent repression from the government had a significant impact on the national liberation movements which shifted from a policy of concession to more dynamic and militant forms (Naicker 1976).

The document *Africans' Claim in South Africa* was adopted as ANC policy on December 16, 1943 (Turok 2008a:20). In this document, the ANC, for the first time in its history, demanded full citizenship rights for the African people of South Africa and abolishment of all discrimination based on race – in other words, for the first time, the ANC demanded majority rule in South Africa (Turok 2008a:20). Another first in the document was the economic issues raised by the ANC. The ANC demanded, in three sections headed “Land”, “Industry and Labour”, and “Commerce”, the right to an equal share in all the material resources of the country, in particular the right to own, buy, hire or lease and occupy land, individually or collectively, both in rural and urban areas. With regard to industry and labour, the demand was for equal opportunities to enter all occupations, equal pay for equal work, removal of the colour bar in industry, and the right of African workers to collective bargaining. In regard to commerce, there were strong objections to all practices that hindered Africans from obtaining trading licences in urban and rural areas, condemnation of confining African economic enterprise to segregated areas and localities, and a demand for freedom of trading (Turok 2008a:20-21). The economic demands did not seek to break the economic setup of the then government, but rather the continuation of capitalism.

The formation of the ANCYL in 1944 radicalised the politics of the ANC, which ensured that the ANC became a mass party. The ANCYL, tired of white paternalism and intransigence, demanded a shift towards a more militant style of politics (Glaser 2012:11). The ANCYL also ensured the adoption of the *Programme of Action*³⁷ in 1949, a blueprint for political action drawn up largely by it (Glaser 2012:12). The ANCYL was led by Anton Lembede, Nelson Mandela, Walter Sisulu, and A.P. Mda, to mention a few.

The rejuvenation of the struggle in the 1940s was followed by the Chinese Revolution.

³⁷ The Programme of Action was a document adopted at the ANC national congress in December 1949. It marked a turning point in the history of the liberation movement. The programme called for a radical ANC which would embark on mass action, involving civil disobedience, strikes, boycotts, and other forms of non-violent resistance, similar to the 1946 passive resistance by the South African Indian Congress (ANC-YL 2009).

2.5.12 The Chinese Revolution in 1949

In 1921, the Communist Party of China (CPC) was founded with the help of the Union of Soviet Socialist Republic (USSR). The party led a revolution in 1948/49, after the Second World War (Baradat 2009:198). The Chinese Revolution was led by the peasantry, based on the guerrilla war style waged from the countryside (Baradat 2009:198; Legassick 2007). This revolution was waged against imperialism and semi-feudalism in China. The united working class, the peasantry, the urban petty bourgeoisie, and the national bourgeoisie formed a domestic front under the leadership of the peasantry and established the People's Democratic Republic (Zedong 1949). The guerrilla warfare tactic as an instrument to fight imperialism and national bourgeoisies spread around Third World countries, leading to numerous anti-colonial revolutions (Legassick, 2007). Examples include Cuba, Vietnam, Cape Verde and Guinea Bissau, Namibia, Angola, and Zimbabwe.

2.5.13 The banning of the CPSA in 1950

The Suppression of Communism Act, Act 44 of 1950 came into effect, and resulted in the banning of the CPSA, on June 26, 1950 (Koster 1986:16). But the CPSA had already dissolved voluntarily on June 20, 1950 through fear of possible action. Its dissolution, however, was not complete because the CPSA still existed as an underground organisation. Those who were classified as communists in terms of this Act did not refrain from their political activities because a great number of them maintained close ties with organisations such as the ANC, the Congress of Democrats, and the South African Peace Council, especially after the Second World War. With the acceptance of whites into the ANC in the 1943 Constitution, it was easier for banned activists from the CPSA to join the ANC (Koster 1986:13-14). In 1953, the CPSA reorganised illegally as the South African Communist Party (SACP) and the SACP contributed to the drafting of the Freedom Charter in 1955.

2.5.14 The Freedom Charter, 1955

In the early 1950s, the ANC led the Congress Alliance, which included the South African Indian Congress (SAIC), the South African Congress of Democrats (SACOD), the South African Coloured Peoples' Organisation (SACPO), and the South African Congress of Trade Unions (SACTU). In 1955, the Congress Alliance convened the Congress of the People to draft the Freedom Charter at Kliptown (Bunting 1998:220). The SACP, even though it was banned and operating illegally, had a great influence in the drafting of the Freedom Charter (Gumede 2007:21). The members prepared the ground for an all-class and all-group conference which set objectives for the new South Africa under a democratic government. According to Shivambu (2014:47), the ANC adopted the Freedom Charter as its official policy in 1956.

The Freedom Charter was seen as a revolutionary document precisely because the changes it envisaged could not be won without breaking up the economic and political set-up of the then apartheid South Africa (Bunting 1998:221). The Freedom Charter envisaged the nationalisation of mines, banks and monopoly industry, and the sharing of the country's wealth by the people. Furthermore, the Freedom Charter called for agrarian reform; "the land shall be shared among those who work it" (Congress Alliance 1955). The economic demands of the Freedom Charter had shifted from the economic demands made in *Africans' Claim in South Africa*, adopted by the ANC in 1943. This was more radical and a shift away from capitalist interests. The Congress Alliance demanded majority rule with the guaranteed protection of minority rights. The Freedom Charter was aimed at benefiting all classes and groups, and likewise the democratic struggle to achieve it.

The Congress of the People and the Freedom Charter were part of the process of building the South African National Democratic Revolution (SADTU 2011). The implementation of the Freedom Charter was the first stage of the NDR. The Freedom Charter, like the Independent Native South African Republic, was a first stage towards workers' and peasants' republic and guaranteed full rights to all races and called for a government of the people. According to the SACP (1962), the Freedom Charter is the

immediate programme of the national liberation alliance and a short term programme of the SACP, and as such it is seen as only introducing the transitional stage in which certain forms of capitalism may appear to a limited extent. The implementation of the Freedom Charter was therefore regarded as an important step towards the establishment of socialism (Koster 1986:43). The Freedom Charter was met with a crackdown from the apartheid government as a response to a “communist document”, which led to the banning of liberation movements.

2.5.15 The banning of the liberation movements in 1960 and the formation of *Umkhonto we Sizwe* (Spear of the Nation) in 1961

Following the adoption of the Freedom Charter by the Congress Alliance, the apartheid government responded with repression to what they called a communist document. As the then government increased attacks on liberation movements, the liberation movements took the opportunity presented by the struggle atmosphere and pushed for a pass boycott. The pass boycott in 1960 was led by the ANC³⁸ and the Pan Africanist Congress (PAC). On March 21, the PAC led people to a Sharpeville police station where they burned their passes peacefully. The police then opened fire on unarmed civilians and killed 69 people. This massacre, broadcast internationally, exposed the horrors of the apartheid government, and the government responded by banning liberation movements.

The violent crackdown on liberation movements by the apartheid government and the banning, which left the natives with no legal organisation to foster their struggle, led to a change in tactics by the ANC and the inclusion of the guerrilla warfare tactic. *Umkhonto we Sizwe* was formed in 1961 by the ANC in the absence of then ANC president Albert Luthuli. The ANC adopted the armed struggle to force the apartheid government to the negotiating table. This was a paradigm shift from its non-violent principles and history.

³⁸ The ANC had decided to launch a campaign of protest against the pass laws. In 1959, the then president general of the ANC, Albert Luthuli, announced 1960 as “the year of the pass”. The breakaway Pan Africanist Congress, at its first congress, announced its own campaign against pass laws a bit earlier than the ANC (SAHO 2015d).

During the same year, the apartheid government declared independence from Britain and declared South Africa a republic.

2.5.16 The Colonialism of a Special Type (CST)

The SACP convened a conference in 1962, after the banning of the liberation movements and adoption of the armed struggle, as a response to the government's crackdown on liberation movements and the declaration of South Africa as a republic. The conference adopted *The Road to South African Freedom* as its programme. The programme diagnosed South Africa as Colonialism of a Special Type (CST), a situation in which the coloniser and the colonised live side by side (SACP 1962). The programme identified two South Africas: "White South Africa" with an imperialist state, and "non-white South Africa" which was a colony. On the one hand, three million whites held a monopoly of political rights with their right to vote and be elected to parliament and governing bodies. They had access to economic opportunities, educational opportunities, and high paying professions. Whites also owned 87 percent of the land and white capitalists owned and controlled mines, factories, and banks. On the other hand, two-thirds of the population, black, were suffering from national oppression, robbed of their ancestral lands; only 13 percent of the land was set aside for African occupation. Blacks did not have access to economic activities, quality education, and decent healthcare. They were regulated by pass laws and exploited in their work, in mines and industries, and on farms. The programme endorsed the NDR as a remedy for this CST (SACP 1962).

The crisis of the CST could only be resolved by a revolutionary change in the social system, which would overcome these conflicts by putting an end to the colonial oppression of the Africans and other non-white people (SACP 1962). The main content of the NDR would be the national liberation of the African people and it would put an end to every sort of race discrimination and privilege. The NDR would restore the land and wealth of the country to the people and guarantee democracy, freedom, equality of rights, and opportunities to all (SACP 1962). The SACP (1962) endorsed the Freedom Charter as the first stage of the NDR. They acknowledged that the Freedom Charter

was not a socialist programme, but its implementation would be a step in the direction of a socialist state (Koster 1986:42). This was followed by the ANC Consultative Conference, which was held in exile.

2.5.17 The Morogoro Consultative Conference in 1969

The seven-day consultative conference of the ANC held at Morogoro, Tanzania in May 1969 was attended by more than 70 delegates, representing various ANC branches, units of *Umkhonto we Sizwe*, and leaders of the Indian Congress and Coloured People's Organisation, and the revolutionary working class movement (Bunting 1998:286). This conference was the first of its kind in a foreign country and the ANC exile elected Oliver Tambo as the president general. Tambo had to ensure that the ANC functioned properly in exile. The conference adopted the first *Strategy and Tactics* document.

This document outlined the action which the ANC should embark on and also set the objectives of the revolution. The document emphasised that the main objective of the revolution was the national liberation of the largest and the most oppressed group – the African people. The document went further, stating that political and national liberation had to be accompanied by economic liberation because racism and capitalism in South Africa was so intertwined that it was unconceivable to speak of political and national liberation, without speaking of economic liberation. To do so would be to perpetuate racism and white supremacy (ANC 1969). The document endorsed the Freedom Charter and the change of tactics to an armed struggle to fight the apartheid government.

The document also endorsed the NDR and defined it “as a dialectical resolution of class, gender, and national contradictions” (ANC 1969). The ANC accepted the CST theory and the need for the NDR to overturn its consequences. On the economic question, the document noted that “liberation would be meaningless without a return of the wealth of the land of the people as a whole” (Turok 2008a:25). As such the document endorsed the return of the wealth of the land to the people of South Africa,

therefore endorsing the Freedom Charter. The document also endorsed the armed struggle and saw the military strategy as forming part of, and being guided by, a broader political strategy to ensure that revolutionary battles were fought on all possible fronts, involving not just an army but the whole masses of the oppressed people. Armed struggle was one of the additional tactics to the NDR. The conference was followed by the launch of the *Green Book* in 1979 as the ANC reviewed its national liberation strategy.

2.5.18 The *Green Book*, 1979

In the 1970s, the ANC started to review its strategy for national liberation in South Africa, in the light of the Soweto Uprising of 1976³⁹ and the change in the regional scenario (Turok 2008a:26). In October 1978 the ANC president General, Oliver Tambo, led a delegation on a visit to Vietnam. Upon return of the delegation from Vietnam, a group was formed – the Politico-Military Strategy Commission – to review the ANC strategy in the struggle for national liberation. From this group emerged a document which the ANC NEC adopted in August 1979 – the *Green Book* (Turok 2008a:26).

The *Green Book* reiterated the primacy of political mobilisation and organisation over military considerations, but admitted that the ANC was failing in this regard (Turok 2008a:26). The Book recommended, among other tactics, “the creation of the broadest possible national fronts for liberation” (Karis & Gerhart 1997:303). This was put into place four years later, when, in cooperation with other progressive forces, the United Democratic Front⁴⁰ (UDF) was formed. Another recommendation was the staging of “armed propaganda” operations to boost the morale of the people in South Africa.

The Book committed the ANC to embracing the goal of genuine social emancipation and the establishment of a new socio-economic order in the region (Turok 2008a:27). The Book also endorsed that, to fight racism and white domination, the breaking of

³⁹ The Soweto Uprising of June 16, 1976 began in Soweto and spread throughout the country. This was triggered by the apartheid government’s introduction of the Bantu Education Act of 1953. The students were protesting against the use of Afrikaans as the medium of instruction.

⁴⁰ The United Democratic Front was an anti-apartheid body that incorporated many anti-apartheid organisations. It was launched in 1983 in Mitchells Plain.

monopoly capitalism and the return of the wealth to the people of South Africa was paramount. Furthermore, the Book stated that:

The aim of the NDR will only be fully realised with the construction of a social order in which all the historic consequences of national oppression and its foundation, economic exploitation, will be liquidated, ensuring the achievement of the real national liberation and social emancipation (ANC 1979).

2.5.19 The formation of the Congress of South African Trade Unions (COSATU) in 1985

After four years of talks on unity between unions that opposed apartheid, the Congress of South African Trade Unions was formed in December 1985. It was committed to a non-racial, non-sexist, and democratic South Africa. COSATU brought together various unions formed after the wave of strikes at the beginning of 1973, which marked a renewal of trade union activism after a decade-long lull. COSATU increased the unity of black unions, and it also associated with the ANC. In 1987, from 14 July to 18 July, COSATU held its second national congress, where it adopted the Freedom Charter (SAHO 2015e). COSATU would later, like its predecessor SACTU which was a member of the Congress Alliance, become a member of a Tripartite Alliance with the ANC and the SACP (Gumede 2007:21). Another political event in the struggle history took place the same year as COSATU's launch. This was another consultative conference of the ANC in exile. This second and last national consultative conference of the ANC's exile era was held in Kabwe, Zambia in 1985.

2.5.20 The Kabwe Consultative Conference in 1985

This national consultative conference was different from the first in Morogoro, Tanzania. This time the "ANC was a diplomatic colossus, riding the high moral ground and supported by the most powerful international solidarity campaign in history" (Turok 2008a:29). The conference focused on political and security issues and the main issue before the conference was "the aim of seizure of power by the people through a

combination of mass political action and armed struggle” (ANC 1985). The economic policy question was set aside, but the ANC still endorsed the Freedom Charter. Non-racialism was reinforced with the election of non-Africans to the NEC of the ANC. This was followed by the Harare Declaration and the transition.

2.5.21 The Harare Declaration and Constitutional Guidelines for a Democratic South Africa in 1989

The late 1980s were characterised by many events locally and internationally which affected the struggle for national liberation. Internationally, the fall of the Berlin Wall in 1989, which led to the collapse of the USSR in 1991, left the ANC with no international ally and fewer options for economic policy. The *Constitutional Guidelines for a Democratic South Africa* in 1989 was a blueprint for a democratic South Africa and assured the world that the ANC was serious about democracy. The document opened with an affirmation of the Freedom Charter’s importance as a vision for a future democratic South Africa and stated that it must be converted into constitutional reality (ANC 1989; Turok 2008a:30). While the ANC affirmed the Freedom Charter, it also promised the protection of private property and that South Africa would follow a mixed economy, indicating a fundamental incoherence in ANC economic policy (Marais 2001:143; Turok 2008a:31)

In 1989, the ANC in exile held a conference in Harare, Zimbabwe which set in motion the negotiations between the National Party (NP) apartheid government and the liberation movements. The *Harare Declaration* was a blueprint for the negotiations; it also set preconditions for the negotiations. The SACP also convened its seventh congress in 1989. The congress adopted *The Path to Power* document, which reasserted the 1962 characterisation of South Africa as a CST. It held that the NDR was the remedy because its main content was the national liberation of African people in particular, and black people in general, the destruction of the economic and political power of the racist ruling class, and the establishment of a united South Africa with working class hegemony (SACP 1989).

The following year, then President FW de Klerk announced the unbanning of the national liberation movements and the release of political prisoners on February 2, 1990. In 1990, the ANC held the first national consultative conference after exile in Johannesburg. The conference made resolutions on the negotiations and the suspension of the armed struggle (ANC 1990). The negotiations between the liberation movements and the NP government, named the Convention for a Democratic South Africa (CODESA), began in 1990. The negotiations also led to the great debate on economic policy within the ANC, which took place simultaneously with the CODESA negotiations.

