



RHODES UNIVERSITY
Where leaders learn

Across Developmental State and Social Compacting: The Peculiar Case of South Africa

Ben Fine

Institute of Social and Economic Research

Working Paper Series: Social Policy and Labour

ISER Working Paper No. 2016/1

About the ISER Working Paper Series

The Institute of Social and Economic Research (ISER) working paper series seeks to promote the diffusion of research taking place within the Institute and by other scholars working on issues related to Social Policy and Labour. The series publishes manuscripts which reflect the Institute's ongoing activities but also privileges external research focussed on topics which are cross-cutting between social policy and labour and on the role of the state in addressing this interface.

The working paper series aims to showcase high quality research which has not yet been published in conventional outlets (i.e. academic journals), but may nonetheless be of interest and value to the scholarly community. The objective of our series is therefore to offer researchers the chance to place useful, high quality work on social policy and labour in the public domain and to receive feedback that can help develop the work for future publication in a journal or edited collection. All papers are subject to review by an editorial committee which aims to facilitate publication of approved papers on the ISER website within two months from the date of initial submission.

For enquiries related to the working paper series or to submit a manuscript for consideration, please use the contact information provided at www.ru.ac.za/iser/workingpaperseries.

Institute of Social and Economic Research

**Across Developmental State and Social
Compacting: The Peculiar Case of
South Africa**

Ben Fine

Working Paper No. 2016/1



RHODES UNIVERSITY
Where leaders learn

About the Author

Prof Ben Fine is a Professor of Economics at the School of Oriental and African Studies (SOAS), University of London. He is also a Visiting Professor at the Institute of Social and Economic Research (ISER) at Rhodes University.

Suggested citation

Fine, B. (2016). Across Developmental State and Social Compacting: The Peculiar Case of South Africa. ISER Working Paper No. 2016/1. Grahamstown: Institute of Social and Economic Research, Rhodes University.

ISBN: 978-0-86810-609-0

Aross Developmental State and Social Compacting: The Peculiar Case of South Africa

I. Introduction

This paper is concerned with the shifting fortunes of the Developmental State Paradigm (DSP) and the Social Compacting Paradigm (SCP) and, with some reference to South Africa, how they do or do not have continuing presence and relevance. For each, there is a dual trajectory in terms of an evolving intellectual content, on the one hand, and an evolving set of global and national circumstances on the other. I show that both paradigms have increasingly diverged from the material realities that they are intended to confront. This is primarily because of the neglect of financialisation as the key characteristic of the past thirty years, which itself underpins neo-liberalism. Whilst, in the post-war boom, both developmentalism and neo-corporatism offered some purchase on material realities and the prospects for policymaking, this has been eroded or, more exactly, transformed by financialisation. Unless the latter is satisfactorily addressed, neither development nor compacting can be expected to succeed, or be progressive, in any meaningful sense.

Nonetheless, neither paradigm has been killed off even though both have been hard hit by neo-liberalism if in different ways and with different timings. The SCP, in the form of neo-corporatism, prospered by claiming to explain the post-war boom in general and for differential success within it for developed countries (the more corporatism, the better the performance). Ultimately, though, the SCP became much less ambitious, seeking to carve out a niche for itself in the slower growth and more unstable conditions of the neo-liberal period, thereby diluting, shifting and broadening what could be achieved by compacting.

The DSP has suffered a similar if later fate, tied more to the fortunes of the East Asian NICs (Newly Industrialised Countries) than the developed economies. It was at its height during the East Asian miracle, in its opposition to the dogma of the Washington Consensus, but was already in decline prior to the East Asian crisis of 1997/98. Like the SCP, it too has diluted, shifted and broadened, with the notion of the developmental state increasingly being deployed to refer to any positive intervention by the state just as social compacting serves as a rhetorical device to support any cooperative compromise between potentially conflicting interests. As a result, I suggest that both the DSP and the SCP have become “buzz” concepts, more or less freely applied across a wide range of diverse contexts, without necessary reference to longstanding traditions and experiences and to broader and deeper causal factors and goals.

This is all of particular relevance to South Africa. It is shown to have been hard hit by financialisation in the post-apartheid period, and the favourable conditions most associated with the DSP and the SCP have been substantially eroded with the internationalisation and financialisation of conglomerate capital and the incorporation of a new black elite. Despite, or even because of, this, recent policy documents have been drawn to a greater or lesser extent to both the DSP and the SCP. For the DSP, there is the projection of future aspirations with negligible attention to the realities that would be necessary to underpin them either by reference to the classic features of erstwhile East Asian NICs as developmental states or the conditions characterising the dynamics of an evolving class structure of contemporary South Africa. For the SCP, there is an abiding interest in, and paper commitment to, the role of social dialogue, particularly in light of the Triple Alliance of the African National Congress (ANC), South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU), but, once more, scant attention

has been paid to the shifting conditions in which the Alliance collaborates, or not, which has witnessed the emergence of a new elite and the increasing reduction of compacting to moderating the demands for more progressive, effective and equitable policies (leading to questions over whether the Alliance serves or potentially breaks with such an outcome).

The paper proceeds in Section 2 by interpreting the DSP as a middle-range theory, charting its shifting content as such by highlighting what it does, and does not, incorporate within its explanatory framework and scope of analysis. This leads to a discussion in Section 3 of the nature of financialisation and its relationship to neo-liberalism, and the problems this poses for the DSP. This is followed in Section 4 by an account of the SCP also as middle-range theory. Its trajectory, as well as that of the DSP, is ultimately broadly set in the context of financialisation as underpinning neo-liberalism, with the latter having gone through two phases (shock therapy and its aftermath), each broadly attached to particular mixes of scholarship, ideology and policy in practice. This allows in Section 5 for an account of how the post-apartheid economy has been subject to financialisation, internationalisation, and the formation of a new black elite in which the conditions for, and policies associated with, both the DSP and the SCP have been eroded rather than strengthened. Paradoxically, this has meant these paradigms have proven more attractive for underpinning policy documents especially where they primarily serve ideological functions far removed from serious scholarship and policy in practice, as is illustrated by reference to the National Development Plan. The concluding remarks question under what conditions the paradigms (in and of themselves and in relation to material conditions) might be usefully deployed in policy making.

2. The Developmental State Paradigm

Although not acknowledging itself as such, what I will term the Developmental State Paradigm (DSP) might be classified as an almost ideal example of what Robert K. Merton defined as middle-range theory.¹ The latter offers an integration of the theoretical and the empirical, situating itself somewhere between grand theory and case study, and it is marked by its workability in explaining social outcomes by reference to underlying causal factors without being either unduly deterministic or insensitive to diversity and specificity. In the case of the DSP, its middle-range approach was prompted by the successes of the East Asian NICs as its subject, but its object was different if related. The DSP became prominent by the 1980s as the spearhead of opposition to the Washington Consensus in both theoretical and empirical terms. For, theoretically in the inductive traditions of modernisation theory associated with the old or classical development economics, the DSP sought, successfully, to show that the East Asian miracles had been the consequence of extensive state intervention, especially industrial policies and their accompaniments. In other words, developmental success depended upon rejection of the Washington Consensus, and the analyses and prescriptions associated with it.²

I suspect that the term middle-range is taken as pejorative, not least because it is suggestive of lack of depth, something that will be shown to be characteristic of the DSP in a number of respects. But, equally important, is the extent to which middle-range theory lacks breadth, almost inevitably so given its design to address specific empirical case studies. In addition, even so, the middle-range is potentially extremely extensive, rather than fixed and focused, depending upon the exact balance and scope of application of the incorporated theoretical and empirical content. As will be seen, the DSP has shifted emphasis from preoccupation with questions of national, if especially industrial, development to those of piecemeal development, with corresponding shifts in analytical content and focus.

But, for the moment, consider the target for the DSP as it shot to prominence in opposition to the Washington Consensus. First and foremost, it was concerned with the circumstances and the policies that make for latecomer, catch-up industrialisation. Each of these terms is important in defining, that is narrowing, the scope of the DSP, and in projecting its significance back in history (from Alexander Hamilton and US protectionism, through Friedrich List and German industrialisation, to Latin American ISI and beyond to East Asian miracles) and to future prospects. But latecomer, catch-up industrialisation is only one broad stage in the process of industrialisation, leaving aside other stages in industrialisation as well as other, and integral, aspects of development itself. Thus, for example, the DSP has generally overlooked the earliest stages of industrialisation,³ that is the transition from agrarian society, as well as the later stages which involve moving beyond and not just to the frontier (which is inevitably a moving target as the first-comers do not accommodate by standing still).⁴ By the same token, until lately for reasons that will become apparent, the DSP has tended to have very little to say about economic activity other than industry (what about agriculture) other than through the lens of industrialisation and/or industrial policy. This has implied a sore neglect of health, education and welfare for example (and demographics, again apart from some deference to labour force requirements especially in terms of skills).

Such wider considerations place the DSP as middle-range theory under critical scrutiny in two opposing fashions. On the one hand, it begs the question of the approach's empirical scope of application across stages of development and in terms of the notion of development itself. Confining these narrowly was to some extent extremely convenient for advocates of the DSP in their conflict with the Washington Consensus over the virtues of state intervention as exemplified by the East Asian NICs, not least as less rounded achievements in social policy (and democratisation) could be sub-contracted and confined to that other critical tradition that emerged at the same time – adjustment with a human face – with few points of contact between them. And, especially for the economic school of the DSP (see below), case studies chosen for prominence could be the star performers even if at most establishing intervention as a necessary but not sufficient condition for successful industrialisation (as has been endlessly observed by critics of the DSP and opponents of picking let alone creating winners – state intervention fails as much as it succeeds).

On the other hand, there is the issue of what middle ground is occupied by the DSP as theory. Are its principles confined, by accident or design, to a limited phase of industrialisation, should they apply more widely, and, if so, does this indicate their strengths or weaknesses? Of course, such questions cannot be answered without interrogating DSP theory itself, something which is not necessarily made explicit as an amalgam of the theoretical and empirical. Broadly, though, I have identified what I have termed two schools within the DSP literature, the economic and the political (although the latter is heavily influenced by the sociology of development).⁵ The economic school places emphasis on the role of state interventionism (industrial policy) in correcting systemic market failures associated with economies of scale and scope, coordination of complementary investments, targeting finance for investment, and so on (and, especially, in the phrases of Amsden and Wade, respectively, "getting the prices wrong" and "governing the market"). In a word, the developmental state for the economic school is exemplified by POSCO, the South Korean, initially state-owned steel corporation, built against World Bank advice on grounds of comparative advantage and spearhead of the country's subsequent industrialisation.

