

## The Interventionist Role of the State In Socio-Economic and Political Development in Democratic South Africa (1994-2014)

Dr Daniel Francois Meyer

North-West University (NWU), South Africa  
Email: Daniel.meyer@nwu.ac.za

Dr Herman Van Der Elst

North-West University (NWU), South Africa  
Email: herman.vanderelst@nwu.ac.za

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### Abstract

Universally it is agreed that the state is a necessary and worthwhile institution in any country. In order to ensure effective service delivery to the population of a country, some form of government intervention is always required. This intervention must however be aligned with the unique characteristics of a country and its population. This article focuses holistically on the nature of state intervention as well as the different forms thereof. The analysis is however narrowed down to possible forms of interventions within democratic states. Against this background, South Africa is selected as a case study, due to the relative youthfulness of its democracy and the reality that the country remains subjected to political and economic transformation. The various applicable forms of state intervention in a democracy are analysed and applied to the current South African socio-political and economic landscape. A specific emphasis is placed on the elements of the social-welfare state and the development state in the South African context. It is argued that South Africa aspires to be a development state. In the analysis it was however found that the country is more of a social-welfare state due to its political history of "apartheid" which left a large portion of the population, amongst others, exposed to poverty and unemployment. More than 60% of the national budget is spent on social-welfare services and South Africa has the most comprehensive social-welfare support system in Africa. South Africa faces a dilemma of attempting to be a development state in a fully democratic dispensation, whilst having huge social-welfare backlogs. As an outcome it is recommended that South Africa needs to proceed with a mixed intervention approach. This approach includes the elements of both the development and welfare state for socio-economic and political success.

**Keywords:** State intervention, democracy, development state, welfare state, South Africa.

### 1. Introduction

With the exception of anarchists who view the state as an absolute evil, there is consensus amongst all political thinkers from different ideological backgrounds that the state is a worthwhile and necessary institution. The extent of the role of the state in a society is however still elusive and subjected to a variety of multi-dimensional and complex interpretations. For example in the historical Greek City States, it was believed that the purpose of the state was to tend to the well-being of society (Gill 2014). According to writers such as Hobbes and Locke, the state has a responsibility to maintain life and property through a so-called "social contract" with communities (Kotze and van Wyk 1986:167). Rousseau and Bentham believed that the state has an obligation to ensure "the general happiness of the population" (Ranney 1987:23; Heywood 2007:77). Marx believed that the state has an obligation to tend to the needs of the workers class and guard against capitalist exploitation (Goodwin 2007:18).

This means that even today there are different approaches and interpretations to what the role of the state should be in different societies. In order for the state to be effective, the format of this role must be aligned with the unique socio-economic and political construct of a specific country, as well as the specific needs of the population (Heywood 2007:99).

As a main outcome this article aims to investigate the nature, applicability and effectiveness of the post 1994 interventionist role of the state in the South African political, economic and social landscape. In order to achieve the above objective, the article is structured on three investigative levels. On a systemic level, the objective of this article is to provide a holistic overview of the main roles that the state can play in a democratic dispensation. On a meso level, the focus is narrowed down to the role of the state in the South African dispensation. On an application level, the article

attempts to establish whether this approach is successful. As a conclusive outcome, recommendations will be made on how to change, improve or adjust this approach.

## **2. The Essence and Purpose of a Democratic State**

In a simplified form, Heywood (2007:91) describes the state as an all-inclusive permanent political association with sovereign jurisdiction. The state exercises authority within specific and defined territorial boundaries through recognisable and permanent institutions. The activities of the state impact on all aspects of human existence. This includes involvement in aspects such as education, health, housing, welfare, job creation, law and order and defence. In any society it has the function of supervision, controlling, prescribing etc. In this regard it represents the interests of all the people in a country. Every country (excluding failed states) has a government. A government forms a part of the state and is temporary in the sense that it is aligned to a specific political party with certain policy objectives (Watson 2008:1). Venter (2001:118) explains that a government refers to the totality of bodies that are responsible for governing a state. In any political dispensation the government is the mechanism through which the state functions and fulfills its obligations towards all the citizens of a country. In a democracy, a government must be accountable to the electorate and must adhere to the reciprocal principles of the mutually agreed social contract, in other words the Constitution, with its citizens.