2.5.22 The ANC's National Conferences in 1991 and 1994

The transitional negotiations (CODESA) were between the liberation movements and the apartheid government, but in reality it was an elite affair between the ANC and the apartheid government delegation. The ANC convened its 48th national conference in July 1991 in Durban, KwaZulu-Natal. Nelson Mandela was elected as the president general of the party. The *Strategy and Tactics* document adopted during the conference declared that the CST was still intact and its policies had left the basic political, gender, social, and economic relations of oppression and exploitation intact (ANC 1991). The document further declared the adherence to the principles of a united, non-racial, non-sexist, and democratic South Africa as enshrined in the Freedom Charter. It did, however, declare that this would be meaningless without the fundamental restructuring of the economy to serve the interests of the people and achieve far-reaching reforms in the areas of land redistribution, housing, education, health, wealth, and so on (ANC 1991).

Throughout the negotiations, the ANC convened various political events and released documents, particularly on economic policy, such as the Discussion Document on Economic Policy of 1990 (which was based on the philosophy of “growth through redistribution”, and also made a commitment to a “mixed economy”); the Draft Resolution on ANC Economic Policy (1991); and Ready to Govern: ANC policy guidelines for a democratic South Africa (1992), which was the ANC's vision for the

future of South Africa. Ready to Govern reiterated the ANC's stance towards a mixed economy. During this time, the ANC's obsession with economic growth began as the ANC's policies moved from "growth through distribution" to "redistribution through growth". From 1992 and for the next two years, the ANC's economic thinking would increasingly take aboard the precepts of neo-liberal dogma (Marais 2001:126). The *Strategy and Tactics* document adopted at the ANC's 49th National Conference in Bloemfontein in 1994 reiterated the provisions of the Freedom Charter and noted that transformation of the South African economy was a fundamental component of the transformation of South Africa to achieve non-sexism, democracy, non-racism, development, and equity (ANC 1994). The above discussion indicates a fundamental incoherence in the ANC's economic policy.

2.5.23 Mafikeng Conference in 1997

On December 22, 1997, the ANC convened its 50th national conference in Mafikeng (now Mahikeng) in the North-West province. The *Strategy and Tactics* document adopted there declared a victory over the apartheid government:

April 1994 was therefore a historic breakthrough in the struggle for democracy. A consequence of active support to the course of democracy by the mass of the people, and cumulative results of decades of struggle, this victory signified a decisive departure from a colonial system spanning over three centuries. This accession of the ANC to government was therefore not merely a change of parties in political office. The interim constitution and the formation of a government based on the will of the people was a revolutionary break with the past. A qualitative element of the NDR has been accomplished.

The *Strategy and Tactics* document modified the tasks of the NDR, which were now provided as management of capitalism and the contradictions that arise thereof. The document claimed that "the creation of a new society will not eliminate the basic antagonism between capital and labour. Neither will it eradicate the disparate and

sometimes contradictory interests that some of the motive forces of the NDR pursue” (ANC 1997). The document further stated that:

The task of the ANC, the task of the NDR is to eliminate basic causes of the national grievance wherever and in whatever forms they manifest themselves, and to manage the multitude of contradictions within society in the interest of this objective. Indeed, as the ANC succeeds in doing so, new social dynamics will play themselves out, redefining the challenges of the given moment as well as the political permutations that are consonant with these new challenges.

The discussion document by the ANC, *The state, property relations and social transformation* (1998), asserted the view of the 1997 *Strategy and Tactics* document. The document also declared:

The NDR does not aim to reshape property relations in the most fundamental way of creating a classless society where there are no exploiters and exploited. It does not seek to eliminate capital and capitalism. However, by definition, the NDR must see to the de-racialisation and democratisation of ownership, accumulation and allocation of capital and it should do this in a manner that benefits the poor (ANC 1998).

The document emphasised that the aim of the NDR was to manage capitalism and the contradictions that might arise from it.

2.5.24 Polokwane Conference in 2007

The Polokwane Conference in 2007 was preceded by the national conference in 2002 (which re-elected Mbeki as the ANC president) and the National General Council (NGC) in 2005. The 52nd National Conference of the ANC, held in Polokwane, Limpopo in December 2007, was characterised by fierce contestation between Jacob Zuma’s slate and Mbeki’s slate. Zuma’s victory was dubbed a left victory. The *Strategy and Tactics* document adopted in this conference shifted away from a free market system to a

developmental state and the creation of a National Democratic Society (NDS). The document (ANC 2007a) emphasised that:

The main content of the NDR is the liberation of Africans in particular and Blacks in general from political and socio-economic bondage. It means uplifting the quality of life of all South Africans, especially the poor, the majority of whom are African and female.

The NDR was viewed as the basis for a NDS, which would constitute the ideal state the ANC aspired to build. The NDR was defined as the abolishment of three interrelated antagonistic contradictions of the CST: race, class, and patriarchal relations of power (ANC 2007a). But the document also reiterated that the NDR would not eradicate capitalist relations of production in general, and that class contradictions and class struggle, particularly between the working class and the bourgeoisie, would play themselves out.

2.5.25 Mangaung Conference in 2012

The ANC's National Policy Conference was held in 2012 and adopted a discussion document, *The Second Phase of the Transition: Building a National Democratic Society and the balances of forces in 2012*. The document stated that the last 18 years of democracy were about political transition, which was from the onset inextricably linked with freedom from socio-economic bondage that was captured in the motto: "A better life for all" (ANC 2012a). The document furthermore stated that the second phase of the transition would entail socio-economic transition, which would lead to a National Democratic Society (ANC 2012a). This divided the first stage of the NDR, the National Democratic Republic stage, into two phases.

The *Strategy and Tactics* document adopted at the 53rd National Conference of the ANC at Mangaung in the Free State, which took place from 16 to 20 December 2012, reiterated the two phases of transition within the first stage of the NDR: the first phase was political transition, lasting from 1994 to 2012, and second phase of socio-economic transition was to take place from 2012. The document asserted that the ANC was still

guided by the Freedom Charter. The NDR's aim was to resolve the historical injustices (race, gender, national, and class contradictions) and build a democratic state with "social content". It also asserted the left stance of the ANC on the NDR: a developmental state and state intervention (ANC 2012c).

2.5.26 Summary

The epoch of imperialism and colonialism created a need for class alliances and the conceptualisation of class struggle in backward countries. In response to this need, the NDR was formed around different tactics. The NDR, since its formation, went through various tactical changes to ensure that it stayed relevant to the changing historical circumstances. In South Africa, the NDR was adopted by the SACP in 1928 with the adoption of the Native Republic Thesis, which aimed to create an Independent Native South African Republic as a step towards a Workers' and Peasants' Republic. The NDR is defined as a resolution of the manifestations of the CST within the Tripartite Alliance and the MDM structures.

The Freedom Charter was adopted in 1955 to destroy the political and economic power of the then government and create a National Democratic Republic as a transitional stage towards socialism. The Tripartite Alliance and the MDM structures still subscribe to the NDR, and the Freedom Charter remains their lodestar.

The ANC economic policy has remained the same since 1955, with the influences of the NDR and the Freedom Charter. The change in the ANC's economic policy began with the ANC's preparations to govern. This led to a change in the task of the NDR as the ANC stated that it was to manage capitalism and the contradictions that may arise from it. The fundamental incoherence in the ANC economic policy is also indicated when the ANC states that the NDR and the Freedom Charter remain its lodestar, yet it passes neo-liberal policy, which is contrary to what the NDR and the Freedom Charter envisaged. Since 1992, the ANC has been obsessed with economic growth and moved away from "growth through redistribution" to "redistribution through growth", hence the adoption of macro-economic policies such as the RDP, GEAR, and the NDP, which

emphasise economic growth as a remedy to the triple challenges currently facing the government.

2.6 CONCLUSION

The NDR and the two stage theory is an ideology of the ANC and the Tripartite Alliance. The first stage is the attainment of the National Democratic Republic (or people's democracy), which is the transitional stage towards the second stage, which is the development of the socialist state. Due to the fact that the domestic and global balance of forces was not in favour of liberationists, the NDR was unable to immediately proceed to socialism. The revolution would therefore move through stages. The NDR also entailed a class alliance between the proletariat and the peasants in order to isolate and defeat the imperialists.

The NDR, as an ideology of the Tripartite Alliance, presented the current status quo of neo-colonialism and imperialism as undesirable. It also presented socialism, or a National Democratic Society, as a desirable future. This desirable future would be achieved through the dismantling of the existing state and government institutions that maintained and consolidated colonialism, the creation of a National Democratic Republic which would maintain peace and stability, and the dismantling of the colonial economic system by implementing the Freedom Charter. This character of the NDR was, and still is, therefore concerned with the resolution of the manifestations of the CST. This objective remains prevalent within the Tripartite Alliance and the only bone of contention is whether to achieve a National Democratic Society, as the ANC states, or socialism, as SACP and COSATU desire.

The NDR was a response to colonialism and imperialism in backward countries. It recognised that national oppression and class oppression are intertwined, and to fight the oppression there is a need for a proletarian organisation in backward countries to support national bourgeois movements in order to champion the communists' tactics. The NDR has been renewed many times in order to stay relevant to changing historical circumstances. The Freedom Charter was adopted by the Congress Alliance to break

the economic and political set-up and establish a National Democratic Republic. The NDR and the Freedom Charter are still seen as the lodestar for the Tripartite Alliance and the MDM structures.

The above timeline of the NDR shows the evolution of the ANC's economic policy since 1943 – from the adoption of *Africans' Claim in South Africa* to the present. The ANC in 1943 demanded majority rule and economic rights for the African population. The economic demands were liberal, including the right to an equal share in all the material resources of the country and freedom of trade. This changed with the adoption of the Freedom Charter, which demanded the nationalisation of mines, factories and banks, and the dismantling of monopoly capital. The ANC economic policy went unchanged during the 1979 launch of the *Green Book*, and the Kabwe Consultative Conference in 1985. In 1989, in the *Constitutional Guidelines for a Democratic South Africa*, the ANC started speaking of a mixed economy and the protection of private property by the constitution, while also endorsing the Freedom Charter. This indicated a fundamental incoherence in the ANC's economic policy, which remains today. The timeline also illustrated inconsistencies in the ANC's economic policy, which changed during the ANC's ascendance to power in 1994. During the negotiations (from 1990 to 1994) the ANC's economic policy moved towards a neo-liberal economic policy.

The ANC's economic policy will be discussed in detail in Chapter 5.

CHAPTER 3: THEORETICAL PERSPECTIVES ON PUBLIC POLICY FORMULATION IN SOUTH AFRICA WITH PARTICULAR REFERENCE TO ECONOMIC POLICY

3.1 INTRODUCTION

According to the social contract theorem⁴¹, government is a result of an agreement between the people to avoid the state of nature⁴² (Locke 1965). Rules, institutions, and policies emanate from this agreement which will ensure security and the protection of the people's individual rights. These policies ensure that the government governs in the interests of the people and provides services to individuals that individuals cannot provide themselves, such as security. Therefore, the core functions of the government are to make law (legislative), implement law (executive), and interpret law (adjudication) (Heywood 2007:26).

Public policy is a course of action or inaction by the government that incorporates the authoritative allocation of values for the whole society and is continuously subjected to a political process (Roux 2002:425). Furthermore, public policy has (or ought to have) its origin in the values, needs, desires, and demands of society or societal groups (Hanekom 1987:5). Thus, public policy creates political, economic and social stability, and legitimises the incumbent government. The type and extent of public policy usually reflects the political ideology and political values that the government of the day adheres to and which it believes will contribute most to the general welfare (Hanekom 1987:11). Public policy theories and models help explain the public policy process – who is involved and how public policy is formulated. Public policy theories and models will be used to describe economic policy formulation in South Africa in this chapter.

Given South Africa's history of apartheid and colonialism, public policy is a strategic tool for the government to intervene in order to address past injustices. The ANC as a

⁴¹ The social contract is a voluntary agreement through which an organised society or state is (supposedly) brought into existence.

⁴² The "state of nature" is a society devoid of political authority and of formal (legal) checks on the individual. It is also a state which entails conflict and disagreements, and a state of war of all against all (Hobbes 1588-1679 and Locke 1632-1704 as cited by Boucher & Kelly 2009:186). The people seek to avoid this state of existence by formulating an agreement which results in political authority (government).

former liberation movement and the ruling party in a multi-party democracy plays a major role in policy formulation in South Africa, particularly economic policy. The government has promulgated and implemented macro-economic policies, such as the RDP, the GEAR strategy, ASGISA, the NGP, and the NDP. The government also fostered redress legislation, such as the Employment Equity Act, Act 55 of 1998; the Black Economic Empowerment/Broad-Based Black Economic Empowerment Act, Act 53 of 2003; and the Mineral and Petroleum Resources Development Act, Act 49 of 2008.

Methodologically, this chapter follows a deductive approach and the structure is as follows: an introduction (above); a definition of public policy; public policy theories; public policy models; levels of public policy; and formulation of public policy in South Africa, particularly economic policy. The objective of this chapter is to analyse public policy formulation in South Africa, especially economic policy. This will entail the provision of a description of the public policy process and an explanation of economic policy formulation in South Africa. The next section defines public policy.

3.2 DEFINITION OF PUBLIC POLICY

The term “policy” comes from the Greek word *polis* (city state) and the Sanskrit word *Pur* (city), which evolved into the Latin word *Politia* (state), and later into the Middle English word *Policie*, which referred to the conduct of public affairs or the administration of the government (Dunn 2008:34). Despite the definition above, which suggests that policy refers to government administration, policy is not limited to government only. Other institutions (such as churches and private companies) have policies to guide and define their course of action and their daily operations. Parsons (1995:14) defines policy as an attempt to define and structure a rational basis for action or inaction.

As noted above, policy is a course of action or inaction of institutions and this is not limited to government only – it can include public or private institutions. Public policy refers to government administration and is directed at the whole society or societal group. The definitional components of public policy are provided below.

McLean (1996:378) states that there can be no policy without politics; Dror (2006:81) takes it further when he argues that policy and politics closely interact, often overlap, and to some extent cannot be separated, even analytically. Public policymaking is closely related to, and intertwined with, political decision-making. Those that set the policy agenda of the public sector are politicians and the policy agenda is influenced by a political discourse, and more so by the political manifesto of the party that won the elections. Thus, public policymaking is dependent on an input from the political process. The output of the political process is legislation, indicating the course of action that is desired or preferred (Hanekom 1987:1).

Public policy refers to a relatively stable, purposive course of action or inaction to achieve particular objectives or goals (Anderson 1997:9; Parsons 1995:13; Hanekom 1987:7). Public policies consist of courses of actions. They are what government actually do or do not do – that is, they are concerned with change or with the preservation of the status quo and are authoritative, implying the threat of coercion (Hanekom 1987:8). Government can also choose not to do anything (inaction), which is also public policy. Because a policy ought ideally to be the outcome of a process of choosing between alternatives, there is always the potent option of choosing to do nothing (inaction) under a particular set of circumstances. Implementation (putting into action) deals with the execution of activities through which decisions are converted into action (Mothae & Sindane 2007:148).

Public policy involves universality and is broad in scope, meaning it reaches a wide audience in society, unlike private organisational policies (Dye 1972:20). Only government policies extend to all the people in society and as such only the government monopolises the use of force in society, thus only a government can legitimately punish violators of its policies.

Public policy is not static; it should always relate to current issues in society (Roux 2002:425). Public policies are not eternal truths but rather hypotheses subject to changes and to the devising of new (and better) ones when they are proven unsatisfactory (Hanekom 1987:8). Events or issues such as the continuous process of

historical change, transformation and globalisation usually influence public policy. South Africa's transition to a multi-party democracy saw clearly recognisable shifts towards both a procedurally more inclusive policymaking process and substantively different policy outcomes (Landsberg & Venter 2006:174).

Public policies are developed as a response to problems and a need for government in collaboration with other stakeholders (community, interests groups, trade unions, and so on) to solve such problems in an effective, efficient, and economic manner (Mothae & Sindane 2007:146). It is important to understand that societal needs and problems result from a dysfunctional environment. Public policy emerges in response to policy demand. Much as it requires information on the environmental demands for formulation, public policy provides information for strategic, operational and financial plans, as well as general resources schedules (Mothae & Sindane 2007:146).

Public policies take place within the framework of legally instituted public bodies, such as legislatures or government departments. At least in its positive form, public policy is based on law and is authoritative (Anderson 1997:12). The people accept public policy as legitimate and comply with the government policies or face punishment, and as such, public policy has authority. It should not be in contravention of the constitution.

There are many actors in public policy processes, including government, communities, interests groups, the business sector, legislators, political parties, and the courts. Actors such as the business sector, trade unions, and the community only influence public policy in their favour, according to the group theory. Other actors such as government, political parties, and legislators are catalysts in public policy process. Government, through its departments and institutions, plays a major role in public policy implementation. Political parties in a multi-party democracy are a source of public policy in the liberal democracy theory. Legislators promulgate public policy and the implementation thereof rests with the executive branch of the government that consists of technical and professional experts (Mothae & Sindane 2007:144; Salamon 2002:50).