To a large degree, the economic school has relatively little to say about whether appropriate developmental policies will or can be adopted on these terms, being more focused on insisting that such policies are pre-conditions for success. As a result, the economic is complemented by the political school. Its focus is upon whether the state is characterised by political or other conditions that allow it to be developmental (as opposed to being captured by non-developmental

interests for example) without questioning what this means in practice. It has no need to refer to POSCO, and its symbolic mantra is, or ultimately became, two words - embedded autonomy.

Of course, market imperfections and embedded autonomy are ideal examples of middle-range concepts. Their adequacy for purpose in their chosen application within the DSP is not, for the moment, my immediate concern. Rather, it is to observe that as theoretical principles they are universal bordering on the ahistorical and asocial, and not confined to either latecomer, catch up or, indeed, any form of industrialisation. Thus, for example, the transition from agrarian to industrial society is surely as much a matter of market imperfections as for later stages. And, how did feudal or slave societies ever get out of their predicament whilst being bound by something considerably less, or more, than and certainly different from (latecomer) embedded autonomy?

Such reflections over a broader historical sweep suggest that the DSP, whether by accident or design, depends for its appeal on confining itself, as it has in practice to a greater or lesser extent, to latecomer, catch-up industrialisation. For, otherwise, the middle range involved stretches the credibility of allowing the grander questions to be ignored – such as what are the nature and causes of the (nation-)state and of development itself. Here I place emphasis upon three critical weaknesses of the DSP upon which it is dependent if only so much more apparently so once locating the approach more broadly in historical scope.

First is how the DSP is structured by taking the state-market dichotomy (possibly complemented by civil society) as foundational. This is understandable given the goal of countering the Washington Consensus on its own terms of market versus state, if coming down on the opposite side of the divide in the debate. But, on longer and alternative views of development, and even of the performance of advanced capitalist economies, the market/state dichotomy appears much less appealing once addressing the form and content of economic and social transformations that are far from reducible to, nor run along the lines of, the state/market divide. This is especially so of class interests, and of economic interests more generally, as these both evolve and are represented through both the state and the market. In any case, the state is itself a major player in as well as upon the market.

Second, then, it is not the case that class interests are absent in the DSP. But they tend to be confined to consideration of capitalists alone, involving a double reduction in not only focusing solely on capital but also on its relationships to the state as more or less exclusively constituted out of the latter's embedded autonomy in administering industrial policy on capital's behalf and in its collective interest (however defined, formed and pursued). Most obviously, this means conceiving the state in terms of the ministries, institutions, networks and personnel for making policy, at the expense of broader considerations of the politics of (inter and intra) class conflicts. And, on the longer view, there is a failure to address how class structure is transformed by development, with the emergence of new (fractions of) classes and shifts in the balance and forms of power between them.

Third, the DSP is thoroughly grounded in methodological nationalism and, in particular, the idea that each and every nation-state can develop subject to adoption of appropriate policies.⁶ Again, this is not to suggest that the global is overlooked by the DSP as much is made of how to relate to international capital in trade, finance and access to technology. What is done in terms of the DSP, though, is to overlook the systemic functioning of the world economy in which each nation-state is an integral, rather than independent, part. As Gray (2011, p. 318) puts it in the context of South Korea:⁷

Most analyses have adopted either an approach that analyses state transformation in terms of changes in the underlying domestic social relations of production, or have viewed neoliberal state transformation as stemming from international factors, namely the pervasive nature of neoliberal ideology and/or the coercive manoeuvrings of the US along with the international financial institutions. The argument ... [here] is not simply that both 'levels of analysis' are important in the explanation of the state transformation, but that these 'levels' in fact need to be understood as inter-related and mutually constitutive.

Such an argument is particularly important in conjunction with those that came before concerning the weaknesses of the DSP, not least as classes of international and domestic capital mutually evolve both across and through both state and market.⁸

In making these points, reference has already been made to the evolution, or demise, of developmental states themselves, not least those of the East Asian NICs, although those that came earlier in Latin America, primarily through import substitution industrialisation (ISI), are also perceived to have suffered a similar fate. There has also been a corresponding evolution of the literature making up the DSP itself. This has been made up of a number of strands, both broadening and shifting its content. First has been to respond to the supposed demise or death of the developmental state with reference to a number of separate elements or influences. Most obvious was the impact of the East Asian crisis of 1997/98, especially as it came on top of a revisionist literature that had suggested the region's miracle had been a myth, as popularised by Krugman (1994). Also important for the decline of the DSP was the move from Washington to post Washington Consensus (PWC), allowing in principle for limited and piecemeal concessions on state interventionism in response to identifiable market and/or institutional imperfections (without ever acknowledging that this shift had in part been provoked by the critical contributions of the DSP which never warrants a mention in the PWC universe, see below). But, equally, prior both to the crisis and to the emergence of the more state-friendly post Washington Consensus, doubts were already being expressed about the continuing viability of the East Asian NICs on the grounds that the embedded autonomy required for their success would be undermined by that success. For latecomer, catch-up industrialisation brings with it a class of industrialists who are increasingly deemed not to be inclined to be subject to state control. More generally, successful industrialisation also creates other demands and from other classes that derive from the associated strains of economic and social development, whether it be for higher wages and welfare (from organised labour and social movements in Latin America) or democratisation.

Significantly, the understanding of the developmental state as its own gravedigger, to coin a phrase, offered an unwitting acknowledgement and bringing back in of some of those factors that had been omitted in establishing the DSP. This is clearly the case in terms of incorporating the role of evolving classes and class interests as underpinning the relationship between state and market. And, especially in the context of the East Asian NICs, it involved due deference to the impact of systemic global factors, not least as domestic capitals sought to gain access to international financial markets and, thereby, free themselves from state controls against this in terms of sources and application of funds. Second, though, this is indicative of the strand in the DSP literature that sees it draw upon a necessarily cumulative set of case studies both by country and by stage and nature of industrialisation (or development more broadly). For the economic school, given its self-selection bias towards success, this is much more muted than for the political school, which is more able to accommodate both success and failure in terms of meeting, or not, the conditions for an increasingly qualified notion of autonomy with, of course, the addition of the moniker, embedded, to form the "oxymoron", embedded autonomy, being the first step in the process.⁹ As a result, we are subsequently offered different ideal types to suit different types of developmental states, from the networked for Eire¹⁰ through to the neo-liberal for Singapore and,

for Botswana, the development-oriented gate-keeping state, Hillbom (2012).¹¹ Further, not only is there an accumulation of ideal types of developmental states, these are complemented by an ever-expanding range of explanatory factors across social, cultural, political and institutional variables.

Third is a strand in the literature that questions whether the developmental state is dead after all, especially as the East Asian crisis becomes less a distant memory and is seen more as an obstacle that is overcome through the renewal of state-supported growth.¹² As already indicated, this in part reflects the heterogeneity attached to continuing state intervention in the neo-liberal era as opposed to, or in conjunction with, the presumed loss or lesser autonomy of the state relative to an increasingly powerful class of capitalists. It dovetails with another distinct but closely related literature that claims that industrial policy is alive and well, not least in the USA where neo-liberal ideology dare not allow it to be known by this "toxic" name (Wade, 2012, p. 224). But elsewhere than the USA:

A majority of middle-income countries – in Latin America, sub-Saharan Africa, Middle East and North Africa, and South Asia – have fallen behind the West in relative average income since the 1980s. Many are now seeing their manufacturing sectors stagnate or shrink in the face of East Asian competition. Some are pressing the World Bank to give more assistance in industrial policy ... This may turn out to be an early phase in the emergence of a new set of global policy norms in favour of a more 'developmental' state, qualifying the near-consensus around the norms of a 'regulatory' state.

This is unduly optimistic since, as Wade (2012, p. 225) himself acknowledges, support for more extensive industrial policy even of a limited kind has minimal support within the World Bank. Indeed, even its major proponent, Justin Lin (the Bank's Chief Economist until June 2012), suggests that "less than 10% of World Bank economists are sympathetic to his arguments" and, as argued by Fine and Van Waeyenberge (2013), Lin is more realistically interpreted as seeking to constrain rather than to promote state intervention as far as industrial policy (and more) is concerned.

As a fourth strand, the notion that the developmental state is alive and well, or has been resuscitated in East Asia or elsewhere, is, however, far from confined to a more realistic and empirically grounded account of industrial policy. Indeed, as argued in Fine (2013) following Cornwall and Eade (2010), the developmental state is best understood currently as a failed buzzword (and fuzzword) within development discourse. It is a buzzword in the sense that, in combining together the other strands in the DSP literature and deploying them, and more, across many issues within development, the concept has lost its original roots in explaining systemic industrialisation and ranges freely across more or less any topic however narrow or broad and however distant from industrial policy. In this respect, it is like other buzzwords such as participation, citizenship, empowerment, sustainability, transparency, accountability, corruption and governance. In effect, wherever there is any example of success in state intervention, this can be interpreted as indicative of presence of a developmental state whether by sector or across economic and social functioning more generally. The attachment to development and the state to economic and social transformation in general, and to industrialisation in particular, is suspended. And the concept of the developmental state is wide-ranging but reduced to an ethos of favouring some degree of state intervention, generally increasing and more than orthodoxy. The latter is the key to the developmental state being a failed buzzword since success, or wide-scale use of the fuz and buzz, depends upon adoption, certainly acknowledgement, by the World Bank, so dominant is the bank in development discourse both in setting the analytical agenda and skewing content within it. As far as the World Bank is concerned, the developmental state might just as well never have existed, whether in the literature or the real world itself.¹³

In short, the DSP has both been marginalised in its core mission of promoting state intervention in the form of industrial policy as a means to development and it has been spread across a much wider and diffuse range of applications. To what extent, however, does this reflect the reduced opportunities to prosper for what might be deemed to be developmental states? Certainly, this has also been a strong current within the literature both against and subsequently within the DSP. Initially, the idea of non-replicability of national conditions (get yourself invaded by Japan and/or become an aid beneficiary of the USA in the Cold War) was strong, especially as a second line of defence amongst those begrudgingly accepting the evidence of industrial policy as a source of East Asian success. But it has subsequently given way to doubts within the DSP camp itself over whether global conditions remain conducive to developmental states along the lines experienced by those of the past. Thus, for Evans (2008), drawing incoherently and superficially upon new growth theory, new institutional economics and the capability approach, the developmental state of the 21st century will be oriented around the knowledge economy as opposed to manufacturing, with broader participation and rewards than those confined to an industrialising elite coordinated by a state bureaucracy.¹⁴

3. The DSP in the Age of Financialisation

Evans' (2008) approach raises his middle-range theory (and its preferred, contested and, to considerable degree, misinterpreted elements in growth, institutions and capabilities) to grand theory and overlooks what has been a considerably more important factor in determining what has to be negotiated in twentieth century (state) developmentalism. This is the extraordinary growth of finance over the past thirty years, something which Evans falsely and distortedly takes at most as indicative of the need to be service- and not manufacturing-oriented in the twenty-first century.¹⁵ On the contrary, the role of finance has increasingly been to limit the prospects for development. Such is best understood by reference to the notion of financialisation. Across a new but rapidly expanding, predominantly heterodox, literature, the notion of financialisation has pointed to a number of different features of contemporary capitalism, mainly drawing upon the USA and UK as its leading sites.

