

# Transforming the State

The advance, deepening and defence of our democratic breakthrough requires, as a crucial component of this process, a national democratic developmental state that fosters and embodies people's power. In line with the RDP base document and other strategic documents of our liberation movement, the SACP believes that representative democracy needs to be complemented with diverse forms of popular direct and participatory democracy.

To play its developmental role the state needs to be an active catalyser and key strategic co-ordinator of the nation-building, democratic, and economic and social development objectives of our NDR. We need an active democratic state to mobilise the resources of our society, including the energies, organisational capacity and expectations of the historically oppressed majority, and indeed of the totality of our population.

But, we also need an active society, in order to transform and empower the very state that has to carry out this developmental role. We need the state to transform society, and society to transform the state. It is this essentially dialectical interaction between the state and popular forces in society that lies at the heart of our concept of a national democratic, developmental state.

## What "model" of state?

In the course of the 20th century, no society has emerged with relative success from war-time ruin, civil strife, colonial underdevelopment, or capitalist structural crisis without some kind of economically and socially active state that is capable of setting a national, developmental agenda.

In South Africa we are having to cope, in our own way, with a legacy that has been produced by a combination of regional war, civil strife, colonial underdevelopment and capitalist structural crisis. The need for an active developmental state is overwhelming.

But this requirement, born of necessity, is also a matter of principle – a national democratic, developmental state is in line with our strategic commitment to the Freedom Charter vision that the people shall govern, it is in line with our call for people's power, and it is in line with the RDP approach to political transformation.

However, we have neither the possibility nor the wish to simply replicate a model of the state from other societies.

The developmental path taken by the former *Soviet bloc societies* was not without many important successes. But it was based on a substantial de-linking from the capitalist world which is not an available option in current global conditions, not least for a relatively small, and dependent economy like our own. The Soviet "model" involved a highly centralised, administrative command, top-down bureaucratic state, and it has proved to be both undesirable and unsustainable.

The *welfare state*, that developed in some of the advanced capitalist world, particularly in the two and half decades after 1945, did so in a particular set of national and international circumstances. It was based on a class compromise, and on capitalist restructuring that required state led redistribution into infrastructural development, the process was actively encouraged by the Bretton Woods intra-capitalist consensus at the end of World War II. Drawing lessons from post-World War I intracapitalist instability, the strategic objective was to ensure relative stability (and prosperity) in all of the advanced capitalist coun-



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tries, thereby avoiding an inexorable slide into a Third World War. The welfare state's developmental thrust was based on demand-led growth, and its infrastructural investments (into housing, public transport, public health, etc.) enabled two decades of sustained rises in productivity in many of these societies.

There are, no doubt, important positive lessons that may be derived for South Africa from the welfare state experience. However, it is important to understand that the welfare state only really functioned in the advanced capitalist world. The redistributive, demand-led growth path was, in part, dependent for the resources underpinning it, on a global imperialist division of power and wealth. It also depended, for its more progressive class compromises, on an international balance of class forces that was more favourable than is now the case. Domestic national capital in many developed capitalist countries was more vulnerable in the immediate post-war situation, and more susceptible to social accord redistributive measures.

In South Africa in the late 1990s, we find ourselves in an essentially Third World country where redistributive measures alone will not sustain growth and development. The resource base simply does not exist in our country to ensure this. Nor, in the very different world of the late 1990s, are we about to become the recipients of a major inflow of Marshall Aid-type investments. While redistribution and the development of a much more comprehensive social security net are important aspects of our transformation agenda, a welfare-state model is not a viable option in our circumstances.

The *East Asian NICs* provide examples of state-led development paths in which basically Third World societies overcame some of their structural underdevelopment. Again, there are some lessons to be learnt from the way in which major state-led land reform programmes, infrastructural investment, and, above all, coordinated industrial policy, drove growth and development. In the process, national capital was an important beneficiary, but only on the condition that it was a disciplined component of the overall growth and development strategy. It was the state that deliberately engineered and even manipulated macro-economic policy, for instance, to suit the requirements of industrial policy, and not the immediate expectations of domestic or foreign investors.