Public policy decisions depend on societal values, which have political, religious, cultural, economic, and historical aspects (Hanekom 1987:12). Decisions on policy are made by human beings and are subjected to the limitations of human behaviour as embodied in the accepted societal values. The civil servants perform their task in a political environment and are continuously confronted by political, cultural, economic and environmental factors, generally accepted societal values, existing policies and precedents, and even the traditions of the institution in which they are employed. The public officials are expected to adhere to specific acceptable normative factors, such as the accepted political dispensation, religious antecedents, democracy, responsibility in public actions, and requirements of administrative law which can serve as guidelines for decision making, policymaking and implementation (Hanekom 1987:12 -13).

For the purpose of this dissertation, and as indicated by the components above, public policy can be defined as a government decision to address social problems, through action or inaction, directed at the whole society or societal group, and subjected to a political process. Public policy includes the allocation of values for the whole society and as such it influences the extent of legitimacy that the government enjoys (Landsberg & Venter 2006:163).

Given the definition of public policy above as the government decision to address societal problems, the next section (theories) will assist with the formulation process of public policy. It will explain who is involved and the process that formulation entails. This will be used to explain public policy formulation in South Africa and the role of the ANC as the ruling party.

3.3 THEORIES OF PUBLIC POLICY PROCESS

Public policy theories⁴³ explain the public policy formulation process. Further simplification of policy making is enhanced by using models⁴⁴ to present a simplified

⁴³ Theory is a comprehensive, systematic, consistent and reliable explanation and prediction of relationships among specific variables (Cloete & De Coning 2011:32).

representation of selected aspects of a problem situation, constructed for particular purposes (Hanekom 1987:45; Dunn 1994:152).

As noted that public policy process is not static. Therefore, it is a dynamic process involving various participants and factors that influence the process. To influence policy, issues do not just happen; it requires important political tactics from policy actors. Prioritisation in this instant is very important. This is necessary because government faces many policy-related issues and problems, normally with insufficient resources to address these problems effectively.

Factors influencing the public policy agenda setting process include (Cloete *et al.* 2006:109):

- Power relations in society. Those that have power (money, knowledge, skills, and numerical power) within the society have a better chance of influencing the policy agenda.
- When an issue has reached crisis proportions and issues, which include emotive aspects that government can no longer ignore (Grindle & Thomas 1991:73; Cloete *et al.* 2006:109). These are issues that pose a threat to the state or the society.
- Issues with a wide impact that affect most of the people in society, such as unemployment (Cloete *et al.* 2006:109).
- Other issues with a particularity, such as climate change and fashionable issues such as sports events.

The practice of agenda setting differs from society to society. Despite this, the above factors influence agenda setting in all governments. In the following section, attention will be paid to the various theories that illustrate different actors and approaches involved in public policy formulation.

⁴⁴ Models are a representation of a more complex reality that has been simplified in order to describe and explain the relationships among variables, and even sometimes to prescribe how something should happen (Cloete & De Coning 2011:32).

3.3.1 Classical/Institutional theory

The classical theory (also known as institutional theory) emphasises that the different concerns and interests of government should be given preference (Cloete *et al.* 2006:29). This area of focus encompasses the classical doctrine of the separation of powers (*Trias politica*), as originally defined by Montesquieu (Woll 1974:21; Lineberry 1977:56-61).

Political life revolves around governmental institutions such as the executive, the legislature, the courts, and political parties. Public policy is authoritatively determined and implemented by these institutions (Anderson 1997:31). Dye (1984:20) argues that policy does not become a public policy until it is adopted and implemented by government institutions. In the case of South Africa the government, through its branches of power, formulates the law (legislative), implements the law (executive), and interprets the law (judiciary). Governmental institutions give public policy three distinctive characteristics (Dye 1984:20-21): legitimacy, universality, and the legitimate use of force against violators.

3.3.2 Liberal Democracy theory

According to the liberal democracy theory, the political party assumes the position of primary force in policy making. The argument is that, as the political party represents the individual voter, it is thus superior to all stakeholders (Cloete *et al.* 2006:29). In a multi-party system, a political party plays the main role in policy making as it campaigns for votes and implements the manifesto whilst in power. Its manifesto is usually influenced by party policy and the party's political ideology. This theory is in alignment with Hanekom's (1987:11) levels of public policy.

3.3.3 Elite theory

According to the elite theory, a small elite group leads a large group of followers, and public policy reflects the values and preferences of the governing elite (Anderson 1997:29; Cloete *et al.* 2006:29). Therefore, change in public policy will be gradual rather

than revolutionary (Dye 1984:28-29). The governing elite govern the ill-informed public masses and as such the flow of public policy is downward to the population at large and is executed by the bureaucracy (Cloete *et al.* 2006:36; Dye 1984:28). This approach indicates that power relations have a major influence on the public policy process and that those with the power (money, knowledge, and labour power) have more leverage and bargaining power as agenda setters.

3.3.4 Systems theory

The systems theory focuses on the contributions of interrelated forces to the policymaker (Hanekom 1987:46). Public policy is seen as a political systems' response to environmental demands (Anderson 1997:26). Inputs are received into the political system in the form of demands and support, and public policy is portrayed as an output of the political system. The political system comprises identifiable and interrelated institutions and activities in society that make authoritative decisions requiring the support of the whole society (Anderson 1997:26; Dye, 1984:40). The environment consists of all phenomena: social, economic, cultural, political, technological, and global settings.

Demands occur when individual or groups, in response to real or perceived environmental conditions, act to affect public policy. Support is rendered when individuals or groups accept the outcome of elections, obey the laws, pay taxes, and generally conform to policy decisions. Any system absorbs a variety of demands, some of which conflict with each other (Dye 1984:40-41). In order to transform these demands into outputs, it must arrange settlements and enforce these settlements upon the party concerned. It is recognised that outputs may have a modifying effect on the environment and the demands arising from it and may also have an effect upon the character of the political system. The system preserves itself by (a) producing reasonably satisfying output, (b) relying upon deeply rooted attachments to the system itself, and (c) using or threatening to use force (Dye 1984:41).

3.3.5 Corporatism theory

According to the corporatism theory, the state is not a mere puppet of an economic class, as it plays a strong and independent role (Ham & Hill 1993:39). Corporatism broadly entails trade unions, community organisations, and employers' organisations that are brought into the fold of the state's decision making and these processes become corporative enterprises in which the actors (such as the state, labour, community, and business) are mutually dependent. Together, the state, private sector, community, and labour (trade unions) form an extended apparatus for state decision making (Landsberg & Venter 2006:171). This corporative relationship can serve purposes of both control and the creation of harmony (Schmitter 1974:93-94). In South Africa, the National Economic Development and Labour Council⁴⁵ (Nedlac) has huge influence over public policy process.

3.3.6 Marxist theory

The central argument of the Marxist theory is that the capitalist mode of production gives rise to the existence of two main classes in society: the owners of the means of production (the ruling class), who own vast amounts of wealth, and the working class (Landsberg & Venter 2006:171). Marx and Engels (1848) stated that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie". Those with money are seen as major role players in the formulation of public policy and, through the state, they influence public policy formulation.

3.3.7 Group theory

According to the group theory, the interaction among groups is a central fact of politics, and public policy is the product of group struggle (Anderson 1997:27; Dye 1984:26).

⁴⁵ Nedlac is a council of representation that includes business, labour, community organisations, development interests, and representation from the state. The Council was formed as a result of the National Economic Development and Labour Council Act, Act 35 of 1994. The Council strives to push for economic growth and participation in economic policy and it considers proposed labour legislation before it is introduced in parliament and further. It also encourages and promotes the formulation of coordinated policy on social and economic matters (Republic of South Africa 1994a).

Individuals with common interests band together formally and informally to press their demands upon government. The group becomes the essential bridge between the individuals and their government. Different groups struggle to influence public policy in their favour. Public policy is the balance reached in this group struggle and it represents a balance between contending factions (Anderson 1997:27-28). This equilibrium is determined by the relative influence of the interest groups and it is determined by the organisations' numerical power, wealth, organisational strength, leadership, internal cohesion, and access to decision makers (Dye 1984:26). Policy makers are viewed as constantly responding to group pressures: bargaining, negotiating, and compromising among competing demands of influential groups (Dye 1984:26).

Considering the theories above, it seems that there is no universally agreed upon public policy process theory (Hanekom 1987:46). There is no "one size fits all" theory. They differ in different situations. Some of the theories are better suited than others to explain public policy formulation in different environments. Furthermore, the different levels of development of a country (developing and developed countries⁴⁶) contribute to different public policy formulation in a certain country. Due to contextual differences, public policies in developed countries significantly differ from those of the developing countries (Osman 2002:37). To explain how public policy is processed and who is involved in the process, models of public policy are important and will subsequently be discussed.

3.4 MODELS OF PUBLIC POLICY PROCESS

Models are simplified representations of the practical side and are used to order and interpret situations and to assist in explaining and predicting the outcome of a specific choice (Hanekom 1987:46). Cloete and De Coning (2011:36) state that these models focus on the analytical approaches for determining the most appropriate policy options.

⁴⁶ This is a typology that categorizes countries based on their level of development. "Developing countries" is a term used to describe low-income countries, mostly in the East and Southern hemisphere, excluding Australia, New Zealand, Israel, and Japan, which are part of the so-called developed countries. Developed countries are mostly in the Western hemisphere and these countries score high on the Human Development Index (Cornelissen *et al.* 2006:395).

The following models for policy content characterise decisions in public policy formulation (Landsberg & Venter 2006:168; Hanekom 1987:74):

- A rational comprehensive model implies that policy makers have a full range of policy options to choose from. Rationalism is regarded as an effort to achieve maximum social gains (Dye 1987:31). The policy makers are expected to know all the society's preferences and their relative importance. Furthermore, this model identifies and analyses all possible policy alternatives, explores the possible consequences of each alternative, and selects a range of options that will bring desired outcomes (Cloete & De Coning 2011:37).
- The incremental model provides policy makers with limited policy alternatives which propose that existing policies be changed only marginally (Hanekom 1987:74; Cloete & De Coning 2011:38; Landsberg & Venter 2006:168). The model regards public policy as a continuation of government activities but rules out far-reaching changes because new policy is constrained by all that preceded it (Anderson 1997:11; Cloete & De Coning 2011:38; Landsberg & Venter 2006:168).
- The mixed-scanning model is a combination of incremental and rational comprehensive models (Hanekom 1987:74). This model is used as an alternative model to the incremental and the rational model. Policy makers integrate the good characteristics of the rationalism model with those of the incremental model (Cloete & De Coning 2011:38).

The second category of models focuses on the policy-making process and the actors involved. They describe and analyse the actual process of policy making by taking into account the questions why, who, and how (Hanekom 1987:74):

- The elite/mass model argues that an elite group governs the ill-informed group and that public policy reflects the values of the elite group (Cloete & De Coning 2011:39). This model sees the society as divided into the elite with power who lead an apathetic mass, and the masses, with no power at all.

- The institutional model states that public policy is the product of public institutions. The government institutions formulate the law (legislature), implement the law (executive), and interpret the law (judiciary), and give public policy legitimacy, universality and legitimate use of force for violators.
- The group model holds that the major players in public policy process include groups such as labour and business. Policy change is initiated by interest groups to pressure and interact with policy makers on policy preferences and self interests (Cloete & De Coning 2011:40).
- The systems model advocates that there is interaction between inputs, conversation, outputs and feedbacks, with the aim of arriving at a policy (Hanekom 1987:74). The political system is a group of interrelated structures and processes which functions authoritatively to allocate values for a society (Dye 1992:42).

Decision making on public policy involves different actors and methods, as noted above, by different models. The authors cited above differ on the various models used to explain public policy process. However, it is widely accepted that a useful model of public policy should include five stages: agenda setting, policy formulation, policy adoption, policy implementation, and policy evaluation. These stages of public policy are illustrated in the table below.

Table 3.1: Five stages of public policy cycle

Phases of applied problem solving	Stages in policy cycle
Problem recognition	Agenda setting
Proposal of solution	Policy formulation
Choice of solution	Policy adoption
Putting solutions into effect	Policy implementation
Monitoring results	Policy evaluation

Source: Howlett and Ramesh (1995:11); Hanekom (1987:51)

The table above explains each stage in relation to applied problem solving. Problem identification is not part of the five stages mentioned above. There are authors that believe that problem identification precedes agenda setting and those that believe problem identification is part of agenda setting. Dubnick and Romzek (1999:197) state that problem identification and problem articulation precede agenda setting. With reference to the table above, Howlett and Ramesh (1995:11) believe that problem identification is part of agenda setting. For the purposes of this dissertation, problem identification forms part of agenda setting.

Agenda setting refers to a deliberate planning process through which policy issues are identified, problems defined and prioritised, support mobilised, and decision makers lobbied to take appropriated action (Cloete *et al.* 2006:105; Dye 1972:325). During this stage, the problem is structured and it is determined whether the problem is worth the government's attention or whether it should be left alone (Dunn 1994:17). The problem identification starts with one or more actors of policy in society who feel that the actions of the government detrimentally affect themselves or other segments of society. These actors will mobilise support in order to influence policy makers to take action to change the status quo or preserve it in their favour (Cloete *et al.* 2006:105; Dye 1972:326).

Policy formulation, design or deliberation probably represents the most important stage in the process of public policy making by government. At the policy formulation stage, a solution is proposed and a bill is brought before the legislature for further discussion. The government decides what to do or not to do as a response to a societal problem. It is therefore the planning and development of policy content. The policy design process comprises the conversion of mainly intellectual and financial resources into a plan of action, including goal and objective setting, prioritisation, option generation, and assessment (Cloete *et al.* 2006:126).

Policy adoption entails choosing between alternative policy options and the adoption of the bill by the legislature to promulgate an act. Responsible policy actors will develop action recommendations – explicit policies or programmes designed to resolve national problems (Dye 1972:331). After the president signs the bill into an act, the date of

commencement would be published in the *Government Gazette*, therefore making it ready for implementation.

Policy implementation is a complicated process, and legal prescriptions, administrative possibilities, and the preferences of interests groups must all be taken into account. The actual implementation of public policy involves, first, the translation of government policy into implementation policy; second, into administrative policy; and third, the monitoring and evaluating of the implementation takes place (Hanekom 1987:54). Implementation of a particular policy is just as important as the policy decision itself, which means that the activities of making and implementing public policies are inseparably linked. Policy implementation is a practical activity involving the proper course of a legally specified course of action over time, and therefore implies that official institutions are responsible for policy implementation (Hanekom 1987:54-55).

Policy evaluation and monitoring, the last stage of the public policy process, refers to the assessment of policy content, the implementation, and the impact (determining the extent to which the specified policy objectives are being achieved) (Hanekom 1987:89). Public policy evaluation does not necessarily only take place after the implementation of the policy but could occur as a continuous process throughout the policy process. Evaluation is the concern of various participants, either within or outside the public institution. Evaluation could be undertaken by specialists from the fields of public administration, law, sociology, economics or politics, or consultants; this could, however, be pricey. On the other hand, internal staff can be used during evaluation: special internal research, planning or evaluation units, and special multidisciplinary evaluation teams could be affordable and cost-effective but might be biased because they have a vested interest in positive results (Hogwood & Gunn 1984:234). Before policy becomes public policy, Hanekom (1987:11) states that it starts from party policy then trickles down to government policy. These levels clarify the position of the ANC in public policy formulation. This will be succinctly discussed below.

3.5 LEVELS OF PUBLIC POLICY

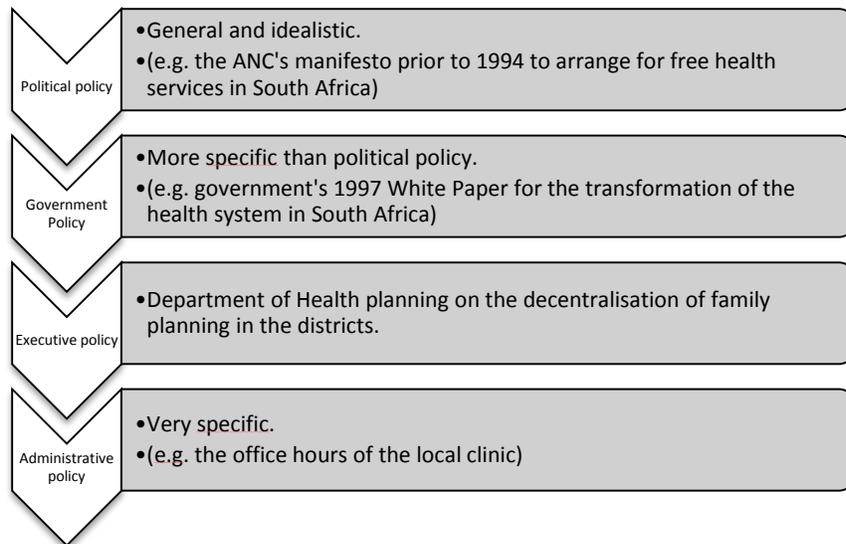
The levels of public policy range from political policy to administrative policy. This also determines the scope of public policy. The levels are related and intertwined with each other. In a multi-party democracy, the political parties are major stakeholders in the public policy process.