In brief, financialisation has involved:¹⁶ the phenomenal expansion of financial assets relative to real activity (by three times over the last thirty years); the proliferation of types of assets, from derivatives through to futures markets with a corresponding explosion of acronyms; the absolute and relative expansion of speculative as opposed to or at the expense of real investment; a shift in the balance of productive to financial imperatives within the private sector whether financial or not; increasing inequality in income arising out of weight of financial rewards; consumer-led booms based on credit; the penetration of finance into ever more areas of economic and social life such as pensions, education, health, and provision of economic and social infrastructure; the emergence of a neo-liberal culture of reliance upon markets and private capital and corresponding anti-statism despite the extent to which the rewards to private finance have in part derived from state finance itself. Financialisation is also associated with the continued role of the US dollar as world money despite, at least in the current crisis, the United States' deficits in trade, capital account, the fiscus, and consumer spending, and minimal rates of interest.¹⁷

However financialisation is characterised, its consequences have been: reductions in overall levels and efficacy of real investment as financial instruments and activities expand at its expense even if excessive investment does take place in particular sectors at particular times (as with the dotcom bubble of a decade ago); prioritising shareholder value, or financial worth, over other economic and social values; pushing of policies towards conservatism and commercialisation in all respects;

extending influence of finance more broadly, both directly and indirectly, over economic and social policy; and placing more aspects of economic and social life at the risk of volatility from financial instability and, conversely, placing the economy and social life at risk of crises from triggers within particular markets (as with the food and energy crises that preceded the financial crisis). Whilst, then, financialisation is a single word, it is attached to a wide variety of different forms and effects of finance with the USA and the UK. And, even if exposed in acute form by the current crisis, its expansion over the last few decades has been at the expense of the real economy despite otherwise extraordinarily favourable “fundamentals” for capitalist economies in terms of availabilities of new technologies, expansion in supplies of labour, weakening of labour and progressive movements more generally, slow increases in economic and social wages under the influence of neo-liberal policy, and the end of the Cold War.

In these terms, if implicitly and incompletely in retrospect, the role of financialisation in the Asian crisis and, at least temporarily, the presumed demise of the East Asian developmental states, is apparent. To a large extent, those who regret the demise perceive it in terms either of the liberalisation (and internationalisation) of domestic finance or the undermining of coordinated industrial policy. But both of these were operative and were mutually reinforcing. As Rethel (2010, p. 499) suggests:

As the East Asian economies became increasingly integrated with the world economy, it was more difficult to afford the insulation necessary to maintain the developmental state system of old. Similarly, capital markets increasingly competed with banks as main sources of funding. Major pillars of the old developmental state system were gone.

Further (Rethel, p. 510):

While in the developmental state model of old, the consumption needs of households had been subordinated to the financing needs of economic transformation, since the crisis, private consumption is increasingly seen as an important driver of domestic growth.

This is all perceived as having drawn the NICs towards the Anglo-American forms of financial architecture and governance, something that was accelerated by the East Asian crisis and the responses to it (but eventually giving rise to neo-liberal developmental states?).

But it is not simply that financialisation has eroded or transformed existing developmental states; it has also constrained or, more exactly, transformed and conditioned how they can be achieved even if by way of exception, as opposed to universally (as suggested by the optimism attached to methodological nationalism in the face of neo-liberal globalisation pessimism). This is because financialisation is associated with the strengthening and/or emergence of national financial elites, and the increasing integration of such elites with international finance. The result has been to reduce levels and efficacy of investment, and not only to subordinate policy to short-run financial gains but also to change the nature of the way in which policy is made with the shift towards the interests of finance and forms of governance that reflect this. In terms of the DSP vernacular, financialisation involves an embedded (or should that be disembedded?) autonomy in which the interests of finance come to the fore and for which developmental gains are accidental or incidental rather than integral.¹⁸

Such observations are drawn much too generally, of course, and should be seen more as setting the conditions under which developmental states do or do not emerge (and not that no development does or can take place at all). In the case of China, and in much development elsewhere of a more systematic or systemic kind, a necessary condition is the extent of insulation from financialisation,

particularly the extent to which finance for investment continues to be subject to state direction. For Ireland, the forms taken by its financialisation and development have been sharply revealed by the current crisis. The South African experience is explored below after considering “social compacting”.

4. From Developmental State to Social Compacting

Significantly, there is very little overlap between the DSP and the Social Compacting Paradigm (SCP)¹⁹ literatures even though each is concerned with the forms of governance and corresponding institutions and policies that make for superior economic functioning.²⁰ Indeed, it is far from clear that there is an SCP in the same way that there is a DSP, with no equivalents, for example, to Johnson, Amsden, Wade and so on (and corresponding classic associated contributions), although country case studies are more readily identifiable (especially in Scandinavia).²¹ Yet, each paradigm is deeply rooted in methodological nationalism, is state interventionist in ethos, and is firmly opposed to neo-liberalism. But, whilst the SCP can, like the DSP, be thought of as middle-range, there are a number of major differences between them. First, whilst also concerned with industrial performance and whilst there is a longer and more wide-ranging history to the SCP, especially if it is associated with corporatism as a constituent part (see below and also Molina and Rhodes (2002), on which I draw extensively), the SCP derives primarily, if not initially, from an interest in the comparative performance of advanced capitalist economies, rather than on latecomer, catch-up economies. A typical question within the SCP is: why are some developed countries more successful than others in terms of growth and stability, especially over the post-war boom and its slide into neoliberalism?

Second, the SCP has focused upon what interests are represented and/or how they are represented, especially through the state (as opposed to how the state imposes or coordinates developmental goals for the DSP). Thus, for the SCP from the 1980s onwards, “two conceptions of neo-corporatism ... became ‘official’ with ... [the] distinction [made] between ‘neo-corporatism 1’ (a structure of interest representation) and ‘neocorporatism 2’ (a system of policy making)” (Molina and Rhodes, 2002, p. 308). Indeed, there emerged affinities with the divisions between economic and political schools of the DSP (Molina and Rhodes, 2002, pp. 309-310):

In the 1980s and 1990s, the study of corporatism followed two main paths. The first was the study of corporatism as a political phenomenon ... as a system of representation and a process of policy making. The second, which was related but assumed a distinct place in the literature, focused on the systemic effects of corporatist institutions. This literature became methodologically separate from the first. Whereas the first path of study explored the varieties of corporatism across different countries (and sectors), the second concentrated on the links between systemic features and socioeconomic outcomes.

But, these characterisations are somewhat misleading in practice, since the interests and processes addressed focus especially if not exclusively, on those concerning capital and labour (as opposed to capital-state relations as for the core of the DSP). It is these that primarily underpin the role of the state analytically (as opposed to a state-market dichotomy) as well as the state, in turn, mediating between these classes.

Third, whilst both SCP and DSP share a market-imperfection, institutionally determining framework, emphasis within the SCP is on the positive sum consequences of cooperation between classes as opposed to the relations between capital and the state. For the SCP, the goal is to avoid the dysfunctions attached to excessive pursuit of class interests through conflict and so share

the reasonable, less excessive gains of collaboration and avoid negative sum outcomes. More specifically, a virtuous circle of success as opposed to a vicious circle of failure will arise out of mutually supportive commitment to investment, productivity gains, correspondingly moderate wage increases, full employment and increasing, broadening and universal health, education and welfare provision.²²

Fourth, not surprisingly given how extensive is the middle ground, the SCP and the DSP occupy different locations within it. In some respects, the SCP penetrates more deeply beneath state-market relations to those that underpin them, especially capital-labour relations. At the same time, its focus is also narrower in more or less explicitly acknowledging its own comparative and historical limitations – that it is concerned with late capitalism alone (in which both capital and labour are fully formed and central agencies) and with advanced economies only. Nonetheless, as described by Molina and Rhodes (2002, p. 306):

Since it first entered the academic lexicon and debate, the term corporatism has been characterized by ambiguity, imprecision, and a liberal, rather undisciplined usage. This has been because of its initial ideological connotations (connected to twentieth-century fascism), its gradual (and at times fashion-driven) adoption to explain diverse phenomena, and its application to very different time periods and countries. Despite great attempts to clarify the term ... corporatism became a multipurpose concept. Its elasticity has ensured its popularity; but simultaneously its power to explain or even characterize political systems and processes has been diluted.

In addition, as with all middle-range theory, there is an issue of how causation and explanation are to be discerned. For Siegel (2005, p. 106):

Inevitably, under circumstances of complex causality, it is a risky undertaking to assess the real net effects of social pacts. Hence careful inferences to establish causal relations are a major challenge in the search for robust conclusions about the effects of social pacts on policy outcomes.

Subject to the vicious/virtuous circle syndrome, are social compacts the cause or the consequence of enhanced performance, in what domains of activity, by what mechanisms and over what time periods and circumstances?