McCormick (2007:24) refers to a social contract as the agreed upon responsibilities of the government and its citizens. In essence the actions of a government must be directed at the well-being of all its citizens. If a government does not fulfill its obligations, it could be replaced through an election or, in extreme cases, a revolution where the current government is removed by means of violence (Watson 2008:1). It must also be acknowledged that not all states are the same. McCormick (2007:14) indicates that the contemporary global nature of functional states and political systems can be grouped under the following categories:

- Established liberal democracies such as the United States of America (USA), the states of the European Union (EU) as well as states in East Asia and Australasia.
- Communist and post-communist states such as North Korea, Russia, China, Cuba and former communist states in Eastern Europe.
- Developing states such as South Africa, India, Brazil, Malaysia and the Philippines;
- Less developed states mainly situated in sub-Saharan Africa, parts of Asia and Latin America; and
- Islamic states; and marginal states such as Afghanistan, Saudi Arabia, Yemen, Iraq and Egypt.

These categories suggest that, when compared, all states are unique in terms of their political and socio-economic composition (McCormick 2007:2). In other words, the needs of states will always differ. For example, these needs can be linked to levels of poverty and development, ethnic divisions, social needs, population density and levels of education.

## **3. The Importance of Balanced State Intervention**

The reality of the uniqueness of different states suggests that government must follow different approaches when fulfilling its obligations towards its citizens. The obligations of the state and that of society should be balanced in such a way that it benefits the country as a whole. According to Hwedi (2013:1-7) that balance can be achieved through state intervention that is conducive to development. Heywood (2007:451) is of the opinion that state intervention refers to the format of regulatory government policies of engagement or involvement, aimed at influencing decisions made by groups, individuals and organisations relating to economic and social issues in a society.

In order to serve the interest of society, state intervention must therefore be balanced in such a way that it is aligned with the unique needs and composition of a country. Karnik (1996:4) indicates that the extent of state intervention can be studied from a minimalistic (minimal state) to a maximalistic (collectivist state) point of view. The state also needs to create an enabling environment for communities and business to prosper (The Presidency, 2012).

## **4. The Effect of Globalization on Contemporary Forms of State Intervention**

During the period of the "Cold War", the rationale for interaction between states was mainly shaped by ideological beliefs (Capitalistic orientated liberalism in the West versus Marxist orientated communism in the East). These two ideologies not only dominated the way states interacted, they also shaped the way in which states were governed. A state was either aligned with the West or the East (Thomson 2010:157). In other words it also impacted on the relationship between state and society. During this timeframe, the structures of state and society were therefore either steered towards capitalistic

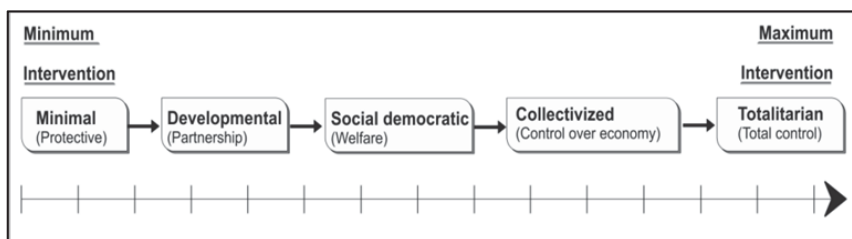
liberalism or Marxist orientated communism. At the end of the “Cold War”, the abovementioned ideological rationale for state interaction disappeared and was replaced by an era of economic globalisation. In the “post-Cold War” dispensation the rationale for state interaction started to revolve more and more around wealth creation, development in developing states and the North/South debate (Burnell *et. al.* 2010:71). This meant that the ideological rationale for interaction between states has largely been replaced by an economic rationale by being either a developed state or a developing state.

