

The state of the nation and its public service in contemporary South Africa

A critical reflection¹

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ABSTRACT

The article is an analysis of the state of the nation and its public service in contemporary South Africa. It demonstrates that the Zuma administration is much more responsive to citizen and interest group interests than the Mbeki presidency was. This is not only reflected in the cabinet appointments, but also in the character of public policy, including economic policy. However, ideological divisions within the ruling party and a failure to contain elite and popular expectations have also accompanied this responsiveness. This, in turn, has hindered a social pact from developing between labour, business and the State. The article also demonstrates that state capacity has been compromised by a coupling of Affirmative Action with conservative macro-economics and an infusion of a corporate ethic into the public service. It concludes that this problem will only be addressed with a more nuanced Affirmative Action policy, a reconfiguration of the public mandate of the civil service, a more expansive fiscal agenda centered on the citizenry and firm proactive action taken against corruption.

INTRODUCTION

A relatively conservative political economy defined the South African transition in its first 15 years of democracy. This was of course always contested and reached its pinnacle in the political succession crisis that formally began in

2005. Now that this succession contest has been concluded, (Habib 2008 & Mangcu 2008) questions abound about the political economy that has been formed. What is the character of future economic policy likely to be? What is the current state of open political discourse – both in the ruling party and in the country as a whole? Has accountability to citizens been strengthened by developments of the last few years? And, what is the capacity of the post-apartheid state? All of these questions speak to a more fundamental one: Can the post-apartheid state deliver on the fundamental aspirations of its citizenry? If this question is answered in the affirmative, then there is hope for the South African democracy. But if it is answered negatively, then the future should be anticipated with trepidation, as it is likely to be characterised by conflict, political turmoil and marginalisation, all of which are antithetical to the vision enshrined in the *Freedom Charter*.

How do we go about developing an answer to this question? Most explanations about contemporary South African politics tend to adopt – consciously or implicitly – an agential methodological approach that focuses on individuals and personalities. Two examples of this are Xolela Mangcu's (2008) recent book *To the Brink* and Mark Gevisser's (2007) biography on Thabo Mbeki, *The Dream Deferred*. For Gevisser, who provides the most sophisticated of these explanations, the Growth Employment and Redistribution (GEAR) policy and the imperial presidency under Mbeki was a product of his personality that emanated from his growing up in no-man's land – in between the rural and urban, modernism and traditionalism, father and comrade and the international and the national. This profoundly affected Mbeki. It generated the aloof personality that we have come to know, and defined both his technocratic orientation and the centralised management style of his presidency (Gevisser 2007).

This explanation is not a comprehensive one. It does not recognise the issue of institutional constraints, and that individuals, however powerful their personalities, are constrained by the positions they occupy and the pressures they are subjected to. In the celebrated words of that much-maligned philosopher, Karl Marx, who writes in the *18th Brumaire of Louis Bonaparte*:

“Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given and transmitted from the past” (Marx 1972: 437).

The methodological approach implicit in this maxim, in the words of Cardoso and Faletto (1979:x), “emphasizes (stet) not just the structural conditioning of social life, but also the historical transformation of structures by conflict, social movements and class struggles”. Structures condition actors' behavior

and choices, but they can also be transformed under certain conditions. This is because structures generate contradictions and social tensions, which under certain historical circumstances establish a dynamic that enables individual and institutional actors to alter them. This, in turn, opens up new possibilities and limits to change.

A more coherent explanation has to look at the systemic rationale for both macro-economic policy choices and the centralisation of power under Mbeki. When the ANC came into power in 1994, it confronted a number of pressures. Inheriting a nearly bankrupt state, it was confronted with an ambitious set of expectations from the previously disenfranchised, as well as an investment strike by the business community. To stimulate investment and growth, the ANC leadership felt that they had to make a series of economic concessions. Most of these concessions were captured in the Growth, Employment and Redistribution strategy (GEAR). Soon after they made this decision, they were confronted by another dilemma: how to get the programme approved. The leadership feared that its own comrades in the national legislature would defeat it. Subsequently, they bypassed the very structures of democracy that they had inaugurated, by endorsing GEAR in Cabinet and proceeding with its implementation. This established a centralising dynamic in the South African political system. From thereon it was a short step to appointing premiers and mayors and marginalising the Congress of South African Trade Unions (Cosatu), the South African Communist Union (SACP) and others who disagreed with Mbeki. Mbeki's economic policy and managerial style was a product of choices instilled upon him and his administration by the political and economic exigencies of South Africa in the mid-1990s (Habib and Padayachee 2000).