Fifth, the DSP and the SCP have different histories in content and timing, with the former lagging the other in some respects (if perhaps inevitably, given that each experiences rises and falls in popularity). The SCP comes of age with the post-war boom and the idea that (Molina and Rhodes, 2002, p. 307, drawing on Shonfield, 1965):

in order to attain a high level of macroeconomic performance within the Keynesian framework, modern economies had promoted processes, including state planning, in which the major interest groups are brought together and encouraged to conclude a series of bargains about their future behavior, which will have the effect of moving economic events along the desired path. The plan indicates the general direction in which the interest groups, including the state in its various guises, have agreed that they want to go.

But the collapse of the post-war boom initially leads to attempts to sustain the SCP by reference to what had made Keynesianism/welfarism successful. As a result, for Molina and Rhodes (2002, p. 307), "During the 1970s, corporatism acquired the status of a social science model", and in citing Wiarda (1997, p. 23), an "approach, an intellectual framework, a way of examining and analyzing corporatist political phenomena across countries and time periods". Indeed (Molina and Rhodes, 2002, p. 307):

Corporatism, it seemed, would offer an overarching and coherent method for understanding the working of economies and societies. At the same time, there occurred a shift in the locus of corporatist literature from political theory to political economy.

As we now know in retrospect, such neo-corporatism failed as it was presumed to have been overtaken or swamped by neo-liberalism and globalisation. It suffered a death, not least with, “the demise of Swedish centralized wage bargaining in the 1980s [that] heralded the end of corporatism everywhere (if it could not survive post-industrial pressures in its ‘homeland’, how could it be feasible elsewhere?)” (Molina and Rhodes, 2002, pp. 312-313).²³

But neo-corporatism has since experienced something of a revival, with claims that its death has been exaggerated (Molina and Rhodes, 2002, p. 306). However, its rebirth is marked by a substantial degree of change, not least in accommodating to neo-liberalism. Molina and Rhodes, if not seeing it explicitly in these terms, point to a number of shifts: away from a focus on redistribution to participation in macroeconomic and microeconomic management; away from incomes policy (wage restraint) in return for social wages to a commitment to fuller employment (as opposed to taking relatively full employment for granted); to pragmatism in policy that extinguishes differences in political programmes; to more or less decentralised forms of wage-bargaining that allow for labour market flexibility; to greater scope in the range of policies incorporated as bargaining ploys; and to more frequent renegotiation of compacts in light of greater volatility and uncertainty (Molina and Rhodes, 2002, pp. 317-318).

There is, then, a watershed in the SCP in the early 1990s as its energies in preserving presumed post-war models of success are eventually strangled by neo-liberalism. Indeed, the last heave in favour of neo-corporatism was at least implicitly embodied in the Varieties of Capitalism (VoC) approach. It offered a mix of (market imperfection) microeconomics, macroeconomics and institutionalism, building upon the following “five spheres” that are taken as the building blocs of capitalism’s national varieties: industrial relations, vocational training and education, corporate governance, inter-firm relations, and intra firm-employee relations. Even if each sphere could only take on binary values, admittedly independently of one another, this would allow for 32 varieties of capitalism! Nonetheless, these are reduced to the two ideal types of liberal as opposed to coordinated market economies.

However, as observed by Ashman and Fine (2013), there is peculiar tension in the VoC approach in relation to its treatment of finance. It does not appear in the five building blocs, and yet it is frequently and increasingly referenced as a major factor in economic performance (with a predisposition to favour coordination between this sixth sphere and the other five). In retrospect, irrespective of the other criticisms that might be levelled at the VoC approach, this is a major deficiency. For it seriously distorts how varieties of capitalism are understood and what the prospects are for one or other variety to emerge and prosper.

In other words, as with the DSP, there is an issue of how the SCP confronts financialisation. In many respects, the answer is similarly, with an equally oxymoronic neo-liberal neo-corporatism²⁴ (if not in name) to parallel the neo-liberal developmental state.²⁵ This can be seen in two different, possibly overlapping, ways. One is to acknowledge that neo-liberalism has shifted the form and content of neo-corporatism but that it tends to remain stronger where it previously had a more significant presence. The second is to disaggregate and broaden the conception of neo-corporatism to discover social compacting in specific instances across a wider range of applications and constituencies (as opposed to economy- or society-wide compacting primarily involving capital and labour). In a sense, this is the way in which it is acknowledged that financialisation

(and neo-liberalism), especially in the wake of the global crisis, have hollowed out the prospects for social compacting. Unless finance and financialisation are addressed, it is liable to be confined and fragmented, and this is reflected in a declining and piecemeal literature on the topic.

Indeed, it is apparent that the SCP has come to offer little more than a commitment to examine how interest groups are formed and represented in the policymaking process and with what consequences. Whatever the paradigm's purchase on the past, it inherits traditions that are marked by two sore deficiencies for the present – one is neglect of the power of finance (and financialisation) and the other is the heterogeneity of how interests are formed and represented across different countries and issues. Such is, for example, obvious from the deficiencies of the various attempts to draw out ideal types of welfare provision which, equally, differ across and within countries and by, and even within, programmes – see Fine (2011c and 2014) and Powell and Barrientos (2011), for example.

In short, there is the prospect for social compacting to become a buzzword, as for the DSP. The attraction of this derives from the promise of positive sum outcomes, the predominance of cooperation over conflict, the nostalgia for sources of success within the post-war boom, an anti-neoliberal ethos, and even more modest aspirations to ride the impact of the global crisis. The appeal of the SCP in the context of developing countries is even more prone to such buzz as has been implicitly highlighted by Mkandawire (2012). For, as the SCP has become both more wide-ranging and potentially selective, so it can be deployed to serve a number of different purposes. One is to use it to rebuild the state capacity that has been hollowed out by neo-liberalism (and structural adjustment). Indeed, (Mkandawire, 2012, p. 5):

this led to what Peter Evans terms "Institutional Monocropping" which pushed for a "one-size-fits-all" model. In the case of Africa, the institutional policy reform encouraged "institutional monotasking", where institutions that elsewhere performed many tasks were suddenly reduced to one task. Thus central banks that had elsewhere assumed many responsibilities other than monetary stability by taking on such tasks as facilitating housing loans, credit rationing in favour of strategic sectors, supporting employment creating policies etc., were assigned one mission, that of stabilisation. More significantly the new institutional landscape was to be filled by restraining rather than transformative institutions.

This is to exaggerate the reduced as opposed to the redirected role of the state (especially in favour of finance), but the point remains that social compacting is seen as necessary to create the democratic and the stable (let alone the developmental) state, together with its preconditions. In transition economies of whatever sort, such pacts have been deemed necessary "to make concessions in order to avoid chaos" (Mkandawire, 2012, pp. 39, and, following, p. 40):

Many of these new democracies tended to adopt neoliberal policies partly as a consequence of the compromises that had produced them, partly as a consequence of the ideological predispositions of the leaders of the main parties, and partly as a reflection of the limitations of the tools available to them for addressing the inherited economic problems.

Mkandawire then immediately proceeds to discuss the "The Case of South Africa", highlighting that "the usual uncertainty that de-racialisation of any racial order is likely to create a large dose of confusion among capitalists used to doing things under one order and no longer sure about their long-term interests in the new South Africa" (2012, p. 41) and concluding that "Social concertation and dialogue can provide for the disentangling of the maze of suspicion, confusion and uncertainty that seem to characterise South Africa's political economy" (2012, p. 42). I intend to probe these factors a little deeper in the context of whether concertation and dialogue,

especially around the DSP, has been a source of confusion rather than its elimination.

Before doing so, it is germane to pinpoint the relationship between financialisation and neo-liberalism,²⁶ especially as the latter is often ill-defined and liberally, and inconsistently, used as a pejorative explanation of negative outcomes in contemporary conditions. It is, however, no accident that financialisation and neo-liberalism should coincide with one another over the period of the last thirty years. This is certainly true at the ideological level, as the imperative of freeing markets has been applied first and foremost to those supposedly pure markets associated with finance. But, as already suggested, finance has also been associated with the emergence, strengthening and influence of financial elites at both national and international levels.

As a result, I do not see financialisation as a simple associate of neo-liberalism, but rather as its defining or underlying aspect, with a reach that goes far beyond financial markets themselves. This is not to reduce neo-liberalism to financialisation, but rather to see the latter as its central aspect. To make sense and even to defend this posture, two further points need to be made. The first is to highlight significant connections but also inconsistencies across the ideologies, the scholarship and policies in practice of neo-liberalism. These have a shifting relationship to one another across time, place and topic. I have argued this at great length elsewhere, particularly in the context of development (Fine, 2001 and 2010a; Fine, Lapavistas and Pincus, 2001; and Bayliss, Fine and van Waeyenberge, 2011). Crucial, for example, is that, despite its scholarship and rhetoric, neo-liberalism has always been heavily associated with state intervention. This has, however, been intervention to promote (global) private capital in general and finance in particular. The response to the current crisis is no exception, and has seen the crisis within, and not of, neo-liberalism associated with extraordinary measures of support to finance both in levels of state financial support and even in nationalisation of failing financial institutions. Indeed, so powerful has been finance's influence over policy in the wake of the crisis that it has jokingly been described as "socialism for the bankers" and as not a case of government Treasuries nationalising the banks but of the banks nationalising the Treasuries!

This is all indicative of a further feature of the relationship between financialisation and neo-liberalism that can be characterised, very roughly, in terms of two phases of neo-liberalism divided by the early 1990s. The first phase is aptly characterised as shock therapy in which, most strikingly – first in Latin America and, subsequently, in the former Soviet bloc – the promotion of private capital proceeded without regard to the consequences. The second phase has been, if only in part, a reaction to the consequences of the first phase in terms of the dysfunctions created, not least in social welfare provision, but it is also more marked by explicit intervention by the state to sustain the processes of, and to underpin, financialisation, as is again starkly demonstrated by responses to the crisis in terms of support to banks as the top priority over anything else.