With the absence of a mainly ideological rationale for statehood, states started to focus more on relationships and issues of domestic development. The reality is that the vast majority of developing states have accepted that the liberalisation of economies and continued democratisation of political systems can stimulate sustainable development and economic growth (Burnell *et.al* 2010:72). Against this background it can be argued that within states, politics influences the economy and the economy influences politics. Politics and economics can therefore not be separated. The activities of the state and economic processes are therefore intertwined. The levels and ways of development therefore depend on the interventionist role that the state fulfills in the economy and society.

### 5. Possible Interventionist Functions and Responsibilities of a Democratic State

There are a variety of roles that a democratic state can fulfill through interventionist actions. The level of interventionist strategies can be found between the two extremes of minimal and maximum intervention as indicated in Figure 1.

Figure 1: The Spectrum of possible interventionist roles of the state



Source: Heywood (2007: 99).

As indicated, the format of the interventionist role of the state must be aligned with the unique socio-economic and political construct of a specific country as well as the specific needs of the population. The responsibilities of the state can be classified according to the amount of power a government possesses and utilises. It links up with the core responsibilities of the government and that of civil society and the private sector (Hwedi 2013:1). Between the abovementioned extremes there are a variety of roles that the state in a democratic dispensation can fulfill through interventionist actions. This article focuses on the interventionist role of the state in a democracy. Research is therefore narrowed down to minimal, developmental and social-democratic modes of intervention which typically occur in democracies. The various roles and approaches are listed below.

#### 5.1 Minimal state intervention approach

A minimalistic approach can be linked to anarchism in the sense that it displays a negative perception towards too much involvement of the state in society (Nozick 1999:4). In contrast to anarchists, this approach however acknowledges the necessity and role of the state in society. Locke describes the state as a so-called “Night-watchman” with minimum responsibilities (Brittan 1996:1). The state’s responsibilities must be restricted to protect the legitimate rights of property, liberty and life (Nozick 1999:10).

The minimalistic state is based on the principals of minimal state intervention and maximum freedom for the individual. Nozick (1999:18) argues that the role of the so-called “dead hand” of the state in a society must be limited, because too much intervention limits efficiency, productivity and competition. The functions of the state must be neutral and restricted to the protection of the citizens of a society. Citizens need to be protected against the use of force, the enforcement of contracts, fraud and theft. The institutional capacity and functional apparatus of the minimal state is

therefore limited to a court system, police force and a military establishment.

In terms of the Adam Smith theory, it is believed that a *laissez faire* approach to the economy will ultimately lead to maximum prosperity (Smith, 1776). Any further involvement in for example social, cultural and economic affairs will, according to Heywood (2007:100), lead to human rights abuses and will place a restriction on the freedom of individuals. In essence the state is merely a protective body and must create a framework for peace, and social and economic order within which individuals can pursue their objectives.

## 5.2 Developmental state intervention approach

The concept of the development state was first formulated by Johnson (1982:15), when he analysed the successful redevelopment of Japan after World War II. He was of the opinion that a development state approach is fundamental for rapid economic growth through the stimulation of private sector development with state guidance. Woo-Cummings (1999:28) defines the development state as "a seamless web of political, bureaucratic and managed influences that structures economic life". According to Onis (1991:110), the development state is intimately involved in the macro and micro-economic planning of a country with the ultimate goal to grow the local economy.

Also known as a partnership approach, a developmental state intervenes in such a way that it guides economic development and industrialisation towards meeting the needs of the population. It boils down to co-operation and the establishment of partnerships between government and business towards economic growth and wealth creation (Heywood 2007:100). As is the case with the minimalistic state, government intervention in the economy is viewed as necessary but negative and therefore remains limited. On the one hand the government remains committed to free market principles, but simultaneously supports firm intervention in order to steer the economy towards specific developmental objectives such as housing, improved health services, job creation, education and infrastructure development etc. In essence, interventions must not only be aimed at controlling the economy, but also to strengthen the economy, keeping it competitive with an investor friendly environment (Burnell et. al. 2009:504).