Once again, however, we need to understand that many of the features of the early NIC developmental state, are neither feasible nor desirable in our own circumstances. The NIC developmental state flourished essentially in "front-line" capitalist societies at the height of the Cold War. In the early take-off phase of these societies, the major imperialist powers permitted these states much slack – in terms of high tariff protective measures, for instance. The NIC societies also pursued export-led growth at a time when most other developing countries were focused upon internal, infrastructural-led growth. Nowadays every developing country in the world is being encouraged to compete against every other country for export-led growth. The relative advantages enjoyed by the NICs simply no longer exist, either for them, or for the rest of the Third World.

Apart from very changed international circumstances, the NIC state was essentially hegemonised by the national bourgeoisie working through a bureaucratic (often military) elite. These states were characteristically highly authoritarian, and in the more recent period, the close interconnection between bureaucratic elites and national bourgeoisies has produced high levels of nepotism and corruption.

Whatever the limitations of all of these "models", it is important to grasp that the lesson of our century is that it is only an active state, strategically directed at some form of development that is capable of empowering societies to overcome serious structural crises.

The argument might be that global conditions have now changed so radically that the national state is “no longer relevant”. The national state is, indeed, challenged by many realities, including the sheer size and speed of international trade, the emergence of global governance structures (like the World Trade Organisation), and regional economic power blocs (EU, NAFTA, etc), and also the reconfiguration of local power relations, and their direct integration into global economic realities, and the emergence of organised crime syndicates. The sovereign capacities of the nation state are also ideologically challenged by the dominant neo-liberal ideology.

However, it is crucial to understand that nation states remain powerful actors. Neo-liberalism does not seek to abolish the nation state as is commonly argued, rather it seeks to reconfigure its role, so that the nation state plays an active economic role in creating the right conditions for private sector investment and disinvestment. Far from abolishing the nation state, neo-liberalism seeks to transform it into a “lean and mean” apparatus capable of imposing austerity measures on society, and capable of repressing the inevitable social upheavals that follow.

Critical to meeting all of these challenges is the construction of a powerful South African national democratic, development state. However, in so doing we cannot simply import “models” from elsewhere – this is neither feasible nor desirable.

## The national democratic, development state

The national democratic, development state that we are seeking to build, occurs in a transforming global situation, but also in relatively unique national circumstances. The national democratic, development state, needs to be, fundamentally, the state of a popular bloc of forces, aligned to the historically oppressed majority, around an ongoing national democratic transformation agenda. But we are seeking to build this state in the immediate aftermath not of the overthrow of the old order, but of a negotiated settlement. The legacy of the past remains deeply entrenched within our society, and that legacy is actively defended by minority forces with the powers and resources that they have accumulated historically. These forces are present and active in the state and its institutions as well as in broader society.

For both principled and practical reasons

- given our principled commitment to the thorough-going democratisation of power relations in our society,
- and given the practical reality of state institutions, policies, personnel and practices that have a contradictory character our task is not one of simply occupying positions of state power, or simply “managing” transformation from such positions, or of simply “deracialising” or “gendering” otherwise untransformed power relations, institutions and regulations.

The state requires ongoing transformation. For such transformation to occur, we must self-consciously empower popular forces capable of propelling this transformation. The transformation of the state into a developmental state needs itself to be people-driven.

In the short space of four years, since April 1994, we have already assembled considerable experience in this regard. To illustrate with three examples:

- In the area of resolving the crime problem, for instance, it is obvious to everyone that the active support of communities is essential. Indeed, such community support is not just about informing on criminal activity, it is



about an active engagement with the state's criminal justice system at the ground-level in order to compel it to become more user-friendly, more transparent, more aligned with the transformation agenda. Active popular involvement in the criminal justice system helps, also, to address the problem of limited budgetary resources.

- In the area of pensions and other social grants, we have been able through progressive dominance of the ministry and of the National Assembly, to institute many transformational policy and legislative measures, to deracialise social grants, and to more effectively target the most vulnerable sectors of our society. However, on the ground, the actual delivery of such grants by an unwieldy bureaucracy and by some lower-level officials who are actively hostile to transformation, often leaves much to be desired. What is more, the most vulnerable sectors of our society are precisely those that are often unaware of their new rights. There is an increasing awareness that the effective implementation of new policy requires popular mobilisation, and the active organisational involvement of our political and mass democratic formations.
- The occupancy rights of black farm-workers on largely white-owned farms have now been entrenched in law, but, again, in practice these rights are often flouted. Once again, the state and popular mobilisation on the ground need to be combined to ensure that progressive transformation is realised in practice.