Understanding political and economic life under Zuma requires a similar systemic methodological approach. It requires a focus on the structures of power that prevail in contemporary South African society and how these constrain and condition the policy choices and behaviour of political leaders and state officials. The defining event informing the contemporary balance of power in South Africa was the Polokwane conference in late 2007. This conference registered the Mbeki camp's defeat and brought to the fore the alliance of social forces that brought Jacob Zuma to the helm.³ Support for the Mbeki administration had unraveled as a result of both his personal behaviour and the fact that his policies failed to generate an inclusive development. As Mark Gevisser (2007) convincingly demonstrates, Mbeki's support had always been the intelligentsia, as well as the urban middle and upper middle classes. They supported Mbeki because they saw him as representing their vision of a caring, non-racial, modern, cosmopolitan social democracy. But his behaviour in the last years of his administration, betrayed their hopes. Mbeki's lack of empathy for citizens – especially on HIV/Aids and crime – and a popular perception that

he manipulated state institutions to settle political scores, punctured their hopes and aspirations. This led them to abandon him resulting in a downward spiral in his popular support (Gumede 2008).

Ultimately, however, Mbeki's loss resulted from the rebellion that occurred within the ANC and the Tripartite Alliance against the character of the transition. As has been noted so often, Zuma's candidature was cemented not only by his own popularity, but also by the popular revulsion for the Mbeki administration. This revulsion was in large measure propelled by the fact that important quarters of the ANC and the Tripartite Alliance believed that Big Business and a narrow band of politically connected black entrepreneurs were the primary beneficiary of the transition. This prompted a diverse alliance of internal organisational stakeholders to throw in their lot with Zuma. This alliance comprised a mix of nationalist and socialists, black economic empowerment (BEE) entrepreneurs, the ANC Youth League, Cosatu and the SACP. The latter two organisations had hitherto been marginalised from the ruling party's leadership structures. Having played a central role in bringing Zuma to power, their voice was significantly strengthened. This is not to imply that Cosatu and the SACP rule the roost in the ANC, as some corporate leaders have come to fear (Bell 2009). This is far from the truth. Indeed, business still has significant power and leverage. In effect, all that exists now is a more equitable balance of power – both within the ruling party and in the country as a whole. This, in turn, constrains the behaviour and choices of the political elite and will condition the evolution of political and economic life in South Africa in the coming years.

This article details this conditioning of political and economic life. It begins with an analysis of the Zuma administration's responsiveness to citizens and interest group stakeholders, both in the nature of its political appointments and in the character of public policy. Thereafter, the article reflects on the tensions and contestations spawned in the ruling party by the appeal to multiple stakeholders. This is followed by an analysis of the failure to realise a social pact as a means to address the service delivery protests. Hereafter the analytical focus shifts to the state of the public service and the reasons for the deficits in the delivery of its public mandate. The article concludes by drawing the argumentative strands together on the state of the nation and its public service.

STATE RESPONSIVENESS AND ECONOMIC POLICY

How has Jacob Zuma performed in office as we approach his first anniversary? Is his administration any different from its predecessor's? Any assessment must of course be mindful of his time in office. After all, a year is not a very long time. We cannot expect him to have delivered or even having started to deliver. But

we can start judging on whether he is on the right track. There are some criteria by which we can begin to assess him – the first and most apparent one would be through his Cabinet and other appointments. We can also judge him on how he has handled the various challenges that have emerged in his short time in office.

Perhaps the best place to start any provisional assessment is by comparing Zuma's administration to its predecessor's. The most obvious contrast is its responsiveness to public opinion. Unlike Mbeki's administration,⁴ Zuma's one pays attention to citizens and stakeholders' concerns. This is reflected in numerous ways. It is most apparent in his appointments to Cabinet. With regard to the economic portfolio, business was concerned that Trevor Manuel would be left out and that there would be too fundamental a change in economic policy. The left, mainly represented by Cosatu and the SACP, were concerned that too little change would take place. They were worried that Manuel and company would maintain control of economic policy and alternative voices would not be heard.