Typical successful developmental states are the so-called "Asian Tigers" (Hong Kong, Taiwan, Singapore and South Korea). These states managed to maintain exceptionally high economic growth rates and stimulate high rates of industrialisation since the 1960's up until the middle 1990's. Although developmental successes of these states were achieved through the implementation of liberal free market practices, there were fundamental forms of government intervention that stimulated economic growth. Key to success of the "Asian Tigers" was significant investment in education as well as the manufacturing and exporting industry (Paldam, 2003:456). The development state has certain characteristics as listed by Thompson (1996:67) and Woo-Cummings (1999:35) which could include a strong education system, well trained government officials, sustainable allocation of resources, a national economic vision, the protection of the domestic industries, innovation, the attraction of foreign investment, alliances between the state, labour and industry and good service delivery.

In China the government intervened in the economy through the adoption of the so-called state capitalism and corporatization (*also known as Peopleism*).<sup>1</sup> This interventionist approach ensured sustained patterns of economic growth. The socialist Chinese state made a decisive shift to a mixed economy which is stimulated by market driven patterns of economic growth. The state system remains autocratic but the economy adopted western styled free-market principles. In contrast to the example, the minimal approach, the Chinese government owns approximately 50% of all large corporations in the country. The state therefore remains in control, but is the dominant factor in the organisation and steering of the economy towards its developmental objectives (Nee, 2000:65).

Government does not, however, interfere in the operations of these enterprises, thus allowing the free market principles of competitiveness, initiative and profit taking to prevail. The government merely provides guidance in terms of investment, research and trading decisions (Nee, 2000:64). The enterprises and not the government provide social services in the form of education, health, employment, leave, pensions, access to leisure and protection to the population. This combination of selective state intervention and a free market economy in turn creates an investor friendly environment, ensuring China's effective integration into the global economy. According to Wade (1990) the East Asian success was achieved through getting the basics right. The implementation of the development state approach was based on five factors namely the redistribution of agricultural land, availability of finance, a sustainable macro-economic

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<sup>1</sup> *Why the focus on China? Through developmental government interventions China was able to achieve sustained levels of economic growth for the past two decades. There are also indications that China can become the largest global economy in less than two decades. The successes of specifically Chinese government intervention can be used as an example for other developing states (such as South Africa).*

environment regarding inflation, interest rates and exchange rates, assistance to domestic economy to make it more competitive and lastly the promotion of exports through technological development and industrial development policy.

The successful implementation of the development state concept in China, according to Cia (2010), was based on critical aspects such as a state guide economy with a socialist market economy under pressure to develop, a high degree of state autonomy, a strong developmental pilot agency, highly qualified public officials and economic development as key priority.

### 5.3 Welfare state intervention approach

Also known as the social-democratic approach, the main role of government in a welfare state is based on intervention in order to ensure fairness, equity and social justice for all.<sup>2</sup> In a welfare state it is accepted that a pure market economy will not benefit all and that injustices and imbalances will be created through free market practices. It is in fact believed that the deprivation gap between rich and poor will widen in a pure free-market dispensation (Mead 1997:197).

According to Esping-Anderson (1990:2), the modern welfare state is mostly concerned with the well-being of its citizens. The welfare state has been created to save capitalism from the uprisings of the poor masses and also as a result of the pressure on politicians to respond to the well-being of the working class and the poor. Nandana (2011) agreed with the previously mentioned definition. He stated that the welfare state is geared to look after the well-being of all of its people. The welfare state also includes providing benefits to the people regarding services and financial assistance. The state acts to redistribute revenue to the needy and aims to lessen the economic and social inequalities in society.

Mead (1997:224) views the welfare state as a dispensation where a combination of democracy, welfare and capitalism are of equal importance. The well-being of the citizens is the responsibility of the state. Mead (1997:197) defines the welfare state as follows:

*"The set of income transfers, in-kind benefits, and other services that, in affluent societies protect citizens from the vicissitudes of capitalism. Some of these benefits are designed to replace earnings when workers are unemployed, disabled or retired".*

A government will typically oversee functions such as education, health care and employment. The extensive intervention by the state in this approach has in its essence a protection function and, in contrast to the minimal state, is viewed as a necessary and positive activity. Interventions regarding social justice are guided by both developmental as well as social democratic objectives. In more concrete terms, a welfare system involves the transfer of government funds to the above services in order to take care of those in need. Although the principal objective of welfare intervention is to ensure social justice through equal distribution, it also values the free market system as a key catalyst for wealth generation (Heywood 2007:101). Examples of western orientated welfare states are Britain, Sweden, Denmark, the Netherlands and Germany (Kotze and Van Wyk 1986:31).