In housing delivery, in the transformation of the labour market, in education, in health-care, in every aspect of our society, popular power must be built, and popular forces must engage actively with the new institutions local development forums, the peoples housing programme, work-place forums, school governance structures, hospital boards, community policing forums, and so on.

But for the state to increasingly play its developmental role other features must be fostered:

**Defending and extending the public sector** – It is in the context of ensuring that the state is able to set an active social and economic agenda that the SACP opposes all ideologically driven attempts to privatise public sector enterprises and resources. The private sector is not, by definition, “more efficient” – and especially not in meeting basic social needs. Nor must “privatisation” be invoked in the name of “black economic empowerment”. Black economic empowerment is about the effective empowerment of the poor and working class majority. Public resources must not be sold off simply to foster a new black elite. The public resources within the public sector must be used actively for development. As the National Framework Agreement on the restructuring of the public sector recognises, where the injection of extra capital, or of technology is required, then partnerships, joint ventures, or partial equity sales might be justified, but these must always be subordinated to the logic of developmental transformation. The SACP does not believe that movement towards socialism is simply the consequence of the passive, or bureaucratic occupation of economic commanding heights by the state. But we do believe that a dynamic and developmental public sector is crucial. For us, the critical question is the strategic use of public resources for ongoing transformation of power relations.

**The struggle against the neo-liberal “new public management” dogma** – We need also to foster new values and a new culture in the institutions of the public sector. Apart from the obvious need to eliminate racist and sexist values and practices, we need also to guard against narrow managerialist and technicist approaches to governance. In tandem with the global ideological dominance of neo-liberalism, the dogmatic assumptions of “new public management” have become fashionable and pervasive. Among the by

now familiar assumptions of this school of management theory are:

- the belief that, from the standpoint of management, there is very little difference between the public and private sectors;
- the need to shift emphasis from rules and standards to accountability for outcomes;
- a preference for private ownership, for contracting out, and competitive tendering;
- the disaggregation of public sector structures into quasi-autonomous agencies, in particular the separation of commercial from non-commercial functions, and policy from delivery and regulatory functions;
- a focus on monetary incentives in the public sector, rather than on other incentives (social values, pride in good public service, professionalism, etc);
- a stress on cost-cutting, credit control, efficiency and “value for taxpayers money”.

As a growing number of international theorists, think tanks, development agencies and others are now beginning to say, there are many problematic myths in this approach. The public and private sectors are not the same. The former has to be driven by strategic social values, any neglect of this critical difference quickly undermines the developmental role that the public sector must play in our society (and indeed in all societies). The trend to disaggregate public sector bureaucracies into quasi-autonomous agencies may, at times, be justified, but it often undermines the coherence of what is required, and it ghettoises “non-commercial” functions directed towards the poor, from other functions. The new public management approach often reproduces inequalities in other ways as well. It compels front-line managers and workers (for instance in poor local councils) to meet performance targets that have been set by senior management, rather than allowing them the space to respond to and negotiate the actual needs of each local context. The reduction of public managers to narrowly focused agents of specified “delivery outcomes”, makes this approach incapable of building up a public service that can respond to the great challenges of our country and world. Public sector managers and workers need to be leaders of a transformation process, who understand their task as more than just “service delivery”. Above all, the whole approach undermines the ability to sustain a unifying political vision and agenda, the public sector starts to be driven not by political transformational values, but by fiscal targets. Political vision is displaced by macroeconomics, and cadres by accountants.

Sometimes accepted unquestioningly as “neutral” techniques of “international best practice”, the “new public management” assumptions have already begun to have serious consequences in the post-April 1994 South Africa. Some of these consequences are evident in the dangerous divide that has sometimes opened up between local councils dominated by our ANC-led alliance and ANC-supporting communities, or between key ministries and social movements and progressive trade unions operating in the relevant sector.

The SACP is not arguing against the need for fiscal discipline, for effective public sector management, or for transforming bloated bureaucracies. The critical question is what political agenda drives such concerns – fiscal discipline is not an end in itself. We also do not believe that there is some alternative, quick-fix management blue-print. We are, however, deeply concerned at the dangers of the uncritical and dogmatic application of neo-liberal management practices and values within our transforming public sector. These practices and values are particularly insidious because they present themselves as implacable opponents of old-style apartheid bureaucracy, and as an “inevitable international modern trend”.



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