5. South African DSP and SCP: 'Twixt a Rock and a Hard Place?

At the time that South Africa entered the post-apartheid era, it was uniquely situated in relation to the considerations raised by the DSP and the SCP. Although the DSP was about to enter into a period of decline in its classic form in the latter half of the 1990s, it was before that at its height of influence. The Washington Consensus had increasingly lost its legitimacy and appeal, in light of lost decades of development, and the DSP had played a major role in this (alongside adjustment with a human face) by appeal to the counter-evidence attached to the East Asian NICs. Indeed, this was so much so that the World Bank sought, somewhat unsuccessfully, to answer associated criticism through its *East Asian Miracle* (World Bank, 1993).²⁷ Over the period bridging the

transition from apartheid, there was a plethora of options on offer and, certainly, South Africa as a prospective developmental state was one of them.

In my own work, for example, the developmental state option was carefully considered and rejected if primarily on analytical grounds in light of the unsatisfactory dual dichotomies of state versus market, and of economic and political schools (Fine and Rustomjee, 1997).²⁸ Instead, South Africa was characterised as being based upon its Minerals-Energy Complex. The MEC signified not only heavy dependence on highly capital-intensive mining and energy sectors but also: a highly concentrated conglomerate structure; close collaboration between the state (and state-owned enterprises) and large-scale capital; a highly developed financial system incorporated into the conglomerate structure; for different reasons at different times, a failure to have diversified out of the mineral-energy core into capital and intermediate goods, with a correspondingly weak and protected consumer goods industries; and, despite a history of piecemeal resolution between the economic power of “English” capital and political power of Afrikaner capital, an increasing rapprochement and integration between the two under the increasing hegemony of an incorporated, and relatively newly-formed, large-scale Afrikaner capital. Consequently, and perversely, as observed in retrospect once the developmental state did come on to the agenda for South Africa (see below), it could be claimed that such a status was more characteristic of the past than the present (Freund, 2012).

The situation with respect to the SCP was very different. Paradoxically, just as it was at its lowest ebb under the assault of neo-liberalism, the defeat of apartheid was based upon a heady mix of social forces and organisations, almost a dream ticket for neo-corporatism if not socialist revolution. It comprised the following elements: majority support for democratisation against a white minority; anti-racism more generally; international solidarity; a powerful trade union movement, in alliance with the Communist Party and a popular political party, the ANC; as well as a mass democratic movement for change.

Nonetheless, progressive policies for the post-apartheid economy were very rapidly abandoned, and neo-corporatism was subject to a heavy assault once GEAR, generally (and correctly) acknowledged as neo-liberal, was adopted in 1996 and claimed to be non-negotiable. For some, this represented the necessary subordination of domestic constituencies to the realities of global forces. Thus, for those disappointed in the neo-liberal turn from the more radical Reconstruction and Development Programme (RDP) to GEAR, this was predominantly seen in terms of undue compromise with the old Afrikaner/white order and international capital. With the benefit of hindsight, and a broader and deeper perspective, things look slightly different. In particular, it is important to recognise that, because of international sanctions, South Africa could only fully become incorporated into the previously elaborated processes of financialisation after they had already been underway for a decade or more elsewhere. This, then, points to the particular form taken in South Africa by financialisation, especially in a global context, for which there was a need for South Africans conglomerates to play catch up. Consequently, the South African financial sector has been the fastest growing in the economy. On a broad definition, it now makes up twenty per cent of GDP even though forty per cent of South Africans benefit from no financial services at all beyond stressed credit. Nonetheless, if the role of such financial services is to mobilise and allocate resources, South Africa has failed miserably. The level of investment in the South Africa economy has been at historically low levels; scarcely exceeding 15 per cent of GDP or half of what is necessary for developmental state status. Further, a major reason for this has been illegal capital flight at unprecedented levels in post-apartheid South Africa peaking at 23 per cent of GDP in 2007. This has not been rectified, remedied nor even addressed by Treasury or the South African Reserve Bank.

Indeed, in effect, the opposite has been the case, with macroeconomic policy almost apparently unwittingly designed to support long-term (illegal) capital flight. Thus, an overvalued exchange rate has been highly advantageous to those taking capital out of the country as they earn more in foreign exchange for their rand-denominated assets. On the other hand, high domestic interest rates have provided for short-run capital inflows to balance long-term outflows. Both high exchange and interest rates are harmful to macroeconomic performance. In addition, rather than implement prevailing capital controls, these have been subject to creeping erosion, both rendering legal what has been previously done illegally, and always placing the economy on the verge of instability.

Further, even with the limited overall levels of investment generated within South Africa, there has been more concern to create and redistribute “shareholder” value through restructuring for domestic monopolies with capitalisation and short-run financial gains at the expense of long-run productivity, industrial development and promotion of employment. This has been accompanied by internationalisation of South African capital, not only through financialisation but also through both domestic and foreign integration into globalised networks of ownership, production, distribution and trade, not least with a permissive stance on allowing South African companies to list abroad.

But do things look different in the realm of social policy, something that had been marginalised in the DSP before it became a buzzword but has often, if not always, been central to the SCP as a bargaining chip on offer to labour in return for wage moderation? As has often been observed, South Africa has particularly generous levels of social security for a country of its level of per capita income. But this has to be set against the post-apartheid context of addressing the dysfunctions of the second phase of neo-liberalism and, of obvious and more important significance, the inheritance of apartheid and its associated inequalities across each and every aspect of economic and social life. These have, if anything, been compounded in the post-apartheid period, not only in worsening inequality of income but also through the increasing levels of unemployment. It is far too simplistic to see such developments in social policy as a means of social control. But as capital goes about its business of financialisation and internationalisation, this certainly offers more purchase than viewing such policies as creating the foundations for a developmental state and/or reflecting social compacting.

Instead, it is more appropriate to focus upon a rather different element in post-apartheid compacting. This concerns the emergence of a new black elite in ways which have some parallels with the incorporation of Afrikaner capital, not least in terms of how black enrichment has depended upon trading political for economic power and privilege. This has included patronage of the state in contracts and redistribution, for example, of mineral rights.²⁹ But, if not more important, there has been participation in, and promotion of, the processes of financialisation. But here there is the major difference with the earlier transformation of boundaries within and across the South African capitalist class. For, whilst each relates to the continuing dynamic of the MEC, for the earlier instance of incorporating Afrikanerdom, this was marked by a state-coordinated expansion of core mineral and energy activities. In the current restructuring of the MEC, through financialisation and globalisation, associated with the low levels of domestic investment, the appropriation of existing assets and surplus in place of its use for economic and social development has been even more significant than the failure to maintain adequate levels of real investment.

Accordingly, at a general level with much complexity and diversity as more detailed issues and outcomes are addressed, post-apartheid South Africa has suffered an almost perfect, destructive storm as far as strengthening its prospects for developmental state or social compacting are concerned. For traditional large-scale capital has been engaged in internationalisation and

financialisation (including huge haemorrhaging of resources through illegal capital flight), incorporating a new black elite and, thereby, subordinating or precluding the forces and capacities for social compacting that are required to underpin the realisation of developmental policies. In short, post-apartheid restructuring in these terms has even been at the expense of policies that would benefit the collective interests of new and old elites as individual ministries, let alone their coordination, have been subordinated to that of finance. There has simply been lack of coherence and commitment to long-term developmental planning (as opposed to short-term macroeconomic policy properly understood), most notably in the shambolic plans for privatisation in general and the emergence of electricity power shortages in particular (neither of which would figure in a neo-corporatist developmental state). In this light, what is remarkable of the post-apartheid period is how rapidly the prospects for, and influence of, social compacting have been eroded and its scope reduced whilst rather different forms of compacting have emerged and consolidated around the financialisation and internationalisation of capital.

It is against such perspectives that we can assess the National Development Plan (NDP). But, initially, it has to be put into political context. First and foremost, it is a reflection of the regime shift from Mbeki to Zuma, following the ANC's Polokwane Conference of 2007, itself marking mounting dissatisfaction with government as a result of social and economic outcomes over the past decade. Though the regime shift is appropriately seen as a watershed,³⁰ it still remains bound by a combination of continuity and change. One element in this is the "richness" (read incoherence and chaos) of policy postures – within a couple of decades, we have been offered the Freedom Charter, the RDP, GEAR, AsgiSA, the developmental state, the NGP (the New Growth Path),³¹ the NDP (the National Development Plan)³² and, most recently, the Second Transition. These policy initiatives and discourses have increasingly represented compromises, usually unresolved. Significantly, for example, the developmental state was introduced by the outgoing Mbeki regime in a desperate rhetorical attempt to regain legitimacy, but was appropriated as the means for framing more interventionist and progressive policies. This reflects the casual buzz by which the DSP can be deployed.³³ Also the NGP and the NDP, attached to the two newly formed, but functionally vaguely distinguishable Economic Development Department and National Planning Commission, respectively, represent the new and the old guard in terms of Ebrahim Patel (formerly trade unionist) and Trevor Manuel (Minister of Finance from 1966 to 2008). The watershed also allows for an ideological compromise in which the new path or change in direction is seen as building upon the old (and the stability it is deemed to have provided) or as departing it as unduly austere and neo-liberal (or possibly both simultaneously).

Such complexities and incoherence in political discourse is to be expected even if it seems to take extreme form in South Africa. In addition, it has effectively thrown up a smokescreen around the underlying realities and dynamics of the post-apartheid economy. The result has been a peculiar mix of both loose and strong connections between scholarship, ideology and policy in practice. For example, whilst the post-apartheid economy could not have moved much further away from being a developmental state in the post-apartheid period,³⁴ its declaration as (prospectively) being such by the outgoing Mbeki regime, and accepted by the incoming regime, witnessed an explosion of academic research on the (South African) developmental state. In case of the NDP, however, what stands out is the extent to which it is detached both from policy and scholarship and primarily serves an ideological function.