However, Zuma's appointments appeased both sides. Manuel was retained in a new portfolio within the Presidency and Pravin Gordhan, who had just completed a sterling performance as Commissioner in the South African Revenue Service (SARS), was brought in to appease the markets. But they were coupled with Rob Davies in Trade and Industry, Ebrahim Patel in Economic Development and Barbara Hogan in Public Enterprises. The net effect was to prompt debate in the corridors of economic power. Furthermore, it gave multiple stakeholders the prospect of influencing policy. More importantly, it demonstrated a cogent attempt at an inclusive style of governing – rather than an exclusive and centrist one, as was the case under Mbeki.

A similar logic was applied in other appointments, which appealed to multiple stakeholders. Gill Marcus in the Reserve Bank is a case in point. A longtime stalwart of the ANC, she had served in previous stints in Treasury and the Reserve Bank. Her stopover in the private sector involved not only chairing a board of a mining company, but also the largest bank in South Africa – Absa.⁵ Her appeal transcended business boundaries, which was evident when both Cosatu and the Communist Party welcomed her appointment. Her strength lay simply in that she had not become a fundamentalist in economic ideology. She was pragmatic and as a result appealed to multiple stakeholders. A similar desire to appeal to multiple stakeholders informed Zuma's decision to nominate Sandile Ngcobo as Chief Justice. With extensive experience on the bench, Ngcobo had all the necessary qualifications. Yet he was considered an outsider. But his reserved demeanour and dignity in office triumphed over the colourful and controversial characteristics of other candidates – particularly Judge Hlophe⁶. Again a candidate that appealed to multiple audiences won over those with narrower appeals.

Off course, there were some exceptions to this. Two of the most controversial included Mo Shaik's appointment as Director General of the South African Secret Service and Menzi Simelane's appointment as Director of the National Prosecuting Authority (NPA). While Shaik was perceived as technically efficient, his appointment was nevertheless seen as a way fore Zuma to reassert control over the intelligence and security services. Many perceived Simelane's appointment as the deployment of an unethical apparatchik, which served as a reward for past services rendered. Indeed this is the very way that the Democratic Alliance (DA) has portrayed his appointment in its court challenge (DA nd). These appointments, together with replacing the Scorpions with the Hawks and ministerial interventions through the Judicial Services Council (JSC) to change the demography of the bench, suggests that, in the security and justice sectors, the Zuma administration has been less concerned with appealing to multiple stakeholders, and far more with satisfying internal opinion within the Zuma camp.

Nevertheless, outside this arena, Zuma has been keen to win popular support for his appointments. But responsiveness to citizens and stakeholders concerns was reflected in other ways as well. It was reflected in the Minister of Higher Education and Training Blade Nzimande's concerns about affordable tertiary education and his interest in rebuilding the post-secondary training and college sector to absorb the three million unemployed youth who are not at university (Nzimande 2009). Furthermore, it was reflected in Deputy Minister Ebrahim's overtures to the human rights community after condemning the Myanmar military for the continued incarceration of Aung San Suu Kyi, as well as the Department of International Relations and Cooperation's confirmation that the Sudanese President, Omar al-Bashir, would be arrested if he were to visit South Africa (Hartley 2009). And finally, it was demonstrated in the ANC's annual address Jacob Zuma delivered in January 2010. In his speech, Zuma indicated that civil servants at municipal government level should not hold leadership positions in political parties. Furthermore, he pointed out that severe action should be taken against errant employees – even if they are senior members of the ruling party (Zuma 2010).

But perhaps the strongest indication of responsiveness to, and a respect for, multiple stakeholders is the Zuma administration's incipient economic policy. On the one hand there is a strong continuity with the Mbeki government's policy agenda, which had shifted to the left in its last few years of power. Privatisation was no longer a national priority, as it was in the late 1990s. Since 2001, there had been a significant increase in social support grants. This had insured that 12 million people – a quarter of the population – received such aid towards the end of Mbeki's presidential tenure. In addition, the Health and Education budgets had been on a steep rise for a number of years. Moreover, since 2004, South

Africa had a major state-led R780 billion investment programme that focused on infrastructure (Habib 2004). The official rhetoric – both under Mbeki and now under Zuma – speaks of the developmental state. However, as is indicated later, different stakeholders imply very different things by the term.