The levels of the public policy process are as follows (Hanekom 1987:10 -11; Roux 2002:426; Botes *et al.* 1996:311-312; Cloete 1981:71-77):

- Political policy (also known as political party policy) originates within a political party and it is advocated by a particular political party in regards to a specific issue. This political party policy is usually influenced by party ideology. The aim of a political policy is to enable the relevant political party to inform its members and voters what it intends doing for them, if elected to power, and this is done through a party manifesto.
- Government policy (or national policy) is a policy of the political party in power. It is a translation into practical objectives of the ideas of the party on how to govern the country and in which direction society is to be steered. Government policy is more specific than political party policy and the original content of the political party policy will probably change to some extent when it becomes government policy (Nealer & Diedericks 2011:58).
- Executive policy is determined by the political office bearers working in conjunction with high-ranking public officials. It is a more specific policy than government policy and it is concerned with setting priorities and with budget compilation (Hanekom 1987:10; Doyle 2002:116).
- Administrative policy refers to policies that deal with the daily operations of government departments – issues such as expenditure, staff income, procurement, the determination of streamlined work procedures and methods, and devising organisational structures suitable for executing government policy (Hanekom 1987:10).

These levels of policy are illustrated in the figure below, which explains succinctly the relation between these levels.

Figure 3.1: Levels of public policy process



Source: Hanekom (1992:11)

The different policy levels illustrated above can be compared to a triangle, with policy flowing from the top level (political party policy) to a second level (government policy), and from the second to the third (executive policy), and from the third to the fourth level (administrative policy). Each level from the top down represents one aspect of a particular policy and is a translation of the general nature of political policy into specific policy actions (Hanekom 1987:11). If a political party as a source of public policy remains true to its ideology, this will result in public policy reflecting party ideology and the values that the government of the day adheres to.

3.6 PUBLIC POLICY FORMULATION IN SOUTH AFRICA: POST-APARTHEID ERA

The South African history of colonialism, racism, sexism, white domination, and apartheid has led to the adoption of public policies which were discriminatory and oppressive, and whose legacy still remains (Gumede 2008:10). This left every sphere in society – economic, social, cultural, and political – with serious challenges after the transition period of 1994, to which public policy had to respond (Gumede 2008:10).

Unemployment rates were high, inequality based along racial lines was rife, and poverty had reached epidemic proportions. Economic instability after years of isolation had also resulted in high debts and an unstable currency (Parsons 2009:15). The post-apartheid government had to pass legislation to address these issues.

The CODESA negotiations and the election victory of the ANC in 1994 led to a paradigm shift in public policy, which presented South Africa with a room for policy innovation (Keeler 1993:433-486). This paradigm shift resulted in an opportunity to change the content and direction of public policy; it also resulted in a shift towards both a procedurally more inclusive policy making process and substantively different policy outcomes⁴⁷ in the post-apartheid era (Landsberg & Venter 2006:174). The discussion of stakeholders below indicates the inclusiveness of public policy in the post-apartheid era.

3.6.1 Stakeholders involved in public policy formulation

As noted above, the shift involved the inclusion of several stakeholders and institutions into the policy making process. In a multi-party democracy such as South Africa, political parties are sources of public policy (Heywood 2007:278; Gumede 2008:8). The ANC is a major role player in public policy formulation and it uses its position as the ruling party and its majority in parliament to ensure that its policies are passed by the legislature and implemented by the executive. According to Landsberg and Venter (2006:178), the most powerful policy-generating cluster in South African politics centres around top government, particularly cabinet, the Presidency (Policy Coordination and Advisory Services (PCAS)) and the structures of the governing party, the ANC. The courts of law also play a role in public policy: they evaluate the conformity of public policy to legal requirements.

⁴⁷ The paradigm shift led to the abolishment of dual policies (one for the natives and one for the Europeans), a uniform public policy, and replacing the top-down policy process used during apartheid with a bottom-up policy process (Landsberg & Venter 2006:174). The change in policy makers led to the hiring of inexperienced civil servants and to some extent this has led to a crisis in public policy implementation in an effective, efficient, and economic manner. Furthermore, this crisis has led to a service delivery crisis which has resulted in service delivery protests (Mothae & Sindane 2007:143).

Other groups outside of government such as trade unions (COSATU, the National Council of Trade Unions, Solidarity, etc.); non-governmental organisations; community based organisations; business (the Chamber of Mines, Business South Africa, the Black Management Forum, etc.); Nedlac; and inter-governmental organisations (the World Bank, the IMF, the African Union, etc.) struggle to influence the ANC and the government to pass policies that are in their interest. The role of the World Bank and the IMF on formulation of economic policy in a post-apartheid era is given below as an example of a group struggle to influence public policy.

IGOs, such as the IMF and the World Bank, played a major role in the post-apartheid government's economic policy formulation. In 1993, the ANC, through the Transitional Executive Council (TEC), signed a General Agreement on Trade and Tariffs (GATT) and a letter of intent with the IMF to commit itself to a neo-liberal policy after apartheid (Shivambu 2014:3-4). The IMF document was approved and signed by Derek Keys and Pravin Gordhan. These IGOs influenced policy formulation by determining what the economic policy of the post-apartheid government should be before the April 1994 elections (Shivambu 2014:3-4). Therefore, during the drafting of the GEAR strategy, the World Bank and the IMF played a major role. Marais (2001:126) argues that during the negotiations to end apartheid, neo-liberal economic policy proposals flooded the ANC, mostly from business and financial institutions, nationally and internationally. This will be discussed in detail in Chapter 5.

3.6.2 The role of the ANC in public policy formulation

The role of the Tripartite Alliance must also be clarified to understand the relationship between the Alliance members. The national leadership of the Tripartite Alliance, including the South African National Civic Organisation (SANCO), meets at the Tripartite Alliance summit where the policy of the government dominates the discussions. At the Alliance Summit held in 2008, it was agreed that the Alliance will work together to formulate policy, and also monitor policy implementation through joint Alliance policy committees and other mechanisms (Buhlungu & Tshoaedi 2012:82). The parallel membership of individual Alliance members and the deployment of members of

COSATU, the SACP and SANCO to the ANC's National Executive Committee (NEC) and also to parliament ensure influence on policy by other members of the Tripartite Alliance (*ibid.*).

It was noted above that the ANC's structures, such as the NEC, the National Working Committee (NWC), subcommittees, and policy units or departments, are essential driving forces in the policy formulation process (Landsberg & Venter 2006:179). The NEC of the ANC has subcommittees which are in charge of issues such as education and health, economic transformation, international relations, and social transformation, to mention a few. The subcommittees are further divided into functional units. The NEC makes policy-related decisions in between conferences, and the NWC in between NEC meetings (ANC 2012c). The aforementioned elected bodies of the ANC constitute its important constitutional structures and their functions are critical to policy formulation.

The NEC convenes party events, namely, National Conferences, the National General Council (NGC), the NEC *Lekgotla*, and the National Policy Conference, which are critical to the policy formulation process. The National Conference is an elective conference and the highest decision making body of the ANC. It decides and determines the policy, programme, and constitution of the ANC (ANC 2012c). Prior to every National Conference, the ANC hosts the NGC which determines and reviews the policies and programmes of the ANC (*ibid.*). The policy conference is a recommendation-making body on any matter of policy, convened whenever it is necessary, but at least six months before the National Conference, to review policies and recommend any new or amend any present policy by the National Conference (ANC 2012c).

Now that the structures of the ANC and its political functions have been clarified, the following section will examine the policy formulation process. The formulation of the RDP and GEAR will be used as examples to explain policy formulation process.

3.6.3 Public policy formulation process

Communities, interests groups or individuals voice their needs and bring them to the attention of the government and politicians (Landsberg & Venter 2006:183). The ANC may also initiate public policy to address social problems. The ANC, as an agenda setter, has initiated macro-economic policies since 1994. The RDP was initiated by COSATU. The RDP base document was released by COSATU and adopted at a Special National Policy Conference on May 31, 1992 (Turok 2008a:90; Gevisser 2009:250). The Tripartite Alliance adopted the RDP as its central policy programme and the ANC adopted it as part of its election manifesto. The ANC reaffirmed its endorsement of the RDP at its 49th National Conference in Bloemfontein in 1994.

The GEAR strategy was formulated by the Department of Economic Policy (DEP) desk of the ANC with the support of the officials of the World Bank and the IMF. The NEC of the ANC adopted the GEAR strategy but it was imposed on the Tripartite Alliance (Turok 2008a:116; Marais 2001:162). At the ANC 50th National Conference at Mafikeng (now Mahikeng), GEAR was adopted as a policy of the ANC and the GEAR strategy was presented as a continuation and support of the RDP objectives (ANC 1997). These ANC policies are documented in ANC documents such as discussion documents, policy documents, and *Strategy and Tactics* documents. For example, affirmative action was documented in an ANC policy document called *Affirmative Action and the New Constitution* in 1994 and the Land Rights Restitution Act appeared in the policy document *Policy on the Restitution of Land Rights* in 1992.

The ANC, using its position as ruling party and through a cabinet member, who is also a member of the ANC, will introduce a public bill in parliament. After the decision on public policy has been made to address a specific issue, the relevant department, in conjunction with the responsible minister, prepares a draft bill on the issue (Diedericks & Nealer 2011:44). After the minister's approval, the bill is sent to the cabinet for approval and recommendations. The bill is then discussed by the cabinet and when the cabinet is satisfied, it is sent to legal advisors at the Justice Department. Advisors will analyse the

bill from a legal perspective and ensure that the bill is consistent with the Constitution (*ibid.*). The draft bill will then be made available to the legislature to be deliberated upon.

Public policy deliberation or design comprises of a first reading: the bill is introduced to the National Assembly by submitting it to the Speaker together with the memorandum explaining its purposes. The bill is then tabled in the house and distributed to members. After that, it is referred to the relevant portfolio committee for consideration (Landsberg & Venter 2011:35). The portfolio committee will inquire into the bill, amend it if necessary, and submit it to the house for a second reading. In its second reading, the bill is debated by a full plenary session of the house. Only the purpose and principles of the bill are debated, not the details (*ibid.*).

Policy adoption entails a vote on the bill after the house has considered the report of the portfolio committee on amendments. The two houses of parliament must adopt the same version of a bill before it can be sent to the president for assent and signature (Landsberg & Venter 2011:35). The ANC uses its majority in the National Assembly and the National Council of Provinces (NCOP) to pass the bill into legislation. According to Mboweni (1994), the parliament's role is to implement the ANC's policies. The RDP White Paper was presented to parliament in November 1994 by the Government of National Unity (GNU), led by the ANC, and was adopted by parliament with changes (Turok 2008a:90; Makino 2013:3). Once the president has approved and signed the bill, it becomes an act of parliament and must be published in the *Government Gazette* with a commencement date, determined in terms of the act; thereafter it will be ready for implementation.

The public policy process described above indicates the different types of documentation from each stage of the public policy process. According to Landsberg and Venter (2006:184), once there is a need for policy, the policy formulation process is also differentiated in a sequence of official documents. Documents such as petitions and discussion documents of the first stage are followed by official documents such as a Green Paper, a White Paper, a bill, and legislation (Nealer & Diedericks 2010:11).

Both a White Paper and a draft bill are monitored and approved by cabinet before they advance to legislation (Landsberg & Venter 2006:184).

3.6.4 Summary

Public policy in developing countries is a complex interactive process influenced by the diverse nature of socio-political and other environment forces (Osman 2002:38). This also applies to South Africa. Public policies possess certain peculiarities of their own by virtue of being influenced by an unstable socio-political environment, and face various problems and challenges (*ibid.*). The public policy process can be explained through theories such as liberal democracy, the elite theory and the group theory. These theories do not fit like a glove fit but are approximate to the truth.

In practice the combination of the aforementioned theories (see Section 3.3 of this Chapter) takes place, to some extent all the theories mentioned above are included in policy making. This means that institutions, groups, political parties, and elites all contribute to a greater or lesser extent to policy making. The degree of the contribution depends on the relative importance of the role players (Hanekom, 1987:46).

In South Africa, ANC dominates and is mostly influenced largely by the elites. The groups do exert some pressure. The public policy process analysis can be explained by the liberal democracy theory: the ANC assumes the position of the primary force in policy making and uses its position as the ruling party and the majority in parliament to ensure that its policies are passed and implemented; by the elite theory, the ANC's NEC members with relations to business⁴⁸ promulgate business-friendly legislation even if it is to the detriment of the black majority; and by the group theory, various groups struggle to influence the ANC to pass legislation that is in their interest. The incremental model also explains the approach used during policy formulation: the ANC's agreement with

⁴⁸ The ANC ascending to political power was marked by its friendliness towards business which led to ANC entering into business through its various trusts e.g. Batho Batho Trust and Chancellor House Trust. Most of the members of the ANC also entered the business sector through 'the deployment of high ranking loyalists to the commanding heights of the economy (the mining and financial sectors being its initial primary targets) policy' and this led to democratisation of board rooms (Southall 2007).

the World Bank and the IMF has ensured that the government or policy makers have limited policy alternatives and there is a lack of far-reaching change because new policies are constrained by all that preceded them.

3.7 CONCLUSION

The social contract results in the formation of a government from which rules, institutions, programmes, and policies emanate. The government promulgates policies to govern society in an effective manner, to avoid a state of chaos, and to protect individuals' rights and property. This public policy is a decision by government to address the societal problems through action or inaction, directed at the whole society or societal group, and is subjected to political process.

Public policy theories and models provide an explanation of the policy content and the actors involved in the public policy formulation process. Public policy models and theories are tools used to simplify practical reality and assist in explaining and predicting the outcome of a specific choice. Useful models entail five stages: agenda setting, problem identification; policy deliberation (including the first and second reading of the bill by the National Assembly); policy adoption (involving the adoption of the bill by the National Assembly and the NCOP and the approval and signing of the bill by the president); policy implementation; and policy evaluation. These were used to explain public policy formulation in South Africa.

Various theories were used to conceptualise the formulation of public policy. Through the liberal democracy theory, the ANC, through its structures (the NEC, NWC, subcommittees, and policy units or departments), is conceived of as an essential driving force in the public policy formulation process. The ANC then uses its position as the ruling party and the majority in parliament to ensure that it passes and implements its policies. With the elite theory, the ANC's NEC members, with their relations to business, ensure that the ANC fosters business-friendly legislation – even if it is to the detriment of the black masses; and with the group theory, various groups struggle to influence the ANC to pass legislation that is in their interest. The approach is an incremental model,

with the ANC's agreement with monopoly capital and previous macro-economic policies ensuring limited alternatives for public policy.

The liberal democracy theory indicates the importance of political parties in policy formulation. The levels of policy indicate that ANC policy becomes government policy (public policy) which ought to be influenced by party ideology (NDR). The remaining chapters will illustrate the inconsistency between ANC policy and its ideology, and their relation to government policy.

In this chapter the role of the ANC as a source of public policy and how its ideology (NDR) ought to influence public policy (as indicated by Hanekom's policy levels) was clarified. The next chapter will provide a detailed discussion on the political and economic prescription of the NDR which will help in determining ANC's economic policy inconsistency.

CHAPTER 4: THE NDR'S PRESCRIPTION WITH REGARD TO ECONOMIC TRANSFORMATION IN SOUTH AFRICA

4.1 INTRODUCTION

The NDR is a two stage theory that responds to imperialism. According to the definitions of the NDR (see Chapter two) by the Tripartite Alliance and the MDM structures, the NDR endorses the revolution led by progressive motive forces to overthrow the repressive and colonial regimes, build independent people's democracies⁴⁹, and address the contradictions of and the legacy created by colonialism and the CST. The first stage of the NDR is the National Democratic Republic (or people's democracy), which is a transitional stage towards the second stage, a socialist state. The struggle for the first stage involves an inter-class alliance (Slovo 1988).

The SACP (2007a) views the NDR as a direct route to socialism. The ANC states that the NDR will lead to a non-racial, non-sexist, democratic, and prosperous society, the National Democratic Society. Regardless of a different conclusion, the NDR has set objectives to assist in achieving either socialism or the National Democratic Society. These objectives have been set out in the Freedom Charter of 1955 and the SACP's programme, *The Road to a South African Freedom* of 1962. The objectives seek to break the political and socio-economic set-up of the colonial regime and create a fertile ground for socialism or the National Democratic Society.

The elimination of the political and economic set-up of the colonial era is paramount for the victory of a national liberation movement. The dismantling of the existing state and government institutions that maintain and consolidate colonialism will result in the establishment of a National Democratic Republic, which will maintain stability and peace. This will also ensure the consolidation of a democratic South Africa. The dismantling of the colonial economic system will break the monopoly of capital over banks, farms, mines and factories and will ensure the equal distribution of resources.

⁴⁹ People's democracy is a theoretical concept within Marxist-Leninism and a transition stage towards socialism.

Furthermore, this will ensure the abolishment of racial oppression and white domination, restoring the land to its original owners, and improving the conditions and the standards of living for the working class (SACP 1962).