For, whilst the NDP is itself a presentationally polished and lengthy document, it is far from inspiring and it is hard (or not rewarding) to read beyond a few pages at a time. Justification for, details of, and connections between its various stances are notable for their absence. It has at most a scattering of footnotes and references. Two of the most revealing (next to one another

on page 55 in footnotes 8 and 9) are to Lin (2011) and Rodrik (2009), both of whom are leading exponents of some but not too much state intervention and fully committed to mainstream neoclassical economics, albeit mindful of empirical circumstances.³⁵ But once we scratch deeper, the hollowness of the NDP's public justification is revealed in what can only be described as being in bizarre ways. At the time of writing, on its website there are a number of background diagnostic reports for various areas of economic and social development. These themselves have little or no references or background papers.³⁶ But they have scattered web links to what are presumably background papers or readings which bear uncertain relationships to the content of the Plan itself. These range, for example, across a book published in 1990 on patriarchy, through a London School of Economics MSc dissertation on South Africa as a "brand" (actually how its rainbow nation tag is used to conceal rather than reveal its extensive problems), to an excellent piece on how minimum wages are more observed in the breach (the implications of which are certainly not taken up in the Plan).³⁷

What the Plan does offer is a "Vision" for 2030, one that breaks with the past (as it must in legitimating itself as a break with apartheid and as a watershed within post-apartheid) but builds upon the stability that was created in the earlier post-apartheid period. The continuing challenges are acknowledged and addressed with the commitment to create eleven million new jobs, eliminate poverty across the majority, reduce inequality and corruption, create a national health service and major expansion in basic needs, and progressing towards a green economy. But, in doing so, there is little or no explanation for why these goals remained unaddressed in the previous twenty years and how they can be put right in the future. From my perspective, there is a notable lack of account of the MEC, its internationalised and financialised restructuring, and of capital flight. Instead of addressing such issues, as I put it elsewhere (Fine, 2012, p. 129):

It reports with some satisfaction that the finance sector in South Africa had experienced a tripling of its output from 1994, compared to 67% for the rest of the economy, that it was responsible for between 300,000 to 400,000 jobs either directly or indirectly and that it should have expanded, and had the potential to expand, employment even more especially in bringing financial services to the 40% of the population that had been deprived of them.

So, far from bringing finance under control, the NDP sees it as expanding and providing an opportunity to become a financial hub for the rest of Africa (presumably spreading its financialised malaise there also).

Significantly, despite the prominence of the developmental state in defining the watershed (and its early use by Manuel whilst still under Mbeki, as evidenced in his budget speech of February, 2008), the term was notable for being almost entirely absent in the first draft of the NDP. This is indicative of casual disregard of the NDP's own context as well as of the debates that had preceded it and why these have taken the form and content they have (for example, around the shifts in policy from RDP, which is seen not to have met its goals when it was in fact abandoned, to GEAR, which is not even mentioned). It is as if these elements of context do not exist. Remarkably, however, they can be restored or inserted to suit, with the final draft of the NDP replete with references to the developmental state (in response to protests at its absence) without any substantive difference in its content!

On the other hand, the role of social compacting is much more prominent. But it is given a particular set of twists. For, first, the vision is one in which all South Africans can benefit together in a virtuous circle of change in which the most disadvantaged, especially blacks, women and youth, are highest on the agenda. But this presumes a unity of purpose and identity that simply

does not, and increasingly so, exist. The shadowy minority that exercises economic power, internationalised and financialised capital, has no necessary commitment to South Africa, as most obviously symbolised by capital flight. Similarly, the new black elite organised around such conglomerate capital and/or state largesse is not simply to be made more functional through elimination of corruption – its very functions themselves have to be changed. All of this more or less falls outside the social compacting up for consideration.

Second, though, the same neglect cannot be said to exist for the traditional position of labour, trade unions and the impoverished, who are required to grasp a new ethos. For example, on the NDP's very first page we are told of the need to abandon a "passive citizenry receiving services from the state", (National Planning Commission, 2012, p. 1). This is followed by the requirement of "shifting from a paradigm of entitlement" (National Planning Commission, 2012, p. 5), and, whilst the treatment of finance only merits a couple of pages in the NDP (National Planning Commission, 2012, pp. 129-30), the contrast with labour could not be more striking. Almost as much attention is given to the details of the relatively minor but highly controversial and symbolic issue of regulating how employees may be dismissed in order to improve the functioning of the labour markets (National Planning Commission, 2012, pp. 113-14). Such labour market flexibility might be thought to be the exact antithesis of social compacting!³⁸

6. Concluding Remarks

To a large degree, the DSP and the SCP have persistently occupied a place where they can be used to identify both alternative policies to neo-liberalism and alternative social arrangements that are more conducive to such alternative policies. Neo-liberalism is not, after all, just a set of policies or ideologies but the contemporary phase of capitalism that conditions how the DSP and the SCP are conceived and what impact they do, or do not, have in practice. The two paradigms inevitably shed some light on policies and how they are made. However, both paradigms have evolved over time in terms of their substantive content and depth and breadth of appeal, as have the material and intellectual environments to which they have responded. The thrust of this paper has been to demonstrate that both intellectual and material trajectories have been particularly unkind to the DSP and to the SCP as the basis for posing development policy, as each has become an ideological construct of diverse meanings and neo-liberalism has undermined their scope for meaningful application.

This does not necessarily mean that the paradigms should be abandoned for lack of potential progressive purpose, although each can serve specific, possibly elite, interests whilst obscuring such and presenting them ideologically as the general interest. But if these paradigms are to gain any effective purchase over policymaking, they will need to get to grips with financialisation; the ways in which it has underpinned neo-liberalism; how this has hollowed out the processes of making policy and in the interests that can be expressed, and given a particular character to how compacting can be achieved and for what ends; how it has conditioned the forms and content taken by conflict, and institutional capacity to formulate, deliver and monitor policy; and how corruption and dysfunction have emerged and been enabled in the pursuit of conflicting interests. These are precisely what needs to be addressed in a South African context but it is far from clear whether the DSP and the SCP represent conduits or chains for these purposes.

Footnotes

¹ Neatly, in terms of what follows, his son, Robert C., was awarded the Nobel Prize in Economics in 1997, together with Myron S. Scholes, for discovering “a new method to determine the value of derivatives”, the Black–Scholes(-Merton) formula, http://www.nobelprize.org/nobel_prizes/economics/laureates/1997/

² Although eliminating reference to the DSP as such, Ha Joon Chang (1994, 2002, 2007 and 2010) has been at the forefront of this sort of continuing assault on the Washington Consensus, with a corresponding convergence towards more mainstream market imperfections and institutional economics (Fine and Van Waeyenberge, 2013).

³ See Frangie (2011) for a rare juxtaposition of the developmental state with primitive accumulation and the process of state formation itself.

⁴ See Al-Jazeera (2008) but also, put neatly, by Kim (2012, p. 158):

A study of the Korean state’s activism since the early 2000s sheds new light on two outstanding issues in the literature on East Asian developmentalism . . . First, how do erstwhile developmental states catalyse economic activity in an open, yet more regulated, economic environment? Second, since the nation-building phase of industrialization has largely been achieved, how do former developmental states support companies beyond catching up?

⁵ For my previous work on the DSP in general, see Fine (2004 and 2006) and Fine et al (eds) (2013), and Fine and Rustomjee (1997) for relevance for South Africa at an early stage.

⁶ See Pradella (2014) for methodological nationalism as the longstanding basis for the DSP.

⁷ See also Gray’s (2011b, p. 595) study for Taiwan, “moving beyond attempts to understand transformation through national comparative ideal type models”, or as Song (2011, p. 297), drawing on world systems theory and the state derivationist approach, puts it for South Korea in light of the putative demise of its developmental state:

Once the Korean developmental state is analysed in the light of the new framework, its transformation cannot be understood either as a transition from an interventionist to a non-interventionist state, or from the national to the global. The Korean state remains a capitalist state, be it understood to be the old developmental state or not, and it is no less integral to global capital accumulation. The transformation of the Korean developmental state must be seen as the rise of a new modality of social domination within the capitalist mode of production, rather than the reversal of the domination of ‘the state’ over ‘capital’ (or ‘the economy’), of the ‘national’ (internal) over ‘the global’ (external) or vice versa, which are the presuppositions of practically the entire existent literature on the subject.

⁸ Thus, as Gray (2011b, p. 587) observes for the birth of the East Asian NICs in general, “As with Japan and South Korea, the US had deliberately sought to nurture economic growth and self-sufficiency in Taiwan as part of the wider geopolitical aims in East Asia”. And, equally, combinations of such factors, with the irresistible attraction of the Chinese mainland to Taiwanese investment and declining US hegemony in the region, arise with the putative demise of the Taiwanese developmental state, p. 590:

In Taiwan, development thus brought forth new social forces that arose to contest the authoritarian developmental political system. The social movements that emerged were of four distinct types. The first protested against the state’s inaction in the face of new issues, such as consumer protection, pollution, rising housing costs, and conservation. The second focused on state policies regarding ethnic groups and minorities’ language rights, land control, and cultural identity and preservation, as well as the care more generally of disadvantaged groups. The third challenged the state’s corporatist control over key social groups, such as workers, farmers, students, women, teachers and intellectuals. The fourth emerged to challenge the rules surrounding political sensitive issues, such as the ban on private contacts between Taiwan and mainland China, and human rights.

⁹ See Mkandawire (2012, p. 18) for observing that, “Peter Evans coined ... the oxymoron-like expression, ‘embedded autonomy’”.

¹⁰ For an account, see Breznitz (2012) who takes a constructivist ideational approach, p. 106, interrogating how an ideology across neo-liberalism and developmentalism reconciled these in practice, p. 107:

This ideology, which was transformed into a ‘taken-for-granted shared mental model’ starting in 1958, led Irish policymakers to devise and implement economic policies on the basis of two opposing ideas: neoliberal free-market principles and a strong developmentalist ideal. Facing severe economic crisis and emigration, the government made job creation the national objective. The organizations designated to achieve it were granted immense power and influence. The strong focus on job creation led IDA to develop an orientation favoring MNCs. Application of these policies lured a stream of MNCs to Ireland. At the same time, investing in local industry, which necessitates a long timeframe and did not have an immediate benchmarked job creation impact, was viewed as economically protectionist and market distorting activity to be avoided.

¹¹ See Tsukamoto (2012) for Japan’s neo-liberalised developmental state, and Liow (2011, p. 241) for whom:

Once a developmental state, Singapore has undergone much structural changes to its economy in the past decade. The economy has gradually been deregulated, liberalised and privatised to conform more to the neoliberal model. However, existing interests embedded within the developmental state prevents a transition to a full-fledged neoliberal regulatory one. Instead what emerges is a type of hybrid state, in the form of the neoliberal-developmental state.

Note that, as with Breznitz from previous footnote, the neo-liberal developmental state, equally middle-range oxymoronic as embedded autonomy, is engaged only at the expense of departing from, or at least refining, the DSP’s account of economic interests, state-market dichotomy, and the role of international capital.