Economic policy under Zuma is likely to maintain this gradual shift to the left. It is unlikely to constitute a radical departure from Mbeki's agenda. Notably, South Africa is unlikely to see the nationalisation of Sasol or Mittal, as the SACP had called for (Cronin 2009). The shifts that do occur are likely to be subtle and in line with existing structures. Furthermore, economic policy will be directed at both protecting and spreading the benefits of democratic transition. This is reflected in a number of recent developments, such as the State's drive to fix service delivery (South Africa Info 26 April 2010). It is also reflected in the R2.5 billion the State set aside in 2009 to help retrain workers who were retrenched as a result of the economic recession (Senia 2009). Similarly, this economic policy was highlighted when Ebrahim Patel announced a rescue attempt for the Frame Group in order to help protect jobs (Donnelly 2009). The proposed National Health Insurance (NHI), which is likely to come into effect within the next year or two, (South Africa Info 12 February 2010) also reflects this. Moreover, it is evident in both fiscal and monetary policies.

In the midst of the economic crisis, Pravin Gordhan projected in October 2009 that the fiscal deficit would expand to 7.6 percent of the gross domestic product (GDP). This will enable spending on social and economic development initiatives, such as maintaining the infrastructural programme, and expanding social support grants for rural development, education and healthcare (Gordhan 2009).⁷ Yet most commentators – including the ones representing business – acknowledged that this expansion of the fiscal deficit was necessary and manageable. And, in comparison it was much more conservative than those of South Africa's main trading partners (Isa 2009). Similarly, interest rates have maintained a downward trajectory, but are nowhere near Cosatu's demand of 3 percent⁸. A debate has started on the Reserve Bank's mandate. Although still cautious, bank officials are becoming as responsive to employment issues as they are to concerns of inflation. Essentially, South Africa's economic environment had begun to move in a Keynesian direction in the last years of the Mbeki presidency. This trend is likely to be consolidated under the Zuma administration.

CRACKS BETWEEN COMRADES

However, this responsiveness to multiple stakeholders has had consequences. Perhaps the most significant is that it has begun to create cracks in the ruling

party and Tripartite Alliance. The most public manifestation of this was at the 2009 SACP Congress. This event will be remembered for Julius Malema being booed by delegates, his argument with Gwede Mantashe for not being able to address the congress, his subsequent walk-out with Billy Masethla and Tony Yengeni, as well as the ensuing spat and public debate that surrounded it. But this is not the first spat. In the last few months of 2009, South Africa witnessed acrimonious public engagements between alliance partners over the National Planning Commission (NPC), leadership battles within parastatals (especially Eskom and Transnet), as well as the nationalisation of mines. The aforementioned culminated in the tensions at the SACP Congress. The question on everyone's lips was, "What is going on?"

At the outset, it must be said that many commentators observed that the Zuma camp represented an assortment of individuals – nationalists, socialists, even conservatives and established or aspirant business people looking for the next quick deal. This disparate group formed a united front in the buildup to Polokwane and had a collective desire to get rid of Mbeki. Most observers recognised that this camp would begin to bicker and fracture once their collective objective had been achieved. And this is exactly what we have witnessed. At the heart of the conflicts are serious differences about the goals South Africa should pursue, where it is in this regard, as well as what policies it should advance⁹. However, the ANC leadership should be concerned that these differences are not being engaged in a robust but comradely fashion. Rather, it looks more like a debate between enemies, as it is characterised by name-calling, racial labeling and the fact that issues are personalised. In many ways, it has a similar flavour to the pre-Polokwane debate. This should be of concern to the leadership, since the ruling party cannot afford another round of divisions after the bruising duel between Zuma and Mbeki.

The conflict between the nationalists and socialists, which does not coincide with the organisational boundaries of the Tripartite Alliance, exploded into the public domain in the debate surrounding the National Planning Commission (NPC). When Manuel moved to consolidate his position through the *Green Paper: National Strategic Planning* (The Presidency 2009), Cosatu interpreted this as a power grab and an attempt by the Mbeki camp to return and dominate Government thinking through Manuel and the NPC. Zwelinzima Vavi responded, essentially launching a pre-emptive critique from the podium of the COSATU Congress (Marrian and Serino. 2009). Notably, this response signaled that the 'left' was on guard to ensure that their policy victories in Polokwane would not be thwarted. The attack itself was highly personalised and unfair towards Manuel.¹⁰ But it also served to galvanise the mumbling voices that had been bubbling at the organisational surface with regard to communists' influence. Furthermore, it reinvigorated the "nationalist" wing into action. Billy Masethla

was the first to go public with regard to his concerns about communist influence in the ANC (Letsoalo and Tabane 2009). Notably, other members of the ANC national executive council (NEC), including Tony Yengeni and subsequently Julius Malema¹¹, supported Masethla's concerns. This explains delegates' hostility towards them at the SACP Congress.