Methodologically, this chapter will follow a deductive approach. Given what is said above, the aim of this chapter is therefore to describe and explain the economic prescriptions of the NDR with regard to economic transformation since 1994. To do this, attention will be paid to the following: definitions of economic transformation; the economic prescriptions of the NDR; and the paradigm shift in the ANC's economic policy in the post-apartheid era.

The next section will focus on the definition of economic transformation.

4.2 A DEFINITION OF ECONOMIC TRANSFORMATION

The term “economic transformation” has been used by the ANC since 1994, and the ANC states that through economic transformation it intends to build an equitable society in which there is decent work for all (ANC 2012d). As such, the concept economic transformation is paramount in this chapter and this dissertation, and therefore needs to be defined succinctly. First, the concept “transformation” will be defined, after which the kind of transformation, namely economic transformation, will be described.

Transformation involves a fundamental metamorphosis and this takes place slowly as deep changes are engineered over relatively long periods of time (Human 1998:164). Daszko and Sheinberg (2005:1) state that to transform means to change in form, appearance, or structure. Transformation is the creation of, and changes to, a whole new form, function, or structure.

Economy is a system of production, distribution, and consumption (Say 1936). Thus, for the purpose of this dissertation, economic transformation will mean a deep seated change of the economic system in South Africa. This will involve gradually dismantling the old economic system that will be replaced with a new framework, as dictated by the NDR.

Based on the above definitions, economic transformation will entail change in the country's production and distribution, such as change in what it sells to its own people and to the rest of the world. In South Africa, this means a shift from only being a supplier of raw material to being a diverse country in terms of production. It will involve a move away from being an agricultural and mining-based economy to being a manufacturing and eventually service economy. Economic transformation in the context of the NDR also means the creation of an inclusive economy and equal distribution of the country's wealth, and this will result in addressing the contradictions and legacy of the CST. The nature of the economic system will also change from exploitative (capitalism) to developmental (socialism).

The next section will deal with the economic principles of the NDR.

4.3 THE ECONOMIC PRESCRIPTIONS OF THE NATIONAL DEMOCRATIC REVOLUTION

The primary purpose of colonisation is the exploitation and controlling of the resources (wealth) of the colonised country by a 'mother country'. The economic system is skewed in favour of the colonisers while they exploit natives for cheap labour. Therefore, national liberation exists when, and only when, the national productive forces have been completely freed from all and any kind of foreign domination (Cabral 1966).

Furthermore, national liberation is the inalienable right of all people: they have a right to have their own history. Thus, the aim of national liberation is to regain this right usurped by imperialism, which is to free the process of development of the national productive forces (Cabral 1966). Therefore, any national liberation movement that does not take this basis and this aim into consideration may struggle against imperialism, but will certainly not be struggling for national liberation (Cabral 1966).

Joe Slovo (1974) warned in 1974 that national liberation should address the economic question, and if it fails to do so, it will result in co-optation of a few black elites:

... if every racist statute were to be repealed tomorrow, leaving the economic status quo undisturbed, 'white domination' in the most essential aspects would remain. National liberation, in its true sense, must therefore imply the expropriation of the owners of the means of production and the complete destruction of the state that serves them. There can be no halfway house unless the national struggle is stopped in its tracks and is satisfied with the co-option of a small black elite into the presently forbidden areas of economic and political power.

South Africa was defined as a British dominion of the colonial type with a racial capitalist character by the Communist International (1928) and as Colonialism of a Special Type by the SACP (1962). Thus, a complete takeover of the means of production of the colonisers and taking control of the forces of production was imperative. This would ensure complete independence of the former colonies and fight against any form of neo-colonialism. The adoption of the NDR in 1928 by the SACP was to ensure authentic independence and that a socio-economic struggle complemented political independence. The NDR set political and socio-economic principles which are documented in the Freedom Charter of 1955 and the SACP's programme, *The Road to a South African Freedom* (1962), and reiterated in many Tripartite Alliance documents. The next section will examine the NDR's political and socio-economic principles.

The aim of the NDR goes far beyond including blacks in the franchise and repealing racial laws (Jeffery 2010:5). There has to be a fundamental restructuring of society to rid South Africa of all aspects of white domination and promote the economic interests of the black majority (*ibid.*). To achieve this, the existing state machinery and government institutions, which were designed to maintain and consolidate colonialism, would have to be destroyed and new people's institutions established in their place that would foster people's democracy, peace, and equality (SACP 1962; Jeffery 2010:5). The reason for destruction is that liberation movements cannot simply inherit a colonial state and champion democratic means with it, as the colonial state and government institutions' purpose remains the maintenance and consolidation of segregation, exploitation, and inequality (SACP 1962).

According to Hudson (1986:9-10), a national liberation struggle in South Africa must be anti-capitalist because national oppression and capitalist oppression are inextricably interlinked in the country. Cabral (1966) emphasises that for an independent nation to foster capitalism it needs to return to imperialism domination (neo-colonialism) and that national liberation should pursue a socialist route. In South Africa, 87 percent of the land and other assets have been appropriated by whites, and it is therefore necessary that the oppressed nation acquires control of its economic resources in order to attain authentic autonomy (Hudson 1986:9-10).

The NDR seeks the dismantling of South Africa's CST's economy in the interests of the majority. The oppressed majority needs to acquire control of its economic resources through the nationalisation of mines, banks, and monopoly industries in order to attain authentic political independence. This independence has to be complemented by a series of economic measures. These include the nationalisation of foreign-owned enterprises and financial institutions, or at least their subjection to strict control by the state; the creation of state controlled enterprises; and the introduction of state economic planning (Hudson 1986:16). To consummate their autonomy, the newly independent nations will consider it necessary to achieve balanced and autonomous economic growth (Hudson 1986:16).

The realisation of abolishing the CST economy and the relinquishing of the national wealth to the people will then result in the creation of black capitalists (patriotic bourgeoisies). The state should also help protect the interests of private business which are compatible to public interests (SACP 1962). The state should assist by the way of state loans, to non-monopolist producers, in return for a state share in their undertakings, thus paving the way for a gradual and peaceful transition to socialism (SACP 1962). "For the first time in history of this country, the non-European will have the opportunity to own in their own name and right, mills and factories, and trade and private enterprise will boom and flourish as never before", as Mandela (1956:284) put it.

Various documents of the Tripartite Alliance and the MDM structures have reiterated the above-mentioned economic principles of the NDR. The Freedom Charter states that “the people shall share the wealth of the country and the mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole”. The Charter goes further by championing agrarian reform: “The land shall be shared amongst those who work it” (Congress Alliance 1955). The Freedom Charter is seen as a revolutionary document precisely because the changes it envisaged could not be won without destroying the economic and political set-up of the then-apartheid South Africa (Bunting 1998:221).

Thus, the NDR’s prerequisites for political and socio-economic transformation can be summed up in the following manner:

- The dismantling of the existing state and government institutions which maintain and consolidate colonialism and the creation of a National Democratic Republic which will promote peace and equality.
- The liberation struggle and transition must be anti-capitalist because national oppression and capital oppression are inseparably interlinked in South Africa.
- The dismantling of the colonial economic system, which was skewed in favour of the colonisers. This must be done through:
 - ❖ The nationalisation of foreign companies, banks, mines, and monopoly industries;
 - ❖ Strict state-controlled enterprises;
 - ❖ The introduction of state economic planning;
 - ❖ The creation of black capitalists (patriotic bourgeoisies), with the help of the state, which will be responsible for the development of the country during transition; and
 - ❖ The expropriation of the land and distribution among those who work it.

The NDR’s economic prescriptions are important to ensure authentic independence and perfect transition, as the South African economy is not neutral. It has been created and geared to the requirements of the settlers’ riches and native poverty (Mokonyane

2011:75). In addition, the economy cannot be amended. It must be totally changed in the direction of the needs of the people of South Africa (Mokonyane 2011:75). The ANC in the *Strategy and Tactics* document of Morogoro 1969 committed to the NDR, which would bring about a correction of the “historical injustices perpetrated against the indigenous majority” through the destruction of existing economic and social relationships (Jeffery 2010:5). The *Strategy and Tactics* document (ANC 1969) further acknowledged:

In our country more than in any other part of the oppressed world, it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. To allow the existing economic force to retain the interests intact, is to feed the root of racial supremacy and it does not represent even the shadow of liberation. Our drive towards national emancipation is therefore in a very real way bound up with economic emancipation.

The ANC (1969) emphasised that the destruction of the colonial economic system would give rise to a new society based on the core provisions of the Freedom Charter. Such a society will serve the people regardless of race, gender, ethnicity and colour, and redistribute the resources in the interests of the majority. The economic transformation will result in industrial development as the country moves away from the colonial economic system (SACP 1962). Nationalisation will break the grip of capital’s monopolies on the economy and this will ensure that black capitalists emerge during the transition; the agrarian transformation will restore the land to the people, the rightful owners of the land and the minerals beneath the soil (*ibid.*).

The NDR’s objectives were and are still concerned with the resolution of the manifestation of the CST. The Tripartite Alliance is founded on a common commitment to the objectives of the NDR and the need to unite a large section of South Africans behind the NDR’s objectives (ANC 2015). These objectives during the struggle years

translated into the ANC's economic policy, but this changed in 1989. The following section will discuss this paradigm shift in the ANC's economic policy in detail.

4.4 THE PARADIGM SHIFT OF THE ANC IN POST-APARTHEID SOUTH AFRICA

As noted in Chapter two, the ANC's economic policy remained the same from 1955 until 1989 as the ANC prepared to govern. The first sign of a shift was seen in the ANC documents called *The Constitutional Guidelines of a Democratic South Africa* in 1989. The document affirms the Freedom Charter's importance as a vision for a future democratic South Africa and states that its vision should be converted into constitutional reality. With regard to the economy, the document (ANC 1989) sets out the following objectives:

... the entire economy must serve the interests and well-being of all sections of the population; the state shall have the rights to define and limit the rights and obligations attaching to the ownership and use of productive capacity; ... the economy shall be a mixed one ... property for personal use and consumption shall be constitutionally protected.

With regard to issues such as nationalisation, the document is vague. "The private sector", it states, "shall be obliged to co-operate with the state in realising the objectives of the Freedom Charter in promoting social well-being", while in regard to land it talks about devising land reform (Turok 2008a:31). This indicated fundamental policy incoherence within the ANC, and for the coming years the ANC adopted neo-liberal thinking.

From 1990 onwards, there were substantial economic changes in the ANC (Van Aardt 1994:77). The ANC released detailed economic policy proposals during the transition period, such as the Discussion Document on Economic Policy (1990), which was based on a philosophy of growth through redistribution; the Draft Resolution on ANC Economic Policy (1991); and Ready to Govern: ANC Policy Guidelines for a Democratic South Africa (1992). Some of these documents reaffirmed the Freedom Charter and endorsed the mixed economy, but did not make it clear whether the mixed economy would be

oriented towards capitalism or socialism. Given the macro-economic policies passed since 1994, (see Chapter 5) it is clear that it implied a mixed economy oriented towards capitalism.

In these documents, the ANC emphasised economic growth. The ANC's 1990 discussion document emphasised the need for strong and sustained economic growth in a post-apartheid economy (Howe & Roux 1992:249). This, it argued, would be necessary to raise real incomes, create jobs, and overcome the poverty and deprivation which apartheid inflicted on the majority of the people (*ibid.*). This created a platform for the ANC to move away from its stance of "growth through redistribution" to "redistribution through growth". This led to the adoption of the GEAR strategy in 1996 with the belief that economic growth benefits would trickle down to the impoverished.

In the 1992 policy documents, a central goal of the ANC's economic policy was seen as democratising the economy and empowering the historically oppressed (Howe & Roux 1992:251). This democratising and de-racialisation has become central to the ANC's economic policy ever since. This has resulted in co-option of a few black faces by monopoly capital instead of its abolishment, as envisaged by the Freedom Charter.

The paradigm shift was made clear when the ANC leadership, through the Transitional Executive Council (TEC), alongside Derek Keys, signed the General Agreement on Trade and Tariffs (GATT) just before the 1994 general elections. The ANC also signed a letter of intent with the IMF committing itself as the future government to a programme of fiscal austerity in return for a US\$850 million loan to South Africa (Gevisser 2009:250; Shivambu 2014:4). The ANC also committed itself to the willing buyer, willing seller land reform. But there was a fundamental incoherence with the ANC policy; at the same time that this was happening, the movement unveiled the RDP and in effect, its election manifesto (Gevisser 2009:250). This was a confirmation that, upon transition, a *coup d'état* in the area of economic policy had been declared in South Africa (Shivambu 2014:4).

The *coup d'état* was formalised by Nelson Mandela in 1994 when he was the President of the ANC and he distanced the organisation from any Marxist rhetoric. In an interview with *Sunday Times* in 1994, Mandela stated that the ANC's economic policies contained not a single reference to nationalisation or anything that would connect the ANC to any Marxist ideology (Legassick 2007:450; Gumede 2005:65-68; Gevisser 2009:249). This was contrary to what Mandela said when he was released from prison in 1990. Then he stated: "The nationalisation of mines, banks, and monopoly industries is the policy of the ANC and change or modification of our views in this regard is inconceivable" (Mandela 1990).

The period 1990 to 1994 witnessed an evolution of the ANC's economic policy statements from an initial support for "growth through redistribution" to more orthodox sounding positions that eschewed nationalisation and committed the government to not embark on any inflationary and debt-driven expansion of demand (Nattrass 1994:351). This policy shift from what appeared to be a form of socialism to more market-friendly strategies has been attributed by some analysts to the power of big business and international financial institutions to impose their ideology on the future government (Marais 2001; Terreblanche 2002). The ANC moved away from the dismantling of the colonial economic system, and after 1994 continued with the neo-liberal economic policies of the previous government (Jones 2002:20).

The ANC documents and the *Strategy and Tactics* document of 1994 continued talking about the de-racialisation and democratisation of the economy as key in a democratic state (ANC 1996). This led to the adoption of Black Economic Empowerment and this was done in pursuit of the objective of the de-racialisation of society. Given the definition of economic transformation and the NDR economic principles mentioned above, democratisation and de-racialisation of the economic system are contrary to what the NDR and the Freedom Charter envisaged. This is the continuation of racial capitalism with a sprinkling of black faces.

The explanatory paragraphs above indicate inconsistency and incoherence in the ANC's economic policy. The ANC's economic policy changed as the party entered

government and this led to the adoption of neo-liberal economic policies after 1994, which are contrary to the NDR and the Freedom Charter. Yet, the ANC still states that it is committed to the NDR and the Freedom Charter. In 2012, in the fourth National Policy Conference document, the ANC stated that its economic vision rests on the Freedom Charter's "clarion call that the people shall share in South Africa's wealth". Post-apartheid South Africa saw a change in the strategy and tactics of the ANC in the de-racialisation of the apartheid state, the re-orientation of the apartheid state machinery, the de-racialisation of the motive forces⁵⁰, and the movement towards the de-racialisation and democratisation of the economy. Furthermore, Filatova (2012:535) states that the revolution began to include non-blacks. "The liberation of Africans in particular and blacks in general from political and socio-economic bondage" remained its main goal, but the *Strategy and Tactics* document for the first time mentioned the upliftment of the quality of life of all South Africans – although it did emphasise the poor, the majority of whom are Africans and female (Filatova 2012:535).

4.5 CONCLUSION

To achieve authentic independence from colonial powers, the economic struggle has to complement a political struggle. The former colonies have to abolish the colonial economic system and create a new system which will serve the majority. In South Africa, racism and capitalist systems are intertwined and this has resulted in inequality, unemployment, and poverty defined on racial basis. Thus, the dismantling of the colonial economic system, which ensures white riches and black poverty, must be a priority.

The NDR prescribes the abolishment of the existing state and government institutions that maintain and consolidate colonialism, and replacing these with a people's democracy that fosters equality, stability, and peace. The NDR also prescribes the

⁵⁰ The motive forces are groups of people mobilized by the Tripartite Alliance to drive for change. They include the working class, the unemployed, the rural masses, women, the middle class, black business/capitalists, the youth, students, the education sector, the civic movements, the religious sector, social forces and institutions operating in the realm of ideology and ideas, and NGOs (ANC 2012d).

dismantling of the CST economic system by creating a new system through nationalisation, state economic planning, the creation of state-controlled enterprises, and redistribution of the land to those who work it. This will result in the transformation of production, redistribution and consumption, expressed as follows in the Freedom Charter: "The people shall share in the country's wealth and the land shall be shared among those who work it". It will also give rise to a new society based on the core provisions of the Freedom Charter. The objectives of the NDR were and still are concerned with the resolution of the manifestation of the CST; this has not changed. The Tripartite Alliance is founded on a common commitment to the objectives of the NDR and the need to unite a large section of South Africans behind the NDR's objectives. But there has been a paradigm shift in the ANC's economic policy since 1989.