¹² For Petropoulos (2011), this can involve the substitution of expanding and furnishing domestic demand through state intervention across the East Asian NICs and especially in China.

¹³ Thus, for example, in his proposal for a new development economics, there is no reference by Lin (2012), even by way of critical departure, to the DSP (apart from a title in references) despite his putative shift towards embracing industrial policy.

¹⁴ See also his contribution in Williams (ed) (2014), a collection that might be interpreted, largely inadvertently, to illustrate the propositions offered here, both in general and for South Africa in particular. Interestingly, in contrast to Evans, those such as Lin (2012) who disregard the DSP altogether continue to regard industrialisation and industrial policy as central to development (and Lin even suggests light targeting of industries a decade ahead in the process of development, as revealed by those who are to be emulated).

¹⁵ To be fair, Evans does not seem to have the benefit of the global crisis by which to assess the role of finance and its implications for development.

¹⁶ The next two paragraphs taken from Fine (2011a).

¹⁷ I observe here, in passing and for future reference, that the policies adopted by the USA and some other developed countries have been exactly the opposite of those advised, or should that be imposed, on developing countries experiencing similar crises in the past. As Ha-Joon Chang has been at the forefront of arguing in the context of historical paths to development, those that have traversed it insist, “Do not do as we **did**, do as we say” to which should be added the nostrum, “Do not do as we **do**, do as we say”.

¹⁸ Significantly, Leftwich (2010), a leading member of the DSP’s political school, bemoans the lack of attention to agency, and despite his focus being on the role of elites in creating developmental aspirations, or not, there is not a single reference to finance! The single exception that proves the rule is to be found on p. 102:

It is in this context that the role of agency becomes critical, at least in the world of real politics, that is in shaping institutional responses to political, economic and social challenges – such as the financial crisis of 2008–2009, political instability and violence in the context of failed or unconsolidated states, or the threat of nationwide HIV/AIDS epidemics that currently ravage many countries in the south.

Finance, or its crisis, is merely something to which elites need to be able to respond developmentally (as opposed to being seen as both causal and, in large measure, beneficiaries). This is of significance for social compacting, see below.

¹⁹ There is a neat coincidence of acronym with the Structure-Conduct-Performance tradition within industrial economics, for which corporate power and behaviour lead to outcomes as opposed to classes, political processes and policies.

²⁰ A major exception to prove the rule is Mkandawire (2012), possibly a consequence of his addressing the SCP in the context of South Africa at a time when the DSP is also to the fore.

²¹ Thus, for Reinert (2012, pp. 7/8):

The same best years of growth were found in the Nordic countries, which were long seen as a very successful Third Way between capitalism and communism. The Swedish case is interesting because the formula for industrial success after WW II can be personified in three individuals, Schumpeterian economist Erik Dahmén (1916-2005), who for decades worked for Stockholms Enskilda Bank, the bank's owner Marcus Wallenberg (1899-1982), and social democratic politician Gunnar Sträng (1906-1992). Sträng held ministerial posts in the Swedish government from 1947 until 1976, the last 21 years as Minister of Finance. Industrialist Wallenberg and his advisor Dahmén had lunch every Wednesday, and capitalist Wallenberg and social democrat Sträng met, often in secrecy, to solve the big issues. This type of arrangement developed the Fordist wage regime – that the fruits of industrial productivity were shared between capital and labor – and the accompanying ratchet wheel effect of welfare capitalism: wages could only go up, not down.

²² But see Siegel (2005) and Brandl and Traxler (2005) for doubts over whether social compacts lead to positive outcomes for welfare state reform.

²³ See Blyth (2001) for an account with some emphasis on ideational factors, p.11:

In sum, the huge financing at its disposal allowed SAF [employers] to mount a sustained attack on the Swedish model. Initially however, business began this revolution rather traditionally [with lockouts]. Aiming at defeating labor itself, business did not yet realize the importance of defeating labor's ideas first.

See also Öberg et al (2011) for an account of the decline of Scandinavian corporatism in view of a mix of factors such as decline of strength of labour movement, dilution and fragmentation of interests, devolution to higher and lower levels than national government, and growing strength of employer organisations.

²⁴ Possibly “competitive corporatism” serves as a moniker and allows escape from being an oxymoron, Rhodes (2001).

²⁵ Indeed, “corporatism” is probably now used more to express commercialisation and/or the influence of corporations than, to some extent, its opposite as the negotiated settlement between capital and (influence of) labour.

²⁶ See Bayliss et al (2015).

²⁷ See Wade (1996).

²⁸ For subsequent contributions, see Fine (2010b and c) and Ashman et al (2010).

²⁹ See Pitcher (2012) for some account of this.

³⁰ Followed by another “Watershed Conference”, in 2012, ANC (2012).

³¹ “The New Growth Path: The Framework”, Economic Development Department, South Africa, 2010, <http://www.info.gov.za/view/DownloadFileAction?id=135748> For critical assessment of the NGP, see Fine (2011b).

³² “The National Development Plan: Vision for 2030”, issued in late 2011 by the National Planning Commission, <http://www.npconline.co.za/medialib/downloads/home/NPC%20National%20Development%20Plan%20Vision%202030%20-lo-res.pdf>. For critical assessment, see Fine (2012) and, on agriculture and rural development, Sender (2012).

³³ Although most extreme in South Africa, the buzz is not confined to it. As observed by Shaw (2012), in distancing itself from neo-liberalism, the United Nations Economic Commission for Africa (UNECA) declared itself in favour of a “developmental state approach”, p 838. Indeed, he quotes, p. 840:

Developmental states in Africa should be inclusive and operate through a democratic governance framework. Five major elements are crucial . . . purposeful leadership and a developmentalist coalition; transformative institutions; focused industrial policy; investment in research; and enhanced social policy.

³⁴ Thus, in relatively empty substance by reference to the DSP, in the Second Transition Discussion Document, we are informed, p. 15, para 65:

The uniquely South African developmental state is defined . . . as a state:

- *with capacity to intervene in the economy in the interest of higher rates of growth and sustainable development;*
- *with effective and sustainable programmes that address challenges of unemployment, poverty and underdevelopment with requisite emphasis on vulnerable groups; and*
- *that mobilises the people as a whole, especially the poor, to act as their own liberators through participatory and representative democracy.*

³⁵ Chief Economist at the World Bank and Harvard academic, respectively. For critical commentary on Lin and Rodrik, see Fine (2011a and 2012b) and Fine and Van Waeyenberge (2013). Of course, paying attention to context as opposed to neoclassical deductive reasoning does not mean it is correctly assessed. See Fine (2009a and b) in debate with Hausmann and Andrews (2009) as members of the Harvard Team that advised Treasury and for which Rodrik is a leading participant. As was pointed out, the Team proceeded as if neither the MEC nor illegal capital flight exists even after this deficiency is revealed to them.

³⁶ Details of location and links to these references across the Diagnostics, many of which take you to options to purchase on Amazon or otherwise, can be obtained from the author.

³⁷ Another interesting piece shows, with whatever validity, that returns to education between whites and blacks have become unequal having been equal under apartheid (if, of course, to very different levels of earnings). Again, this is not taken up in the Plan itself.

³⁸ Note that the NGP is much clearer about the sort of social compacting it has in mind, p. 29:

it requires some sacrifice from union members . . . the New Growth Path must ensure that economic and social policies demonstrably reward any sacrifice by members with real gains for the working class as a whole.

References

- Al-Jazaeri, H. (2008) "Interrogating Technical Change through the History of Economic Thought in the Context of Latecomers' Industrial Development: The Case of the South Korean Microelectronics, Auto and Steel Industries", University of London, unpublished Phd Thesis.
- ANC (2012) "The Second Transition?: Building a National Democratic Society and the Balance of Forces in 2012", Discussion Document towards the National Policy Conference, Version 6.0 as amended by the Special NEC, 27th February, 2012, http://us-cdn.creamermedia.co.za/assets/articles/attachments/38020_anc_strategyq.pdf
- Ashman, S. and B. Fine (2013) "Neo-liberalism, Varieties of Capitalism, and the Shifting Contours of South Africa's Financial System", in Padayachee (ed) (2013), forthcoming.
- Ashman, S., B. Fine and S. Newman (2010) "The Developmental State and Post-Liberation South Africa", in Misra-Dexter and February (eds) (2010).
- Bayliss, K., B. Fine, M. Robertson and A. Saad-Filho (2015) "Thirteen Things You Need to Know about Neoliberalism" Thematic Paper, submitted to FESSUD for Deliverable D8.27.
- Bayliss, K., B. Fine and E. van Waeyenberge (eds) (2011) The Political Economy of Development: The World Bank, Neo-Liberalism and Development Research, London: Pluto Press.
- Blyth, M. (2001) "The Transformation of the Swedish Model: Economic Ideas, Distributional Conflict, and Institutional Change", World Politics, vol 54, no 1, pp. 1-26.
- Brandl, B. and F. Traxler (2005) "Industrial Relations, Social Pacts and Welfare Expenditures: A Cross-National Comparison", British Journal of Industrial Relations, vol 43, no 4, pp. 635–58.
- Breznitz, D. (2012) "Ideas, Structure, State Action and Economic Growth: Rethinking the Irish Miracle", Review of International Political Economy, vol 19, no 1, pp. 87-111.
- Chang, H-J. (1994) The Political Economy of Industrial Policy, Basingstoke: Macmillan.
- Chang, H-J. (2002) Kicking Away the Ladder – Development Strategy in Historical Perspective, London: Anthem Press.
- Chang, H-J. (2007) Bad Samaritans – Rich Nations, Poor Policies, and the Threat to the Developing World, London: Random House.
- Chang, H-J. (2010) 23 Things They Don't Tell You About Capitalism, London: Allen Lane (Penguin).
- Cornwall, A. and D. Eade (eds) (2010) Deconstructing Development Discourse: Buzzwords and Fuzzwords, Oxfam and Rugby: Practical Action Publishing.
- Edigheji, O. (ed) (2010) Constructing a Democratic Developmental State in South Africa: Potentials and Challenges, Cape Town: Human Sciences Research Council Press.
- Evans, P. (2008) "In Search of the 21st Century Developmental State", Centre for Global Political Economy, Working Paper, no 4, University of Sussex, <http://www.sussex.ac.uk/cgpe/research/publications/workingpapers>
- Fine, B. (2001) Social Capital versus Social Theory: Political Economy and Social Science at the Turn of the Millennium, London: Routledge.
- Fine, B. (2004) "Beyond the Developmental State: Towards a Political Economy of Development", in Hirakawa et al (eds) (2004), (in Japanese), with English version in Lapavitsas and Noguchi (eds) (2005).
- Fine, B. (2006) "The Developmental State and the Political Economy of Development", in Jomo and Fine (eds) (2006).
- Fine, B. (2010a) Theories of Social Capital: Researchers Behaving Badly, London: Pluto Press.
- Fine, B. (2010b) "The Developmental State?", in B. Maharaj, A. Desai and P. Bond (eds) Zuma's Own Goal: Losing South Africa's 'War on Poverty', Trenton, NJ: Africa World Press, Inc., 2010, pp. 101-124.
- Fine, B. (2010c) "Can South Africa Be a Developmental State?", in Edigheji (ed) (2010).