As this debate subsided, others bubbled to the surface. The next round of tension emerged around the leadership battles within the parastatals – first at Transnet and then at Eskom. In both the nationalists seemed to support Siyabonga Gama and Jacob Maroga against their respective boards in the battle for control over Transnet and Eskom respectively. The unions and the SACP, in contrast, took a broader view. They interpreted these conflicts as involving issues of competence, delivery and the development mandate. This was most dramatically demonstrated in the Eskom debacle. Whereas the Black Management Forum (BMF) and the ANC Youth League, through Julius Malema, defended Maroga against the chair of the board and accused Bobby Godsell of being racist (Bell 2009), the unions' responses were far more politically mature and compliant with corporate governance principles (Habib 2009). Their stance suggested a perspective that the development mandate takes priority if there is a tension between it and the goal of representivity. This is not to suggest that the unions do not support demographic representivity. Of course they do. But, through this stance, they signaled that representivity should not come at the cost of delivery and the development mandate.

The most recent conflict revolved around the nationalisation of mines. It was occasioned by recent calls by the likes of Malema to consider the ostensibly radical recommendation of nationalising South Africa's mines (Govender 2010). Jeremy Cronin, Deputy General Secretary of the SACP and Deputy Minister of Transport, critically analysed the proposal and suggested that it was inappropriate, since these marginal assets would saddle the state with high levels of debt (Cronin 2009). Malema responded harshly and accused Cronin of acting as a "white messiah". This racialised and chauvinistic response was similar to one Dumisani Makhaye launched against Cronin during the Mbeki era¹². This time, however, Cronin's comrades rallied to his defense, provoking the serious public spat between the SACP and the ANC Youth League. Cosatu and the SACP's response to both the leadership battles within the parastatals and the nationalisation debate highlights their concern that the nationalist wing is increasingly motivated by the narrow aspirations of BEE entrepreneurs (Baleni 2009; Vavi 2009). Their opposition to the nationalists indicates that, where this is in conflict with the broader development mandate, Cosatu and the SACP will increasingly favour broad-based inclusive development.

Tokyo Sexwale is said to have made the point at the SACP Congress that communists must respect the boundaries between the national democratic

and socialist phases of South Africa's transition. Notably, the ANC's nationalist wing maintain that the SACP and Cosatu ignore the fact that this is the national-democratic and not the socialist phase of the country's transition. But is this actually true? Even in ANC lexicon the national democratic phase is not meant to focus on a conservative black capitalism. Rather, it is envisaged as a social democratic society; a mixed economy in which an inclusive development is at the core of the state's agenda (ANC 2007). The narrow interests of black capitalists are not meant to predominate. Instead, their interests, along with those of the broader capitalist class, are meant to be harmonised with broader citizenry's interests, as has happened in social democratic societies around the world. Inclusive development – rather than narrow enrichment – is meant to be the central motif of the national democratic phase of the transition.

In this sense, Cosatu and the SACP are more consistent to the ANC's vision. They are not advancing socialist goals. If they had been, they would be opposed to BEE, since it involves private ownership. Instead, they support BEE, but demand that it be broadened to incorporate new small entrepreneurs and community groups. The central message from Zwelinzima Vavi, Blade Nzimande, Jeremy Cronin and others is inclusive development: a market economy that serves a broader range of stakeholders¹³. They have come out heavily against corruption – particular around the tendering processes at local government level. Furthermore, they have insisted that BEE be broad-based and supportive of broader developmental goals. And, they have insisted that the interests of business must be harmonized with those of inclusive development. Where the two are in conflict, they have insisted that inclusive development be prioritised.

Although Cosatu and the SACP have been on the right policy track when it comes to democracy and inclusive development, their behavior has not always fostered these goals. As indicated earlier, the debate around the NPC was unnecessarily personalised. Similarly, the booing of invited guests from the ANC NEC including Billy Masethla, Tony Yengeni and Julius Malema is not acceptable. Even if the Malema engages in such conduct, Cosatu and the SACP need to transcend this type of behaviour– if only because it hinders open, robust and respectful debate. Frankly, the debate between the nationalists and socialists within the ANC and the Tripartite Alliance resembles that of enemies rather than comrades who support a common struggle.