The ANC document of 1989, *The Constitutional Guidelines for a Democratic South Africa*, opened with the affirmation of the Freedom Charter's importance as a vision of the future of South Africa and that it must be converted to constitutional reality. The document set out that the economic system of South Africa would be a mixed economy with private property protected by the Constitution. It was vague on the issue of nationalisation and land reform; this illustrated a fundamental incoherence within the economic policy of the ANC. From 1990 to 1994, the ANC's economic policy changed substantially towards a neo-liberal economic policy and this was cemented by the GATT between the TEC and the IMF.

The move towards neo-liberal economic policies can be identified with the signing of the GATT by the ANC through the TEC before the 1994 general elections. The ANC also signed a letter of intent with the IMF, committing itself as the future government to a programme of fiscal austerity in return for an US\$850 million loan for South Africa. With this, the ANC continued with the neo-liberal economic policies of the previous government after the 1994 elections. The ANC moved to the de-racialisation of the economic system in South Africa, instead of the abolishment of the racial component. However, this is contrary to economic transformation given the definitions of economic transformation which should entail fundamental metamorphosis in the country's

production, distribution and consumption. Replacing white faces with black faces (de-racialisation) is not economic transformation, but a reform.

The ANC still states that the Freedom Charter and the NDR is its lodestar. Recently, during the ANC's 103 year celebrations in Cape Town, it called 2015 "the year of the Freedom Charter" and stated that it was reclaiming the Freedom Charter from other fake custodians. However, the ANC government still implements policies which are contrary to the Freedom Charter. The post-apartheid ANC government's economic policies will be discussed in detail in the next chapter.

CHAPTER 5: THE ECONOMIC TRANSFORMATION OF SOUTH AFRICA BETWEEN 1994 AND 2013, AND POSSIBLE INFLUENCES OF THE NDR

5.1 INTRODUCTION

According to Terreblanche (2002), “When, in 1994, a democratically elected government came to power, it inherited a contradictory legacy: the most developed economy in Africa on the one hand, and major socio-economic problems on the other”. While the shift that took place in 1994 represented a shift in political power, the struggle for social and economic transformation was still unresolved (Luiz 2007). The ANC government was faced with a developmental task because the country’s social and economic history had entrenched inequality, unemployment, poverty and lack of competitive capacity, and the volatility of the 1980s had ravaged the economy (*ibid.*).

The ANC government had identified economic transformation in South Africa as a fundamental component of transformation to achieve a non-racial, non-sexist, egalitarian, united and democratic South Africa (ANC 1994). The ANC resolved to achieve this with the affirmation of a mixed economy as documented in the *Ready to Govern* 1992 document. The document stated that the central goal of the ANC’s economic policy was to create a strong, dynamic and balanced economy that would be directed towards the following: eliminating the poverty and extreme inequalities generated by the apartheid system and democratising the economy; initiating growth and development to improve the quality of life for all South Africans, but especially the poor; and empowering the historically oppressed (ANC 1992). The ANC (1994) also affirmed the RDP as a macro-economic policy, which would address the state of the economy at that time.

This chapter will analyse economic transformation from 1994 until 2013. This will be done by providing a chronological perspective on the government’s economic policies since 1994. The goal of this chapter is to analyse the government’s economic policies from 1994 until 2013 and identify the possible influence of the NDR. This will be done through the description and explanation of the following macro-economic policies: the

Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution strategy (GEAR), the Accelerated and Shared Growth Initiative - South Africa (ASGISA), the New Growth Path (NGP), and the National Development Plan (NDP); as well as the following legislation: the Black Economic Empowerment Act/Broad-Based Black Economic Empowerment Act, Act 53 of 2003 (BEE/B-BBEE), the Mineral and Petroleum Resources Development Act, Act 29 of 2008 (MPRDA), and the Employment Equity Act, Act 55 of 1998, which entails Affirmative Action.

The next section focuses on post-apartheid economic policies, beginning with a brief political and international context of the transition which influenced post-apartheid economic policies.

5.2 POST-APARTHEID ECONOMIC POLICIES

South Africa's political transition in 1994 coincided with the height of the Washington Consensus⁵¹ (Luiz 2007). The Structural Adjustment Programme (SAP)⁵² required opening currency exchange and freeing trade, export-led growth, reducing government expenditure, and privatisation (*ibid.*). South Africa's democratisation led to the integration of the country into the world economy, which gained momentum after the elections in 1994 (Jones 2002:32). This followed the South African crisis that started in the late 1970s, and which was characterised by a weak currency, unemployment, instability, and inequality.

Politically, the world was changing. The fall of the Berlin Wall⁵³ in 1989, which led to the fall of the USSR in 1991 in East Europe, was a major shift in geo-politics. The fall of the

⁵¹ The Washington Consensus is the name given to the values regarding economic and political policy making that are common to the IMF, the World Bank and other major international financial institutions. These bodies emphasise that governments in the developing world should liberalise their economies and reduce the role that the state plays in the market (Cornelissen *et al.* 2006:412).

⁵² Structural Adjustment Programmes (SAPs) are a package of economic reforms recommended or required by the World Bank and the IMF as a condition for economic and financial assistance to many poorer countries. The key policies include currency devaluation, removal of subsidies on goods and services, privatisation and trade liberalisation – in short, opening the economy to market forces (Cornelissen *et al.* 2006:410).

⁵³ The Berlin Wall was a barrier that separated Eastern and Western Germany from 1961 to 1989. It was constructed by the German Democratic Republic.

USSR led to the statement, the “end of history”, and the triumph of liberal democracy by Francis Fukuyama (1989). Furthermore, African countries, such as Zambia, Mozambique and Tanzania, which had adopted nationalisation and other socialist programmes, were in economic crisis. The neo-liberal aspects dominated capitalists’ rule worldwide. The ANC signed a GATT and a letter of intent with the IMF, committing itself to neo-liberal policies in the post-apartheid era. The previous government had come late to a market-based policy of deregulation and non-intervention. From the early 1980s onwards, it had sought to enhance the role of the private sector in policy making and the ANC, once in power, elaborated on this economic liberalisation, adopting macro-economic policies that rapidly led to the containment of fiscal deficit (easing fears of a populist stance), single-digit inflation, and lower interest rates (Jones 2002:20). Macro-economic policy was welcomed by the private sector, both locally and abroad, as well as by international institutions such as the IMF and the World Bank, but not by unions (*ibid.*).

5.2.1 Macro-economic policies

It is imperative to understand the term “macro-economic policy” in order to understand the policy trajectory pursued by the post-apartheid government. Macro-economics is the study of economics which is concerned with group behaviour, where the entire nation is the group (Human *et al.* 2003:8; Kennedy 1984:3). It seeks to answer questions about the general levels of activity, employment, prices, production, income, expenditure, inflation, unemployment, and volume of money in circulation in any economic system (Human *et al.* 2003:8). Therefore, macro-economic policy refers to a plan or a course of action which focuses on the economy as a whole, specifically aimed at managing employment and production levels, determining levels of income and expenditure, limiting inflation, and ensuring economic growth (Cornelissen *et al.* 2006:402). The ANC government adopted these macro-economic policies to stabilise and grow the economy, which was under siege since the late 1970s, and address unemployment which contributed to poverty and inequality.

5.2.1.1 Reconstruction and Development Programme (RDP)

The RDP base document, a product of the ANC-led alliance, was a radical document that required realisation of the Freedom Charter. The document was revised many times in order to accommodate the business sector. The RDP White Paper was adopted by the Government of National Unity (GNU) in 1994. The White Paper indicated a firmer commitment to fiscal and monetary discipline, omitted any reference to nationalisation, and raised the possibility of funding the RDP by privatising under-used state assets (Jeffery 2010:240). The White Paper described the RDP as an integrated, coherent socio-economic framework and identified the central priority of the RDP as the creation of employment through economic growth (RSA 1994b). Other goals included the alleviation of poverty and extreme inequality, increasing manufactured exports, and addressing uneven development in different regions of the country (*ibid.*). The White Paper committed the government to:

- Achieving high and sustainable economic growth;
- Reducing the budget deficit;
- Reducing government expenditure;
- Increasing its capital expenditure;
- Making the civil service more efficient and cost-effective; and
- Financing the RDP through savings in existing government expenditure (RSA 1994b).

The objectives of the RDP were wholly compatible with privatisation, liberalisation, and convertibility (Marais 2001:237). The document stated that the monetary policy would recognise the independence of the South African Reserve Bank (SARB), while the industrial policy would focus on restructuring existing industry and correctly identifying significant new areas (such as minerals beneficiation) for industrial development

(Jeffery 2010:240). Trade policies would be liberalised in line with the country's obligations under the Marrakesh Agreement⁵⁴ to stimulate manufactured exports (*ibid.*).

The RDP was successful in some areas, such as social security, in which government established an extensive welfare system. A free health care system was also implemented for pregnant women and children, and free meals were provided for between 3.5 million and five million school children (Cling 2001:67). Five hundred new clinics were built, ensuring that five million additional people had medical service close to where they lived. Furthermore, more than two million additional homes were connected to the electricity network; henceforth 63 percent of the population had electricity at home (*ibid.*). From the outset, however, the implementation of the RDP was not smooth sailing (Luiz 2007; Cameron 1996).

The programme had shortcomings, namely, the lack of policy coordination and implementation skills within the ANC's own ranks, and the fact that the loyalty of the incumbent civil servants was in question. The lack of resources was another factor (Luiz 2007; Wallis 1995). The RDP fund of R2.5-billion or two percent of the budget was not enough to alleviate the backlog in the provision of equal infrastructure and services to the underprivileged. The inability of the ANC government to prioritise the RDP and to integrate it as the guide to its socio-economic policies was also a factor (SAHO 2015f).

On June 14, 1996, in the wake of severe currency depreciation and volatility, the Minister of Finance, Trevor Manuel, tabled the GEAR strategy in parliament, announcing that the parameters of the policy "were not negotiable at this stage" (Abedian & Ajam 2009:82). The government asserted that the GEAR strategy was premised on the RDP.

⁵⁴ The Marrakesh Agreement emanated from the Marrakesh Declaration, establishing the World Trade Organisation. The agreement was signed in Marrakesh, Morocco on April 15, 1994, marking the final stage of the 12-year long Uruguay round.

5.2.1.2 Growth, Employment and Redistribution strategy (GEAR)

GEAR was introduced as a strategy for the rebuilding and reshaping of the economy “in keeping with the goals set in the RDP” (Jeffery, 2010:245). The document emphasised that:

Accelerated economic growth associated with stronger employment creation is the key to continued progress towards an equitable distribution of income and improved standards of living for all. Employment creation provides a powerful vehicle for redistribution, supported by government housing, water supplying and sanitation, health, education, welfare, and social security services (Department of Finance 1996).

GEAR⁵⁵ noted that the then three percent growth trajectory would neither accomplish sufficient job creation to eradicate unemployment, nor allow for the expansion in social service delivery and the equitable distribution of income and wealth. Thus, the strategy targeted a growth rate of six percent per annum and the creation of 400 000 jobs per annum by 2000 (*ibid.*).

The strategy set out the following goals:

- A faster reduction in the fiscal deficit, bringing this down to three percent by 2000;
- A conservative monetary policy to counter inflation;
- The gradual relaxation of exchange controls;
- More tariff reductions;
- Tax incentives to stimulate new investment;
- Public wage restraint;
- Privatisation;
- Improvements in labour productivity;

⁵⁵ GEAR strategy was drawn up by mainstream economists, based on a SARB model similar to that used for apartheid government’s Normative Economic Model (NEM) (Marias, 2001:163).

- Regulated flexibility in the labour market; and
- A focus on the development of small, medium, and micro enterprises (SMMEs) (Department of Finance 1996; Jeffery 2010:245; Makino 2013:4).

GEAR set a more stringent fiscal deficit target of three percent by 1999, down from the 4.5 percent set in 1994. The strategy further stated that this saving, combined with increased government investment, would eliminate government dissaving (Department of Finance 1996). The monetary policy addressed inflation and financial stability, and further relaxation of exchange controls. The trade and industry policy focused on employment, creating international competitiveness. Emphasis was also placed on enhancing competitiveness and employment in the manufacturing and tourism industries; industrial support measures included innovation, productivity and small business support programmes, tax exemptions and tax holidays, and improving competitiveness by strengthening competition legislation (Luiz 2007). With regard to labour, it was stated that trade liberalisation had to be accompanied by greater flexibility in the labour market or it would lead to increased unemployment (Jeffery 2010:245).

The implementation of GEAR proceeded rapidly and it was praised by the local and international business world. By 2001, GEAR was measured against its targets.

GEAR's economic impact was however mixed. It did ensure that South Africa strengthened its financial situation, lowered its interest rate, and brought inflation under control (Habib 2013:81). Furthermore, the budget deficit was 2.2 percent of GDP, import tariffs were below the anticipated 7.6 percent of the value of imports, and investment by State Owned Companies (SOCs) grew by 13.6 percent (Luiz 2007).

In other areas, GEAR failed dismally. The fiscal gains came at a devastating social cost. Levels of inequality and poverty increased dramatically in the years immediately after the adoption of GEAR (Habib 2013:81). GEAR promised a growth rate of six percent but the growth rate never exceeded five percent and it was accompanied by an increase in unemployment that was well above 30 percent (Gevisser 2009:252). Formal non-agricultural employment declined by an estimated 3.3 percent in 2000 and Foreign

Direct Investment (FDI) in 2000 amounted to less than one percent of the GDP. With the decline in employment and brutal austerities, the effect was the perpetuation of inequality. Inequality as measured by the Gini coefficient increased from 0.672 in 1993 to 0.685 in 1999 (Habib 2013:81). Therefore, GEAR was seen as a home grown Structural Adjustment Programme (SAPs). The benefits of economic growth never trickled down, as promised by GEAR, and it was replaced by ASGISA in 2006.

5.2.1.3 Accelerated and Shared Growth Initiative – South Africa (ASGISA)

The government introduced ASGISA as the new developmental⁵⁶ strategy to strengthen the economy. It was announced by Deputy President Phumzile Mlambo-Ngcuka in August 2005 and was put into operation the following year. The core objective of this programme, as set out in 2005, was to halve poverty and unemployment by 2014, in line with the Millennium Development Goals (MDGs)⁵⁷ (Presidency 2004). Furthermore, it aimed to improve the country's economic performance and job creation capacity. To ensure it achieved its objectives, the government would seek to promote an annual average growth rate of at least 4.5 percent from 2005 to 2009, rising to at least six percent from 2010 to 2014. The trickledown effect was also emphasised. The state also promised to raise public expenditure on fixed capital investment to R370-billion over three years and step up its interventions to reduce inequality and assist the marginalised poor. In particular, it would seek to bridge the gap between the first and second economies, with the aim of eliminating the second economy altogether (Jeffery 2010:255).

The Presidency (2004) emphasised that under ASGISA the government would overcome “binding constraints” upon faster growth. These were a volatile and often over-valued rand; infrastructure and investment backlogs; a shortage of suitably skilled labour; a lack of competition in various sectors; a heavy regulatory burden on small

⁵⁶ Developmental state refers to the state intervention directed at the development of productive forces, through efforts to expand industrial development and modernisation amongst other things (Chang 2007).

⁵⁷ The Millennium Development Goals (MDGs) are a pledge to uphold the principles of humanity, equality and equity, and free the world from extreme poverty. The MDGs include eight goals and a set of measurable time bound targets by members of the United Nations (UN 2014).

business; increases in the cost of transport and services provision; and deficiencies in state capacity and leadership.

The government set six objectives for ASGISA in order to counter the constraints mentioned above:

- Infrastructure programmes to improve infrastructure;
- Sector investment (or industrial) strategies;
- Skills and education initiatives;
- Second economy interventions;
- Macro-economic issues; and
- Public administration issues (The Presidency 2004).

Given the short life span of ASGISA, it is difficult to measure its success or lack thereof. The initiative achieved some success: the infrastructure programme included public sector spending which indicated an increase from 4.6 percent of the GDP in 2006/07 to 9.6 percent in 2009/10 (Mbola 2009). Unemployment and poverty, however, were left unchanged or worsened since the adoption of ASGISA by the South African government. Following the end of Mbeki's presidency, ASGISA was replaced by the NGP in 2010.

5.2.1.4 The New Growth Path (NGP)

The New Growth Path (NGP) was announced by President Zuma in the State of the Nation Address (SONA) in 2010. The NGP stated that the core challenges facing South Africa were mass joblessness, poverty, and inequality (Department of Economic Development 2011). Its objective was to address such challenges through accelerating economic growth in South Africa, and to do so in ways which would rapidly address poverty, unemployment and inequality (SAHO 2015f). It also aspired to grow employment by five million by 2020 and reduce unemployment by ten percent – largely through a public infrastructure programme (Gumede 2013). The NGP also set its target as the reduction of South Africa's economic inequalities (Habib 2013:98). To achieve

this, a set of policies with two distinct goals were recommended: enhancing the livelihood of those at the bottom of the economic ladder, and temporarily and voluntarily constraining the income of the upper middle classes and elite (*ibid.*).