- Fine, B. (2011a) "Locating the Developmental State and Industrial and Social Policy after the Crisis", UNCTAD, The Least Developed Countries Report 2011: The Potential Role of South-South Cooperation for Inclusive and Sustainable Development, Background Paper, no 3, 2011, http://www.unctad.org/Sections/ldc_dir/docs/ldcr2011_Fine_en.pdf
- Fine, B. (2011b) "Assessing the New Growth Path: Framework for Change?", mimeo, available at <http://eprints.soas.ac.uk/13053/>
- Fine, B. (2011c) "Financialisation and Social Policy", in Utting et al (eds) (2011).
- Fine, B. (2012) "Chronicle of a Developmental Transformation Foretold: South Africa's National Development Plan in Hindsight", Transformation, no 78, pp. 115-32.
- Fine, B. (2013) "Beyond the Developmental State: An Introduction", in Fine et al (eds) (2013).
- Fine, B. (2014) "The Continuing Enigmas of Social Policy", prepared for the UNRISD project on Towards Universal Social Security in Emerging Economies, UNRISD Working Paper 2014-10, June, <http://www.unrisd.org/Fine>
- Fine, B., C. Lapavistas and J. Pincus et al (eds) (2001) Development Policy in the Twenty-First Century: Beyond the Post-Washington Consensus, London: Routledge.
- Fine, B. and Z. Rustomjee (1997) South Africa's Political Economy: From Minerals-Energy Complex to Industrialisation, Johannesburg: Wits University Press.
- Fine, B., J. Saraswati and D. Tavasci (eds) (2013) Beyond the Developmental State: Industrial Policy into the 21st Century, London: Pluto, in press.
- Fine, B. and E. Van Waeyenberge (2013) "A Paradigm Shift that Never Was: Justin Lin's New Structural Economics", Competition and Change, vol 17, no 4, pp. 355-71, with longer revised version as "A Paradigm Shift that Never Will Be?: Justin Lin's New Structural Economics", SOAS Department of Economics Working Paper Series, No. 179, <http://www.soas.ac.uk/economics/research/workingpapers/file81928.pdf>
- Frangie, S. (2011) "Post-Development, Developmental State and Genealogy: Condemned to Develop?", Third World Quarterly, vol 32, no 7, pp. 1183-198.
- Freund, B. (2012) "A Ghost from the Past: The South African Developmental State of the 1940s", <http://www.nai.uu.se/ecas-4/panels/41-60/panel-57/Bill--Full-paper.pdf>
- Gray, K. (2011a) "The Social and Geopolitical Origins of State Transformation: The Case of South Korea", New Political Economy, vol 16, no 3, pp. 303-22.
- Gray, K. (2011b) "Taiwan and the Geopolitics of Late Development", The Pacific Review, vol 24, no 5, pp. 577-99.
- Hillbom, E. (2012) "Botswana: A Development-Oriented Gate-Keeping State", African Affairs, vol 111, no 442, pp. 67-89.
- Jomo, K and B. Fine (eds) (2006) The New Development Economics: After the Washington Consensus, Delhi: Tulika, and London: Zed Press.
- Kim, S-Y. (2012) "Transitioning from Fast-Follower to Innovator: The Institutional Foundations of the Korean Telecommunications Sector", Review of International Political Economy, vol 19, no 1, pp. 140-68.
- Krugman, P. (1994) "The Myth of Asia's Miracle", Foreign Affairs, vol 73, no 6, p. 62 -68.
- Leftwich, A. (2010) "Beyond Institutions: Rethinking the Role of Leaders, Elites and Coalitions in the Institutional Formation of Developmental States and Strategies", Forum for Development Studies, vol 37, no 1, pp. 93-111.
- Lin, J. (2011) "From Flying Geese to Leading Dragons: New Opportunities and Strategies for Structural Transformation in Developing Countries", WIDER Annual Lecture, no 15, http://www.wider.unu.edu/publications/annual-lectures/en_GB/AL15/
- Lin, J. (2012) New Structural Economics: A Framework for Rethinking Development and Policy, Washington: World Bank, <http://siteresources.worldbank.org/DEC/Resources/84797-1104785060319/598886-1104951889260/NSE-Book.pdf>
- Liow, E. (2012) "The Neoliberal-Developmental State: Singapore as Case Study", Critical

- Sociology*, vol 38, no 2, pp. 241–64.
- Maharaj, B. A. Desai and P. Bond (eds) (2010) *Zuma's Own Goal: Losing South Africa's 'War on Poverty'*, Trenton, NJ: Africa World Press.
- Misra-Dexter, N. and J. February (eds) (2010) *Testing Democracy: Which Way Is South Africa Going?*, Institute for a Democratic South Africa, Cape Town: ABC Press.
- Mkandawire, T. (2012) "Building the African State in the Age of Globalisation: The Role of Social Compacts and Lessons for South Africa", Mapungubwe Institute for Strategic Reflection, Inaugural Annual Lecture, MISTRA, <http://www.mistra.org.za/MediaDocs/The%20role%20of%20social%20compacts.pdf>
- Molina, O. and M. Rhodes (2002) "Corporatism: The Past, Present, and Future of a Concept", *Annual Review of Political Science*, vol 5, pp. 305-31.
- National Planning Commission. 2012. *National Development Plan 2030: Our Future – make it work*. Pretoria: The Presidency.
- Öberg, P., T. Svensson, P. Christiansen, A. Nørgaard, H. Rommetvedt and G. Thesen (2011) "Disrupted Exchange and Declining Corporatism: Government Authority and Interest Group Capability in Scandinavia", *Government and Opposition*, vol 46, no 3, pp. 365-91.
- Padayachee, V. (ed) (2013) *Capitalism of a Special Type?: South African Capitalism before and after Apartheid*, Durban: UKZN Press, forthcoming.
- Petropoulos, S. (2011) "The 2008 Global Crisis and the East Asian Developmental States Shifts of Export-Driven Strategies", *European Journal of East Asian Studies*, vol 10, no 2, pp. 181-202.
- Pierson, P. (2001) *The New Politics of the Welfare State*, Oxford: Oxford University Press.
- Pitcher, A. (2012) "Was Privatisation Necessary and Did It Work? The Case of South Africa", *Review of African Political Economy*, vol 39, no 132, pp. 243-60.
- Powell, M. and A. Barrientos (2011) "An Audit of the Welfare Modelling Business", *Social Policy and Administration*, vol 45, no 1, pp. 69-84.
- Pradella, L. (2014) "New Developmentalism and the Origins of Methodological Nationalism", *Competition and Change*, vol 18, no 2, pp. 180-93.
- Reinert, E. (2012) "Neo-classical Economics: A Trail of Economic Destruction since the 1970s", *Real-World Economics Review*, no 60, pp. 2-17, <http://www.paecon.net/PAERreview/issue60/Reinert60.pdf>
- Rethel, L. (2010) "The New Financial Development Paradigm and Asian Bond Markets", *New Political Economy*, vol 15, no 4, pp. 493-517.
- Rhodes, M. (2001) "The Political Economy of Social Pacts: 'Competitive Corporatism' and European Welfare Reform", in Pierson (ed) (2001).
- Rodrik, D. (2009) "One Economics, Many Recipes", Sir Arthur Lewis Distinguished Lecture, 26 March, <http://www.youtube.com/watch?v=fBAF5sGtPPY>
- Sender, J. (2012) "Fictions and Elephants in the Rondawel: A Response to a Brief Chapter in South Africa's National Development Plan", *Transformation*, no 78, pp. 98-114.
- Shaw, T. (2012) "Africa's Quest for Developmental States: 'Renaissance' for Whom?", *Third World Quarterly*, vol 33, no 5, pp. 837-51.
- Shonfield, A. (1965) *Modern Capitalism: The Changing Balance of Public and Private Power*, Oxford: Oxford University Press.
- Siegel, N. (2005) "Social Pacts Revisited: 'Competitive Concertation' and Complex Causality in Negotiated Welfare State Reforms", *European Journal of Industrial Relations*, vol 11, no 1, pp 107-26.
- Song, H-Y. (2011) "Theorising the Korean State beyond Institutionalism: Class Content and Form of 'National' Development", *New Political Economy*, vol 16, no 3, pp. 281-302.
- Tsukamoto, T. (2012) "Neoliberalization of the Developmental State: Tokyo's Bottom-Up Politics and State Rescaling in Japan", *International Journal of Urban and Regional Research*, vol 36,

- no 1, pp. 71-89.
- Utting, P., S. Razavi and R. Buchholz (eds) (2012) Global Crisis and Transformative Social Change, London: Palgrave MacMillan.
- Wade, R. (1996) "Japan, the World Bank, and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective", New Left Review, no 217, pp. 3-37.
- Wade, R. (2012) "Return of Industrial Policy?", International Review of Applied Economics, vol 26, no 2, pp. 223-39.
- Wiarda H. (1997) Corporatism and Comparative Politics: The Other Great Ism, New York: Sharpe.
- Williams, M. (ed) (2014) The End of the Developmental State?, London: Routledge.
- World Bank (1993) The East Asian Miracle: Economic Growth and Public Policy, A World Bank Policy Research Report, Oxford: Oxford University Press.