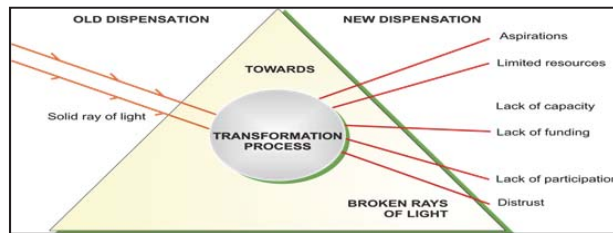
## 6. The interventionist role of the state in South Africa

As indicated the role of the state must be aligned with the unique socio-economic and political construct of a specific country as well as the specific needs of the population. This points to a lesser or greater degree of intervention. South Africa can rightfully be described as a society in transformation. In other words society is transforming from the old apartheid dispensation to a new fully democratic dispensation. According to Riggs (1964:121) any society that is subjected to transformation will always be subjected to a degree of political and economic instability. This instability requires a specific form of state intervention. In this regard Riggs compares a society subjected to transformation to a prism (see Figure 2).

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<sup>2</sup> Why the focus on Social democracy? There are different categories of welfare states namely social-democratic, Christian democratic and Liberal. For the purposes of this article it is believed that the social democratic approach can be applied to the South African dispensation.

**Figure 2:** Transformation breeds instability



**Source:** Riggs (1964:121).

The solid ray of light represents the old dispensation. During this timeframe the political system tended mainly to the needs of a minority of the population. The end of apartheid meant that the socio-political and economic system had to be transformed in a relatively short time in order to establish the new all inclusive and just (post apartheid) dispensation. The broken rays of light represent the instability that was caused by the transformation process. This instability materialises (as indicated in Figure 2) in the form of for example rising aspirations, lack of funding and an absence of capacity to tend to the needs of the population. It is up to the government to manage this transformation instability (broken rays of light) and establish a stable dispensation (solid ray of light). In order to manage this transformation process, the South African government follows a mixed interventionist approach.

### 6.1 The mixed interventionist approach

From a holistic perspective South Africa can be regarded as a so-called new democracy where society is still subjected to a process of democratic and economic transformation (Heywood 2007:35), in essence transforming from an old (apartheid) dispensation to new (fully democratic) dispensation. The South African political landscape displays many characteristics inherent to liberal democracy. Goodwin (2007:316) describes a liberal democracy as a system where representative democracy functions according to the principles of liberalism. This boils down to a separation of political powers and the protection of the rights of the individual. It is also characterized by a laissez faire approach to the economy, allowing wealth creation combined with free and fair elections between different political parties.

Although the South African political landscape shows many characteristics of a liberal democracy the current interventionist role of the state, and the future impact thereof, is however under scrutiny. Within the frame of the liberal democracy the approach to the role of the state in society can on the surface be described as a mixture between developmental and social welfare. In other words, there seems to be a role for state intervention towards development and social welfare as well as economic growth through the free market system.

### 6.2 Elements of the development state

In practical terms the objective of this mixed approach is to address societal problems such as chronic poverty, inequality, high rates of child mortality, unemployment and underdevelopment. South Africa, as a democratic state needs to adhere to elements such as fast economic growth to take place at the same time as social-welfare redistribution, quality public participation and inclusive decision-making. None of the successful development states as analysed had this dualism and conflicting priorities with which to contend. The state must have a developmental vision to be a successful development state (Gumede, 2009:8) and this vision is explained in the National Development Plan (NDP) (The Presidency, 2012).