The essential challenge confronting Zuma is how to maintain this new era of openness and responsiveness by enabling debate between ideologically contending partners without allowing it to become so acrimonious that it fractures his support base. This is what he has attempted to do on a number of occasions over the last few months with public pleas for comradely behavior and discourse. But these pleas seem to have fallen on deaf ears. Some of his

supporters, such as Julius Malema, have chosen to ignore these pleas altogether. Unless Zuma is able to curtail this kind of behaviour, fractures in the ruling party, as well as the Zuma Tripartite Alliance are likely to grow.

SERVICE DELIVERY PROTESTS AND THE SEARCH FOR A SOCIAL PACT

Another consequence of both this responsiveness to multiple stakeholders and the economic crisis was the upsurge of labour and service delivery activism following the ANC's victory in the April 2009 general elections. Unions became more active and robust in their wage negotiations that led to a rolling set of public and private sector strikes. The biting effects of the economic recession and a global backlash against corporate executive remuneration packages served as catalysts for these actions. Furthermore, the unions feared that history might repeat itself and that the ANC, including those Cosatu officials deployed to Cabinet and Government, may abandon their roots and promises and be seduced by the trappings of office¹⁴. This was followed by a series of community protests around the failures of service delivery, which were mainly directed at errant municipal leaders and officials.

Two distinct responses emerged to this labour and service delivery activism. Firstly, as they were caught off guard, both business and political leaders initially reacted immaturely. ANC leaders, most notably its General Secretary, Gwede Mantashe, berated workers for compromising the Zuma administration's image (Du Plessis 2009). Business leaders characteristically resorted to threats that were mainly published in business newspapers and magazines, which warned that this type of labour activism would lead to investment fleeing South Africa's shores (Monteiro 2008).

But there was also a more positive response from Zuma. Soon after the aforementioned responses Zuma noted that he understood the people's pain, but urged them not to resort to violence. His Minister and Deputy Minister of Cooperative Government and Traditional Affairs, Sicelo Shiceka and Yunus Carrim respectively, criss-crossed the country to visit the service delivery hotspots. Zuma himself went to Balfour, where service delivery protests had tempers flaring in the community. There were even cases like Standerton where non-responsive local ANC leaders were either dismissed or replaced in office. All of this was in marked contrast to Mbeki and his ministers' conduct a year earlier during the xenophobia attacks. In the midst of these strikes and service delivery protests – and business and state reactions to them – the idea of social pacts re-emerged. These social pacts were advocated by a number of leaders from the contesting stakeholders, as well as by academics and commentators.

The social pact attempted in the 1990s – remnants of which still exist today – failed because structural conditions were not conducive to ensuring equitable outcomes for all social partners (Habib 2010). In essence, it became a co-optive mechanism to emasculate labour's demands. Is a social pact then, more feasible within the current context? Has the structural context changed that much? Three developments suggest that this may indeed be the case. Firstly, Cosatu and the SACP are in a more empowered position in the post-Polokwane era. Notably, there are a number of Cabinet ministers in the post-April 2009 Cabinet who were either deployed by Cosatu and the SACP or are partial to their interests, policy proposals and ideological leanings. As was indicated earlier, this must not be interpreted to suggest that Cosatu and the SACP control the ANC and the State. Indeed, this is far from the case. Business has significant leverage, as is reflected both in the appointments of Trevor Manuel and Pravin Gordhan, as well as the 2010 annual budget (National Treasury 2010 & Isa and Ensor 2010). But there are also other ministers appointed in the economic corridors of power, such as Rob Davies in Trade and Industry and Ebrahim Patel in Economic Planning. When compared to the Mbeki era, these appointments suggest a more profound plurality of ideological thought within economic portfolios. This equalisation of economic voice between labour and business shows that labour now enjoys more power. Furthermore, this implies that political and economic elites are uncertain of their future and may be more inclined to form viable, equitable social pacts.

Secondly, as a result of the above, the developmental state is firmly on South Africa's policy makers' agenda. To be fair, the concept originally emerged in post-Apartheid South Africa's political lexicon at the dawn of the democratic transition. Hereafter, it disappeared for about a decade and re-appeared in the Mbeki administration's policy documents in the post-2004 era. Since then, all ANC factions ostensibly support the establishment of a development state. Hence, it has become one of the Zuma administration's official goals. But the apparent consensus is facile when one considers that the various factions tend to imply very different things when referring to the concept.