The NGP proposed the following strategic principles to address the identified challenges:

- To deepen democratic and regional markets by growing employment, increasing incomes and undertaking other measures to improve equity and income distribution; and
- To widen the market for South African goods and services through a strong focus on exports to the region and other rapidly growing economies (Department of Economic Development 2011).

Similar to its predecessor, the NGP placed an emphasis on infrastructure development as a source of employment and economic growth. The NGP identified various areas where employment could be created. Job drivers were identified as the infrastructure and services industry; creating a green economy; public services; and rural development (Department of Economic Development 2011). Given the small time span of the NGP and the fact that it takes time to implement policy, it is hard to assess its effectiveness or lack thereof (Gumede 2013). The NDP was introduced in 2012 and built upon the NGP.

5.2.1.5 The National Development Plan (NDP)

The NDP is a new macro-economic policy from the ANC government that emphasises economic growth as a way to deal with unemployment, inequality, poverty, and redistribution. This plan is a long-term vision of the government which will last until 2030. The plan has set the target of creating 11 million jobs by 2030, eliminating income poverty, and reducing inequality – the Gini coefficient should fall from 0.69 to 0.6 by 2030. Furthermore, the Plan seeks a corruption-free society, a high adherence to ethical conduct throughout society, and a government that is accountable to its people. The document acknowledges the progress made since 1994 such as economic stability, and

increased access to health and education, social security, and water, housing and electricity (National Planning Commission 2013). Apart from the above achievements, negative trends prevail. Poverty is still endemic in South Africa, a large number of South Africans are without jobs, and inequality is rife.

To address the socio-economic imbalances, the National Planning Commission (2013) identified nine main challenges in South Africa:

- Unemployment is epidemic in South Africa;
- The standard of education for most black learners is of poor quality;
- Infrastructure is poorly located, under-maintained and insufficient to foster higher growth;
- Spatial patterns exclude the poor from the fruits of development;
- The economy is overly and unsustainably resource intensive;
- A widespread disease burden is compounded by a failing public health system;
- Public services are uneven and often of poor quality;
- Corruption is widespread; and
- South Africa remains a racially divided society (National Planning Commission 2013).

In response to these constraints, the National Planning Commission (2013) proposed the following:

- Creating jobs and livelihoods;
- Expanding infrastructure;
- Transition to a low carbon energy;
- Transforming urban and rural spaces;
- Improving education and training;
- Providing quality health care;
- Building a capable state;
- Fighting corruption and enhancing accountability; and

- Transforming society and uniting the nation (National Planning Commission 2013).

The NDP has received both criticism and praise from many different political and economic role players. The Democratic Alliance (DA) and other liberal organisations are pushing the government to implement the NDP as soon as possible, while NUMSA and some within the Tripartite Alliance say that it is a betrayal of the NDR. The NDP is still new and its results will only become visible as time goes by. Many within the Tripartite Alliance and the MDM structures have voiced their dissatisfaction with the NDP, the most vocal being NUMSA.

NUMSA rejects the NDP as not being rooted in the historic mission of the liberation struggle in South Africa and for being anti-Freedom Charter, anti-working class interests, and ultimately not in the best interest of the vast majority of South Africans (Jim 2013). The NDP leaves intact the existing patterns of ownership and control of the economy. It calls for a minimalist role by the state and for labour market de-regulation. In addition, land reform is rooted in the willing buyer, willing seller model and the macro-economic policy remains neo-liberal. The infrastructure plan reinforces dependence on raw material exports and the NDP has no plan to support industrialisation and no plan for manufacturing (Jim 2013).

The next section will focus on direct redress legislation adopted by the ANC government since 1994.

5.2.2 Redress legislation adopted since 1994

Colonialism and apartheid systematically and purposefully restricted the majority of South Africans from meaningful participation in the economy. The economy was created and geared to foster settlers' riches and natives' poverty. Thus, government intervention is necessary to address the systematic exclusion of the majority of South Africans from full participation in the economy. The redress legislation mentioned below is part of government's economic transformation. The ANC, through its de-racialisation and democratisation policy, has adopted policies such as BEE, Affirmative Action, Land

Reform, and the MPRDA. The policies sought to improve the distribution of income and assets, which would be essential to the country's poverty reduction strategy (Ames *et al.* 2001).

5.2.2.1 Employment Equity Act and Affirmative Action

The Employment Equity Act, Act 55 of 1998, is a piece of redress legislation of the democratic government. Employment equity ensures that employers must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy and practice (Department of Labour 1998). The Employment Equity Act also encourages affirmative action in South Africa and obliges employers to implement affirmative action measures to ensure equal representation of designated groups (blacks, women, and people with disabilities) (Department of Labour 1998). The Employment Equity Act provides the legal framework for affirmative action.

Affirmative action is defined as corrective measures which must be taken so that those who have been historically disadvantaged by unfair discrimination are able to derive full benefit from an equitable employment environment and also to ensure the representation of all races, genders and people with disabilities in the public service (Edigheji 2007; Department of Labour 1998). Affirmative action also ensures that suitably qualified people from disadvantaged groups are well represented in all occupational categories.

The purpose of this Act is to achieve equity in the workplace by:

- Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce (Department of Labour 1998).

The Employment Equity Act, Act 55 of 1998 is, furthermore, legislation which seeks to promote the constitutional right of equity and eliminate unfair discrimination in employment (Department of Labour 1998). This legislation has had some success in the de-racialisation of boardrooms and the transformation of the workplace (public and private sector). Affirmative action, however, only caters for qualified disadvantaged groups and neglects the large number of unqualified South Africans, who are the result of colonialism. Affirmative action, together with BEE, constitutes policies implemented by the government to integrate blacks into the economy and remedy past injustices.

5.2.2.2 Black Economic Empowerment/Broad-Based Black Economic Empowerment Act

The Black Economic Empowerment Act seeks to address the past injustices by ensuring an inclusive economic system. It was amended in 2003 with the Broad-Based Black Economic Empowerment Act, Act 53 of 2003, coming into being. This occurred after much criticism that BEE only benefits a small group of the politically-connected elite. The B-BBEE Act set out to ensure that previously disadvantaged groups (Africans, Coloureds, Indians, and Chinese) participate in the mainstream economy. It is also a pragmatic growth strategy that aims to realise the country's full economic potential (Department of Trade and Industry 2003). The BEE/B-BBEE Act includes measures such as procurement preference, employment preferences, and skills development, and covers areas such as management, ownership, and socio-economic development (*ibid.*).

The policy objectives of the BEE/B-BBEE Act are as follows:

- A substantial increase in the number of black people who have ownership and control of existing and new enterprises in the priority sectors of the economy that government had identified in its micro-economic reform strategy;
- A significant increase in the number of new black enterprises, black empowerment enterprises and black-engendered enterprises;

- A significant increases in the number of black people in the executive and senior management of enterprises;
- An increasing proportion of the ownership and management of economic activities vested in community and broad-based enterprises (such as trade unions, employees' trusts, and other collective enterprises) and co-operatives;
- Increased ownership of land and other productive assets, improved access to infrastructure, increased acquisition of skills, and increased participation in productive economic activities in under-developed areas, including the 13 nodal areas identified in the Urban Renewal Programme and Integrated Sustainable Rural Development Programme;
- Accelerated and shared economic growth; and
- Increased income levels of black persons and the reduction of income inequalities between and within race groups (Department of Trade and Industry 2003).

The BEE/B-BBEE Act is a necessary government intervention to address the systemic exclusion of the majority of South Africans from full participation in the economy (Department of Trade and Industry 2003). BEE/B-BBEE, on the other hand, only benefits the political elite, which perpetuates inequality and corruption in South Africa. BEE/B-BBEE has served two primary functions: it has provided a vehicle for elite enrichment and “the brisk engineering of a black bourgeoisie that rides side-saddle behind incumbent corporate” (Marais 2011:44). New alliances are being formed with the incumbent capitalist elite, both locally and globally, and this has created a powerful political lobby inside and around the ANC against radical change (Marais 2011:144).

The next section focuses on the MPRDA, which focuses on the extractive industries.

5.2.2.3 Mineral and Petroleum Resources Development Act

The Mineral and Petroleum Resources Development Act (MPRDA), Act 28 of 2002, is the Act that governs the acquisition, use, and disposal of mineral rights (Department of Mineral Resources 2013). The MPRDA provides for the regulation of associated

minerals, the partitioning of rights, and the enhancing of provisions relating to the beneficiation of minerals; promoting national energy security; streamlining administrative processes; enhanced sanctions on mining; improving the government regulatory system; and providing for “matters connected therewith” (*ibid.*).

The MPRDA states that the minerals beneath the soil and petroleum resources belong to the nation and that the state is the custodian thereof (Department of Minerals Resources 2013). The Act furthermore notes that mineral and petroleum resources are non-renewable and as such must benefit the citizens of South Africa. The state, as the custodian of mineral and petroleum resources, ensures that those that seek to exploit the resources must register for a licence. The state, through this Act, further ensures reforms to bring about equitable access to South Africa’s mineral and petroleum resources (Department of Minerals Resources 2013).

The following are the MPRDA’s objectives (Department of Minerals Resources 2013):

- To substantially and meaningfully expand opportunities for historically disadvantaged persons, including women and communities, to enter into and actively participate in the mineral and petroleum industries and to benefit from the exploitation of the nation’s mineral and petroleum resources;
- To promote economic growth and mineral and petroleum resources development in the Republic, particularly including the development of downstream beneficiation industries through the provision of feedback, and the development of input industries for mining and petroleum;
- To ensure that holders of mining and production rights contribute towards the socio-economic development of the areas in which they are operating, including labour sending areas;
- To eradicate all forms of discriminatory practices in the mineral and petroleum resources sector and to reassert the state’s obligation under the Constitution to take legislative and other measures to redress the results of the past racial discrimination; and

- To guarantee security of tenure in respect of prospecting and mining operations and to create an internationally competitive and efficient administrative and regulatory regime (Department of Minerals Resources 2013).

The MPRDA is built on the state custodianship for the benefit of all the people of South Africa, where the state leases the rights and receives royalty rents, as opposed to exclusive private ownership (Nel & Van der Zwan 2010:89). The Act makes it mandatory for the applicant to give effect to BEE/B-BBEE objectives (Gilfillan *et al.* 2012:3). In accordance with the MPRDA, the state's mineral and petroleum resources are the common heritage of the people of South Africa (Nel & Van der Zwan 2010:89). However, those that are benefitting from the Act are a few politically-connected elites. The state does not have a say on what happens to the minerals after being mined.

The next section will take a look at the possible influence of the NDR on macro-economic policies and redress legislation. It will also consider whether the ANC government has used the NDR as a basis for its economic policies or embraced neo-liberal economic policies.

5.3 POSSIBLE INFLUENCE OF THE NATIONAL DEMOCRATIC REVOLUTION

This chapter dealt with economic transformation in South Africa from 1994 until 2013 and considered whether the NDR had influenced the policies adopted since 1994. The above discussions of macro-economic policies and redress legislation indicate a lack of economic transformation, and that the ANC is pushing reformism, not transformation. It also illustrates that the ANC government has bound itself with neo-liberal economic policies, which has resulted in it not reaching any of its stated objectives. Inequality, poverty and unemployment are still prevalent in South Africa, despite economic growth after 1996. The ANC continued with economic liberalisation (the status quo), which was implemented by the apartheid government in the 1980s, and pursued co-option by monopoly capital instead of dismantling the colonial economic system. Further, the organisation legitimised co-option (entry-ism) through its policy of democratisation and de-racialisation of the economy, which led to the adoption of BEE, Affirmative Action,

and the MPRDA. Given the definition of economic transformation in Chapter four and the description of the aforementioned macro-economic policies and redress legislation, it is clear that the ANC's policies are far from transforming the economy, and that the ANC has deviated from the NDR and the Freedom Charter, despite its rhetoric. In addition, the discussion above indicates a gap between the ANC's ideology and the ANC's economic policy. The policies that the ANC have adopted are contrary to what the NDR and the Freedom Charter envisaged, which suggests that the ANC's economic policy is not influenced by the NDR, as it claims.

The ANC government faces popular discontent from the citizens of South Africa because of its failure to address the triple challenges. The government has resolved to expand social expenditure in the form of social grants. This social expenditure was increased and extended massively, thus including many more poor South Africans. The number of recipients of social grants increased from 2 687 196 in 1999 to 6 476 587 in early 2004, then to 12 386 396 by late 2007 (Habib 2013:88). This is an indication of the failure of the government to address the legacy of the CST, and instead an attempt to contain popular discontent.

The ANC intervened in the economy through ASGISA, the NGP, BEE/B-BBEE, and the MPRDA, and this could be viewed as a possible NDR influence. According to the ANC government, ASGISA was meant to increase state intervention in the economy in order to address inequality and the second economy, and it attempted to achieve economic development in a capitalist framework (Makino 2013:4). BEE's main aim is to ensure that previously disadvantaged groups participate in the mainstream economy and create black capitalists. However, this will not be achieved by co-option but through the dismantling of monopoly capital as envisaged by the NDR. This relationship or lack thereof will be discussed in detail in Chapter six.

5.4 CONCLUSION

The ANC came into power during political and economic changes in the world – the fall of the USSR and the growth of the Washington Consensus – and as the government it

was faced with enormous economic challenges and two possible options: to continue with the colonialist economic system and be co-opted, or to dismantle it altogether. From 1989 until 1994, the ANC's economic policy changed towards neo-liberal thinking and this was cemented when the TEC signed the GATT and letter of intent with the IMF in 1993. The ANC chained itself to neo-liberal conditions, which were dominant around the world at that stage.

The ANC pursued and continued with economic liberalisation once it was in power and first adopted the RDP White Paper, which committed the government to fiscal stability and reduction of the budget deficit, which were not on the RDP base document. Furthermore, the RDP committed the government to trade liberalisation and endorsed independence of the SARB and privatisation. The RDP was replaced by GEAR and the government stated that it was premised on the RDP. GEAR emphasised economic growth and the trickledown principle. It championed tariff reduction, privatisation, flexible labour markets, fiscal discipline and the relaxation of exchange controls, to mention a few, and all these were in line with neo-liberalism. ASGISA and the NGP championed some form of intervention, but they were short lived. The NDP was adopted by the ANC at the Mangaung Conference in 2012. It fosters minimal state intervention, and does not address the existing patterns of ownership and control of the economy and de-regulation of the labour market. It remains a neo-liberal macro-economic policy.

The redress legislation implemented by the ANC seeks to ensure that the previously disadvantaged groups participate in the mainstream economy. The ANC, through its democratisation and de-racialisation policy, has adopted legislation such as BEE/B-BBEE, the Employment Equity Act, and the MPRDA. These policies, which were adopted by the ANC since the advent of a democratic government in 1994, have failed to redistribute assets to the majority of the black community and resulted in the enrichment of a few BEE "deal makers" (Emkes 2012:200). The failure of the government to address the triple challenges has led to it speaking with a double tongue in order to contain popular discontent. The government has expanded the social welfare network through social grants which create a burden for taxpayers.

The ANC, as the ruling party, has chosen to continue with the colonial economic system. To legitimise this option, the ANC has resolved to push de-racialisation of the economy, which perpetuates inequality, poverty, unemployment, racism, and dispossession. De-racialisation championed by B-BBEE, Affirmative Action, and the MPRDA is not tantamount to economic transformation, as envisaged by the Freedom Charter and the NDR, but a reformist programme of the national bourgeoisie. The aforementioned macro-economic policies and redistributive legislation illustrate a move away from the NDR and the Freedom Charter by the ANC, even though in its policy documents, *Strategy and Tactics* documents and discussion documents, it states that the Freedom Charter and the NDR remain its lodestar.

The next chapter will focus on the influence of the NDR on public policy (economic policy) in South Africa between 1994 and 2013.

CHAPTER 6: CONCLUSION: THE INFLUENCE OF THE NDR ON PUBLIC POLICY (ECONOMIC POLICY) IN SOUTH AFRICA BETWEEN 1994 AND 2013

6.1 INTRODUCTION

The central problem statement addressed in this dissertation was whether the NDR as an ideology for redress can indeed be seen as a basis for economic policy in the period between 1994 and 2013, as the ANC states. The dissertation has interpreted and analysed the NDR as an ideology of the ANC using the methodology referred to in Chapter one. The role of the political party during the public policy formulation process was made clear, as was the party's ideological influence through party policy on the public policy of the government of the day.