The NDP was released in 2011 with a follow-up release in 2012. The NDP is the latest in a series of policy frameworks with the aim of facilitating development. It sets various goals to reduce poverty, unemployment and inequality. The NDP contains elements of both welfare and development state characteristics. It has a dual focus on both economic development and social-welfare development. In terms of the NDP, a capable government that can implement policies is vital for success. Other factors that lead to a successful development state include strong leadership, skilled professional public sector managers, clear lines of accountability, policy stability and fair application of rules and regulations (The Presidency, 2012: 54). The NDP lists the following factors for successful implementation, namely focused leadership, it must be a development plan for everybody, strong institutional capacity, effective resource mobilization, prioritization, and clarity of responsibility (The Presidency, 2012: 60).

According to Spector (2013: 25), for South Africa to be a developmental state, the government needs to increase its implementation capacity. The government currently lacks efficient alignment between the various national departments, and different spheres of government. Co-ordination is therefore relatively poor. Reform of national government departments is needed regarding functions and structure. As stated in the National Development Plan (NDP), partnerships are key for a successful development state to function optimally. Business or the private sector are hesitant to be involved in development due to high levels of perceived corruption, a lack of a national vision, high levels of crime, low levels of education, lack of health facilities and poor maintenance of and development of new infrastructure. Corruption needs to be addressed, but this will occur at a political cost to government. A national focus is required, with improved levels of education and skills training with infrastructure development, for South Africa to be a development state.

Laubscher (2007) also analysed the South African government regarding the development state concept. In a development state, the government plays a key role in economic development and policy. The developmental government must have as its priority the single goal of high levels of economic growth. According to Laubscher, South Africa is firstly a regulatory state, then a welfare state, and then an equality state. South Africa could be classified as a state with free-market and social system characteristics. South Africa is a redistribution state and not a development state and could be classified as a "social democratic welfare state" according to Laubscher. In South Africa, social-welfare spending relates to more than 60% of the budget and this percentage is still rising. South Africa has a comprehensive social-welfare security support system with more than 16 million beneficiaries out of a possible 51 million population. Gumede (2009:12) is of the opinion that South Africa has limitations such as high levels of inequality and responsibility for nation building while having a developmental approach. This duality is difficult to maintain in a relatively new democracy, while having a developmental approach.

Potgieter (2012) states that some local politicians are labelling South Africa as a development state, but this is not correct. Potgieter is of the opinion that a conflict exists in South Africa to be a development state, but with a democratic Constitution. Successful development states such as Japan and China generally had autocratic governments with limited or no democracy. A further conflict exists regarding the creation of conditions for fast economic growth versus the eradication of services, basic needs backlogs and to redress inequalities of the past. A development state requires a strong bureaucratic system with a capable public work force and effective economic policy and planning. South Africa requires a coherent vision with highly qualified officials.

Table 1 is a summary of the main characteristics of a development state. The table has been compiled taking into consideration the various definitions and approaches to the concept as formulated in the preceding sections.

**Table 1:** Characteristics of a development state: A comparison with South Africa.

Main characteristic of the development state	South Africa compared with the development state
1. National development plan with a long term vision.	NDP was formulated in 2011 and has been accepted by most stakeholders as the guiding long term policy of the country (The Presidency, 2012).
2. Rapid economic growth is the key priority with effective macro- economic policies and planning.	Macro-economic policies are not clear and economic growth is low if compared to other emerging developmental economies (Bisseker, 2014:6).
3. Balanced approach between economic growth and social development.	More than 60% of national expenditure is committed to social development due to massive social-welfare support (Laubscher, 2007; National Treasury, 2014).
4. High levels of co-ordination with an effective "pilot agency".	The pilot agency should be the NPC. The commission does not have power and co-ordination is therefore poor (The Presidency, 2012).
5. Participative decision-making.	High levels of participation at all spheres of government, especially local government. Private sector not participating optimally (Constitution, 1996).
6. Land reform.	It is a government priority, but slow progress and limited success stories (Bisseker, 2014: 36).
7. Creation of partnerships and alliances.	Poor levels of partnership formation between government and private sector (The Presidency, 2012).
8. Elite bureaucracy, with an effective and efficient public sector including qualified and capacitated officials. A small but effective government.	Ineffective public sector, with low levels of qualification. The public sector appointments are growing (Bisseker, 2014:7).
9. Good service delivery.	Poor service delivery at local government sphere, service delivery protests are rising (SAIRR, 2014).
10. Prevention of corruption.	Efforts are made, but corruption is rife (The Presidency, 2012).

