CHAPTER 15

‘South Africa Inc.’: The Rise of the Developmental State and the Corporatization of Intergovernmental Relations

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1 Introduction

South Africa’s national development plan, adopted in 2012, makes building ‘a capable and developmental state’ the central long-term priority. That means a State that has the capacity to intervene in the economy to achieve high growth with significant redistribution. The plan reflects a broad consensus within the African National Congress-led alliance, which governs the country, that State-led development is essential to overcome the developmental challenges that confront South Africa. There are two main grounds for this position. First, without State intervention, it is believed the market will simply reproduce the patterns of racial and gender discrimination that are still reflected in the distribution of wealth, income and poverty in the country more than two decades after the collapse of white minority rule.

The second reason is the belief that massive State-led development is the answer to the severe unemployment, poverty and inequality that grips the country and threatens the country’s stability: in 2013, South Africa ranked in the top 5 per cent of the global distribution of inequality (with a Gini coefficient of 63). The unemployment rate was 25 per cent (34 per cent if discouraged work seekers are counted), with 50 per cent of youth unemployed. Addressing the ‘triple scourge of unemployment, poverty and inequality’ through massive State-led investment in economic and social infrastructure is the axis of the current Zuma government’s programme of action. The business end of that programme is a massive investment of R800 billion every three years in economic infrastructure, such as “roads, transport, energy, communications, water and housing.” The goal of this investment, according to the national development plan, is to bring in private sector investment to create 11 million jobs by 2030, and thus drastically reduce unemployment and poverty.

The national development plan concedes that a capable and developmental State does not yet exist and will have to be built over time, “brick by brick, institution by institution.” Some scholars argue the opposite: the State is heading toward failure and dysfunction. Either way, if a stepped-up developmental role for the State is the goal, then a “state apparatus that can determine the best outcomes and drive investment” will have to be built over time.

Constructing that apparatus will require specific choices to be made about the appropriate institutional structure for the State so it can play that role, and it is likely that those choices will be controversial at both ends of the political spectrum. Any attempt to tamper with the constitutional structure in order to...