The NDR ideology, which anchors the ANC ideologically and politically, according to the former President of the ANC, Thabo Mbeki, is defined as a dialectical resolution of the manifestation of the CST. The objective of the NDR is a fundamental restructuring of society to rid the country of all political and economic colonial systems and to create a National Democratic Republic, which is a transitional stage towards a socialist state. According to Hanekom (1987:11), public policy finds its roots in political party policy and is therefore inextricably linked to political ideology. Thus, the analysis of whether the NDR as an ideology for redress can indeed be seen as a basis for economic transformation policy in South Africa is imperative. In this respect, Chapter one provided background on the state of the nation and the country, which indicated high inequality, poverty, and unemployment in South Africa, and their roots in apartheid and the CST. Chapter two provided the genesis and the evolution of the NDR and this was illustrated using a timeline. Chapter three provided the theoretical perspectives on public policy formulation in South Africa with particular reference to economic policy. In Chapter four and Chapter five, the NDR's economic principles and economic transformation from 1994 until 2013 were provided. In Chapter 6, the influence or lack thereof of the NDR on public policy (economic policy) in South Africa between 1994 and 2013 will be explored.

Methodologically, this chapter utilises the deductive approach flowing from the previous chapters. It includes an introduction; an evaluation of the findings of the dissertation; key findings, which will involve analysis of the relationship or lack thereof between the NDR's economic principles and the economic policy of the post-apartheid government, illustrated in a table form; and a conclusion. The goal of this chapter is to evaluate the previous chapters, using the exploratory methodology referred to in Chapter one to gain new insight into a phenomenon, to explain concepts, constructs and paradigms, and to develop a hypothesis with regard to specific phenomenon (Bayat & Fox 2007:30; Duvenhage & Combrink 2006:65).

6.2 AN EVALUATION OF THE FINDINGS OF THE DISSERTATION

Chapter one presented the background to the research, which consisted of the South African socio-economic realities and their origin, followed by the problem statement of this dissertation, relevant definitions and research objectives. The chapter was concluded with the central theoretical statement, the research methodology, the chapters outline and the foreseeable contribution of the study.

In Chapter two, the NDR is defined as an ideology of the ANC and the Tripartite Alliance which seeks to address the manifestation of the CST. The first stage of the NDR is the attainment of the National Democratic Republic (the people's democracy), which is the transitional stage towards the second stage, which is the development of the socialist state. The NDR entails a class alliance between the proletariats and peasants in order to defeat the imperialists.

The NDR arose as a response to the imperialist epoch. In South Africa, its basis was the CST. Thus, the NDR is viewed as a remedy for the CST. It was recognised that national oppression and class oppression were intertwined, and to fight the oppression there was a need for a proletarian organisation in underdeveloped countries to support the national bourgeois movements in order to champion communist slogans. The NDR has been renewed many times in order to remain relevant in ever-changing circumstances. The objectives of the NDR were documented in the Freedom Charter

and the SACP's programme, *The Road to a South African Freedom* in 1962. The Freedom Charter was adopted by the Congress Alliance to break the economic and political set-up and establish the National Democratic Republic. The NDR and the Freedom Charter are still seen as lodestars for the Tripartite Alliance and the MDM structures. The objective remains important within the Tripartite Alliance and the only bone of contention is whether to achieve a National Democratic Society, as the ANC states, or socialism, as the SACP and COSATU desires.

Chapter two also explained the ANC's economic policy evolution from 1943 until the present. The ANC's economic policy remained the same from 1955 until 1989, when the ANC prepared to govern. The ANC's economic policy between 1989 and 1994 began moving towards neo-liberal orthodoxy. The party moved away from nationalisation and "growth through redistribution" to embrace "redistribution through growth" and the continuation of the economic liberalisation started by the apartheid government in the late 1980s. The ANC's economic policy fostered democratisation and de-racialisation of the economic system through policies such as BEE. This indicated the inconsistency and fundamental incoherence in the ANC's economic policy, as the ANC stated that its economic "vision rests on the Freedom Charter's clarion call that the people shall share in South Africa's wealth", while still championing neo-liberal economic policies.

In Chapter three, the focus was on theoretical perspectives about public policy formulation in South Africa, particularly economic policy. Public policy is defined as a government decision to address societal problems through action or inaction directed at the whole society or a societal group, and it is subjected to political process. Public policy also includes the allocation of values for the whole society, and as such it influences the extent of legitimacy that the government enjoys (Landsberg & Venter 2006:163).

The public policy formulation process in South Africa is explained through the Liberal Democracy theory, where the ANC, through its structures (the NEC, the NWC, subcommittees, and policy units or departments) is an essential driving force in the process. The ANC then uses its position as the ruling party and its majority in

parliament to ensure that it passes and implement its policies. It is also explained through the elite theory: the ANC's NEC members with their relation to business ensure that the ANC fosters business-friendly legislation, even if it is to the detriment of the black majority. Finally, the group theory states that various groups struggle to influence the ANC to pass legislation that favours them. The approach is an incremental model, with the ANC's agreements with monopoly capital and previous macro-economic policies limiting alternatives for public policy.

In Chapter four, the NDR's economic prescriptions, which have influenced the ANC economic policy since 1955, were explained. The NDR prescribed the dismantling of the existing state and government institutions and the creation of the National Democratic Republic, which would promote peace and stability. It also prescribed the dismantling of the colonial economic system which was skewed in favour of the colonisers. This could be done through the nationalisation of foreign companies, banks, mines, and monopoly industries; strict state control of enterprises; the introduction of state economic planning; and the creation of the patriotic bourgeoisie. This would result in authentic independence. If the national liberation movement failed to pursue the economic struggle, it would be tantamount to co-optation and the continuation of colonialism. These objectives influenced the ANC's economic policy until 1989, when a paradigm shift took place. The ANC's economic policy changed towards neo-liberal economic policies when the ANC, through a transitional government, signed an agreement with the IMF. The agreement with the IMF has ensured that the ANC is bound to a neo-liberal economy, and it also ensured the continuation of economic liberalisation by the ANC government, which is contrary to the NDR and the Freedom Charter.

Chapter five provided a chronology of government economic policies (macro-economic policies and redress legislation) from 1994 until 2013. From 1994, the ANC continued with the economic liberalisation started by the apartheid government in the 1980s. The ANC championed the RDP, which was redrafted many times to accommodate the business sector. The White Paper was different from the RDP base document. The RDP and GEAR fostered fiscal discipline, trade liberalisation, privatisation, and flexibility of the labour market, and emphasised economic growth as a tool to resolve

unemployment, poverty, and inequality. These macro-economic policies were in line with the Washington Consensus principles and emphasised the trickle-down effect. The NGP and ASGISA fostered some form of intervention but they were short-lived and the NDP continued with its neo-liberal conditions. Redress legislation only caters for a few politically connected individuals and is not really changing the property relations in South Africa. It is the co-option of black faces by monopoly capital, instead of its complete dismantling. This is contrary to the NDR and the Freedom Charter. The gap between the ANC's ideology and party economic policies was also illustrated. The ANC has continued to pass neo-liberal economic policies despite its claim that the Freedom Charter is its lodestar.

This chapter aims to use the information obtained from the literature to provide an understanding of the NDR's influence as a political ideology in public policy. The chapter focuses on the realised influence between the prescriptions of the NDR and public policy (economic policy) in South Africa. Key findings of the previous chapters will be identified and the study will be summarised and concluded.

6.3 KEY FINDINGS

According to Hanekom (1987:11), and as noted in Chapter three, public policy finds its roots in political party policy and is therefore inextricably linked to political ideology. The type and extent of public policies usually reflect the political ideology and political values that the government of the day adheres to and which it believes will contribute most to the country's general welfare. The ANC, through its structures (the NEC, the NWC, subcommittees, and policy units or departments), plays a major role in the public policy formulation process and uses its majority in parliament and its position as the ruling party to pass and implement its policies. Mboweni (1994) emphasised that parliament's role is to implement the ANC's policies, therefore government policy is ANC policy, which is more detailed and specific, but government policy does not reflect the ANC's ideology.

The post-apartheid government's macro-economic policies and redress legislation are not rooted in the NDR and the Freedom Charter. The ANC's economic policies, which translate to government policies, are rooted in neo-liberal conditions. This claim will be illustrated through a table, but for the purpose of this chapter the NDR's economic prescriptions (refer to Chapter four) and the post-apartheid government's economic policies (refer to Chapter five) are mentioned briefly to ensure clarity.

The NDR prescribes a fundamental restructuring of the political and economic set-up of the CST. This fundamental restructuring would lead to an authentically independent former colony and also create fertile ground for the development of socialism in South Africa. The NDR prescriptions, which are also documented in the Freedom Charter, are summed up thus:

- Dismantling of the existing state and government institutions which maintain and consolidate colonialism and create a National Democratic Republic which will promote peace, stability, and equality.
- The liberation struggle and transition must be anti-capitalist because national oppression and capital oppression are inseparably interlinked in South Africa.
- Dismantling of the colonial economic system which was skewed in favour of the colonisers. This can be done through:
 - ❖ Nationalisation of foreign companies, banks, mines and monopoly industries;
 - ❖ Strict state control of enterprises;
 - ❖ The introduction of state economic planning;
 - ❖ Creation of a "patriotic bourgeoisie" which will be responsible for the development of the country during transition; and
 - ❖ Nationalisation of the land and its redistribution among those who work it.

The NDR prescriptions were intended to break the political and economic reality of the colonial era and create a National Democratic Republic, which would be a transition stage towards a socialist state. The ANC's economic policy since 1955 embraced the aforementioned prescriptions but changed in 1989 when it was preparing to govern.

Thus, the post-apartheid government's policies do not reflect the NDR and the Freedom Charter, but rather neo-liberal economic conditions. Since 1994, the post-apartheid government has adopted the following policies:

- The macro-economic policies, such as the RDP and GEAR, were in alignment with the Washington Consensus. They committed government to economic liberalisation, fiscal discipline, privatisation, flexible labour markets, and trade liberalisation. GEAR was dubbed a home-grown SAP, which led to economic stability, at the expense of the South African poor. The NGP and ASGISA fostered some form of state intervention to curb inequality and integrate the second economy, but they were short lived. The NDP pushes for minimal state intervention and still endorses neo-liberal economic conditions. These macro-economic policies emphasises the trickledown effect in which economic growth is seen as a remedy for inequality, poverty and unemployment.
- The redress legislation, such as BEE/B-BBEE, the MPRDA, and the Employment Equity Act, which gives affirmative action a legal framework, seeks to address the systematic exclusion of black South Africans from the mainstream economy and ensure their participation in the mainstream economy. The legislation has failed to address property relations in South Africa and has only enriched a select few.

The table below breaks down how the aforementioned policies are rooted in neo-liberal economic principles.

Table 6.1: The roots of the ANC's post-apartheid government's economic policies

	NDR'S ECONOMIC PRINCIPLES	NEO-LIBERAL ECONOMIC PRINCIPLES
RDP		Economic growth, reducing the budget deficit, fiscal discipline, privatisation and trade liberalisation.
GEAR		Economic growth, fiscal discipline, privatisation, free trade, a flexible labour market, relaxation of exchange controls, and increase labour productivity.
ASGISA	State intervention to address inequality and the second economy.	Economic growth and trickledown effect.
NGP	State intervention to address inequality through curbing high executive salaries.	Economic growth and the trickledown effect.
NDP		Minimal state intervention, privatisation, a flexible labour market, and land reform: willing buyer, willing seller.
EMPLOYMENT EQUITY ACT / AA		Caters for the elite through de-racialisation of the boardrooms, but not for deep economic change, which is required.
BEE/B-BBEE	A patriotic bourgeoisie who will be responsible for development.	Continues with the property relations of apartheid and only enriches a few connected individuals.

MPRDA	The state as the custodian of the mineral and petroleum resources on behalf of the people.	The mines are still profit-orientated and the state does not determine the use of natural resources.
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The table above illustrates that the ANC’s economic policies, which eventually became government economic policies, were not rooted in the NDR and the Freedom Charter. This is despite the ANC stating that its economic vision rests on the Freedom Charter’s call that the people shall share in South Africa’s wealth. This indicates how the ANC is bound to neo-liberal orthodoxy, therefore making the ANC government neo-liberal in character. Government economic policies have left property relations unchanged and the ANC government has preserved major features of the apartheid economic system. Furthermore, instead of dismantling the existing state and government institutions which maintain and consolidate colonialism, the ANC found itself assimilated into it and lost in its attempt to democratise it (Marais, 2001:2).

According to Adelzadeh and Padayachee (1994:16), the RDP White Paper was:

... essentially a neo-liberal RDP strategy, [but] it may well generate some level of economic growth; should this happen, the existing white and Indian bourgeoisie will be consolidated and strengthened; the black bourgeoisie will grow rapidly, a black middle class and some members of the black urban working class will become incorporated into the magic circle of insiders but for the remaining 60-70 percent of the society this growth path will deliver little or nothing for many years to come.

The GEAR strategy was seen as a self-imposed SAP and punishment for the majority of poor South Africans who suffered under apartheid. The adoption of GEAR represented the ultimate triumph of capitalist interests over political management (Shivambu 2014:116). This was characterised perfectly by Simutanyi (2006), who wrote that:

... 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 a continuation of the 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 divestment.

Table 6.1 also illustrates some macro-economic policies and legislation that are partly rooted in the NDR and the Freedom Charter, but were distorted. The NGP and ASGISA championed state intervention but aimed to achieve economic development in a capitalist framework; it also put too much emphasis on the market to resolve unemployment, inequality and poverty through economic growth. The ANC states that the developmental state it seeks to create “should be constructed within, consistent with and integrated into the current neo-liberal global economy” (ANC 2007). Thus, it is within the context of making interventions in the second economy or second nation that the developmental state approach found expression in the ANC – not to drive economic development through development of productive forces. In the ANC, this notion of a developmental state was misconstrued because the ANC-led government had embraced the neo-liberal policies of trade liberalisation, no tariffs, loosening of exchange controls, and free reign in the markets when it officially embraced GEAR in 1996 (Shivambu 2013:10).

The patriotic bourgeoisie is cultivated through BEE, which fosters the co-option rather than the dismantling of the monopoly capital and the colonial economic system as envisaged by the NDR. BEE has created a parasitic bourgeoisie who formed a new alliance with incumbent capitalist elites, both locally and internationally, and this alliance has created a powerful political lobby inside and around the ANC against radical change (Marais 2011:144).

The aforementioned macro-economic policies adopted since 1994 by the post-apartheid government have emphasised the trickle-down effect. With this effect, economic growth trickles down to the downtrodden to address poverty, unemployment and inequality. But

according to Turok (2008b), the experience in developing countries shows that wealth does not trickle down. When growth comes from the developed sector of the economy, it benefits the rich and simply does not reach the poor. This explains why wealth did not trickle down during economic growth after 1996 in South Africa.

In adopting these policies, the ANC has been accused of serving domestic and international capital and the aspirations of the emerging black bourgeoisie - at the expense of the majority of South Africa's impoverished citizens. By 1996, the economic policy of the ANC government had acquired an overt class character (Marais 2001:124). With the aforementioned macro-economic policies and redistributive legislation, inequality, poverty and unemployment in South Africa are not simply inherited from apartheid, but being reproduced from apartheid by the post-apartheid leadership (Fine 2012).

6.4. CONCLUSION

Despite the ANC's claim that it is against neo-liberalism, that the Freedom Charter is its lodestar, and that its economic vision rests on the Freedom Charter's call that the people shall share in South Africa's wealth, the ANC has pursued macro-economic policies and legislation that are contrary to the NDR and the Freedom Charter, and embraced neo-liberalism. Thus, the NDR is not the basis for public policy formulation in South Africa. The ANC has resorted to co-option, which is made legitimate through de-racialisation and democratisation of the economy. This lack of transformation has led to frustration within the MDM structures and the Tripartite Alliance.

The pursuit of neo-liberal economic policies has led to the ANC being accused by some members of the MDM structures and the Tripartite Alliance of moving away from the NDR and the Freedom Charter. The ANCYL states (2011:2):

It is evident that the approach of the ANC government to strategic economic transformation issues somewhat suggests that the ANC has lost the liberation struggle for political, social, and economic emancipation for the black majority and the Africans in particular or there was a draw of some sort because of

negotiations. This is despite the ANC's Strategy and Tactics' acknowledgement that, overall, since 1994, the balance of forces has shifted in favour of the forces of change.

NUMSA is one member of the Tripartite Alliance that is critical of the policies of the ANC. NUMSA was aware that the ANC victory in 1994 was only a partial victory; the ANC won political power but did not win economic power. NUMSA expressed the hope that the ANC government, guided by the Freedom Charter, would move towards a society closer to its vision (NUMSA 2013). However, when the ANC adopted the NDP in 2012, refused to ban labour brokers⁵⁸, and sped up the privatisation of the roads through tolls, NUMSA saw these policies as examples of the ANC's reluctance to shift the economy in a more left wing direction (NUMSA 2013). Such compromises have also meant that the NDR shows no signs of giving way to socialism, as some of its proponents confidently predicted (Alexander 2002).

⁵⁸ Labour brokering is a form of outsourcing where companies hire labour brokers to provide them with casual labour. In 2007, the Polokwane Conference of the ANC resolved to ban labour brokering in South Africa but this has not been implemented yet.

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