11. SMME and entrepreneurship development with financial support.	Limited support and low levels of success (The Presidency, 2012).
12. Creation of an enabling developmental environment.	Limited effort at all levels of government.
13. Infrastructure development.	The backlogs are huge and some efforts are made to reduce backlogs. The PICC is the co-ordinating agency (Munshi, 2014:32).
14. Technically focused education system.	Poor compliance (Makholwa, 2014:30).
15. Effective resource management.	Poor compliance (Van Zyl, 2014: 11).
16. Industrialization programme with export focus, value adding and support and protection of domestic industries.	Some efforts are made but require intensification.
17. Innovation support	Limited support for research and development.

**Source:** Own compilation

In terms of the listed table and in general terms, South Africa does not comply with most the listed indicators for a development state. Of the seventeen indicators as listed in Table 1, South Africa only fully complies with two of them.

### 6.3 Elements of the welfare state

In terms of the definition and characteristics of a welfare state as formulated by Esping-Andersen (1992), South Africa is a “social democratic welfare state”. South Africa complies with most of these characteristics including that the state is involved in nearly all aspects of people’s lives. Service delivery is based on needs and not performance or productivity. Delivery of public services is important and is under pressure. The social-welfare system is comprehensive at a huge cost to government with a huge tax burden and budget pressure. The government has a large and growing bureaucracy which struggles to deliver value for money services.

Table 2 is a summary of the main characteristics of a welfare state. The table has been compiled taking into consideration the various definitions and approaches to the concept as formulated in the preceding sections.

**Table 2:** Characteristics of a welfare state: A comparison with South Africa.

Main characteristic of the development state	South Africa compared with the development state
1. National priority is improved well-being and quality of life of all citizens.	Yes through the NDP. Poverty is however at 50% (The Presidency, 2012).
2. Aims to reduce poverty, inequality and unemployment.	Yes, huge social-welfare programme in place, but it does not replace jobs (Muller, 2014:35).
3. Social-welfare support through a social security programme.	The largest social-welfare programme in Africa with nearly 16 million beneficiaries relating to pension, disability, housing, and youth (Muller, 2014:35).
4. Redistribution.	Yes, through taxing and subsidies (National Treasury, 2014).
5. Equal rights to all.	The Constitution prescribes equal rights to all irrespective of race or religion with no discrimination (Constitution, 1996).
6. Democratic values and institutions.	One of the most democratic states in Africa with mostly democratic institutions (Constitution, 1996).
7. Based on a mixed economy.	Yes, South Africa has a mixed economy (Mohr and Fourie, 2011:34).
8. Large bureaucracy.	Large growing public sector (Bisseker, 2014:24).
9. High levels of service delivery.	Poor levels of service delivery (SAIRR, 2014).
10. Development through national planning programmes.	State control by means of regulations and policies such as the monetary and fiscal policies (The Presidency, 2012).
11. Basic needs provision.	State attempts to provide in the physical basic needs, but majority still in poverty leading to frustration and lack of confidence (The Presidency, 2012).

**Source:** Own compilation.

Overall, South Africa does comply with most of the welfare state indicators as specified in Table 2 and could therefore be rather characterized as a welfare state than a development state. Table 3 is a summary of the main components of expenditure of the 2014/2015 national budget. If the budget is analysed, it is clear that spending is still more focused on



social welfare expenditure than developmental expenditure, due to huge social-welfare backlogs in poverty and inequality. Only 11.4% of the budget is allocated to pure economic development and infrastructure development, while social security and protection accounts for 16.0% of the budget. This budget allocation summary further demonstrates the argument that South Africa tends to balance more towards a welfare state than a development state on the scale of intervention as indicated in Figure 1.

**Table 3:** National budget summary: 2014/2015.

Type of expenditure	Amount (in billions of Rand)	Percentage of total budget
Economic services and infrastructure (Developmental expenditure).	R 143.0	11.4%
Social security and protection (Social-welfare expenditure).	R 201.0	16.0%
Health and education (Social-welfare expenditure).	R 400.0	31.9%
Defence, order and safety.	R 164.0	13.1%
Housing, community facilities and other public services (Social-welfare expenditure).	R 208.0	16.6%
Other.	R 137.0	10.9%
Total	R 1 253.0	100%

**Source:** National Treasury, 2014.

## 7. Conclusion

Riggs explains that a society subjected to a political and economic transformation process will always be subjected to a degree of instability (See Figure 2). The reason for this is that transformation is a multi-dimensional and complex phenomenon. It is the responsibility of a government to manage this transformation process in order to stabilise the society. This implies a specific format of government intervention where governance strategies are aligned with the unique social, political and economic needs of a specific society. South Africa is currently subjected to a transformation process from the old (apartheid) dispensation to a new (fully democratic) and all inclusive dispensation. As a so-called new democracy the post-apartheid government opted for a mixed approach (see Figure 1) in the form of developmental and social welfare intervention within a liberal framework. This approach has however only been partially effective.

When South Africa's ideal level of state intervention is analysed, the historical impact of apartheid needs to be taken into account, as well as the fact that the country has a very short democratic history of only 20 years. The period of apartheid has contributed to the majority of the population being in need of social-welfare support. The young democracy also needs to be nurtured and protected. All of these factors have an impact on governance and the state in South Africa.

A developmental state focuses all its efforts at all levels on economic development, through a controlling central agency. Such an agency and the total public sector have high levels of implementation capacity with a clear policy direction. Education and skills development are priorities within the traditional development state. The welfare state on the other hand focuses on the well-being of all its citizens through strong policy, social-welfare programmes and provision of basic needs within a mixed economic environment.

South Africa currently, taking into account its history, is a social-welfare state with high levels of state intervention. If this level of intervention is tested on the scale as presented in Figure 1, South Africa leans more to the maximum intervention side of the scale. This relatively high level of intervention is illustrated by the massive social security system which provides for approximately 16 million poor and disadvantaged beneficiaries, and the large number of labour regulations and other types of development regulations.

Although the National Development Plan (NDP) is called a development plan, the plan contains a high level of social-welfare strategies in a balance with developmental strategies. For example, some of the priorities of the NDP include the reduction of poverty and unemployment through job creation in labour-intensive economic sectors and social safety nets, improved governance through a professional public service, improved education and health services, infrastructure development and lastly environmental sustainability (The Presidency, 2012:63). South Africa is therefore attempting to proceed with a dual developmental plan. Both the social-welfare and economic development aspects are balanced in a 60:40 relationship in terms of budgeting. This balance could tilt towards the economic development aspects as the levels of poverty and inequality are reduced.

South Africa needs to protect its democracy, while ensuring a reduction in poverty, unemployment and inequality. The social security and safety network has been established, looking after close to 16 million people. Although this is

necessary within the current environment, it is not sustainable. Grants and subsidies can never replace jobs. More focus should be placed on the provision of skills and job opportunities. Jobs makes people feel needed and allow for improved life satisfaction. Over time South Africa needs to move away from high levels of intervention to a less regulated environment, with a smaller public sector which is conducive to economic development (WEF, 2011).

According to the South African Institute for Race Relations (SAIRR) (2014:1), service delivery and related protests are rife in South Africa. The country is averaging five protests per day and one in five of all protest marches turn violent. The country is witnessing a rapid escalation of service delivery protest based movement in which the poor are expressing their anger and frustration at the performance of government. These protests are an indication of some of the factors of a failed state appearing on the horizon. A number of actions could be taken to prevent these factors escalating out of control. Some of these actions include effective service delivery with limited wastage and unfulfilled promises, the creation of jobs on a massive scale through partnerships with the private sector and public works projects, promotion of national cohesion and accelerated co-ordination within government and between government and the private sector.

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