This was clearly evident in the debate that surrounded the NPC, which emerged when Trevor Manuel issued his *Green Paper* discussing its establishment and mandate (The Presidency 2009). Given that planning forms an integral part of any developmental state, one would have expected broad support for the NPC. Yet, as was indicated earlier, Cosatu and the SACP criticised Manuel's proposals in this regard (Marrian and Serino 2009). The unions feared that Manuel was setting himself up as the *de facto* prime minister and would introduce what they term the 1996 class project – a euphemism for the Mbeki policy agenda. One can only make sense of this opposition when one understands that Cosatu and the SACP feared that under Manuel, development would be reduced to

simple technicist planning. In essence, they feared that the developmental state would be shorn of its substantive meaning and ideological rationale; namely, that of conditioning market behaviour to promote inclusive development and a form of social democracy. Despite these differing interpretations of the concept, even the thin consensus on the goal of the developmental state suggests that the post-2009 policy environment differs significantly from its 1990s predecessor. Subsequently, it is much more conducive to establishing of a viable social pact.

Thirdly, the international environment also seems to be more conducive to equitable social pacts. The global economic crisis – probably the second most serious in a century – has weakened the power of multinational corporations and has as a result implicitly enhanced the leverage of states and national political elites. This has enabled a substantial change in the global macro-economic policy environment. Starting under the Bush administration and continuing especially under the Obama administration, the American establishment threw out the precepts of the Washington Consensus and intervened significantly in the markets. As a result United States banks were virtually nationalised through the largest bailout in history. Similar bailouts were facilitated for the motor vehicle industry and other conglomerates. Effectively, the American State, along with the International Monetary Fund (IMF), addressed this crisis in exactly the same way it had prevented developing nations from managing theirs. And the Americans were not alone. Similar market-related interventions were undertaken by the United Kingdom, France, Germany, China, Japan and almost every other major economy in the world. The net effect was that the global macro-economic environment shifted in a quasi-Keynesian direction (Blankenburg and Gabriel Palma 2009).

South Africa had already begun to move down this path even before the crisis. Moreover, as was indicated earlier, it is unlikely that there will be a radical departure in economic policy between the Mbeki and Zuma administrations. Rather, one can expect continuity in economic policy, with a slow drift in a Keynesian direction. The balance of power and broader structural dynamics, including economic developments in both the global and national setting, are therefore much more facilitative of equitable social pacts than they were in the 1990s. But structural conditions alone do not foster social pacts. Such pacts also require political will and leadership. Notably, South Africa's current political leadership has been lacking in this regard. This was most clearly evident in President Zuma's first State of the Nation address in June 2009 (Zuma 2009). Confronted by a set of rolling labour strikes and service delivery protests, Zuma responded by promising everything to everyone. There is not much that one could disagree with in his speech. He gave business what it wanted. He gave labour what they wanted. Students got what they wanted. Middle and upper middle class citizens got what they wanted. But, by saying everything, he in

effect said nothing. No choices were made. No trade-offs were undertaken. In the process, he missed an important opportunity to define his political administration and establish the essential precondition for a social pact.

It must be understood that social pacts are established by state elites, with the willing participation and organised expressions of relevant social actors (Stepan 1978). They are essentially about managing the expectations of citizens, workers, and even the business community. In this Zuma, his ministers, and the ANC leadership have essentially failed. This is because both the ANC and Government's responses have not been all that imaginative. Gwede Mantashe responded by chastising Cosatu workers for compromising the Zuma administration's image. Trevor Manuel accused business of cowardice and asked it to stand up to the might of the unions (Mathe 2009). President Zuma has remained silent on the issue, characteristically promising everything to everyone in his State of the Nation address. None of this has or will enable the management of popular expectations.

However, only astute political management can address the aforementioned ambiguities. This does not mean berating workers for populism or compromising Zuma's image. Rather, it would have required the president to use his State of the Nation address to inspire a nation. President Zuma could have begun by identifying the dilemma he was confronted with and recording that he was not the architect of it. He should have also recognised the hypocrisy of the public debate, where workers were berated for asking for small increases in real terms, while CEOs and company executives were not chastised for their overly-extravagant remuneration packages. Furthermore, Zuma should have explained that, while he recognised the need for the increases and sympathised with the economic plight of the workers, he did not have the resources to address their salary demands immediately. Zuma could have then legitimately asked for time. Hereafter, he could have provided what was immediately possible, while he established a process with representatives from all sides. In essence, this would have activated a social pact to find a solution to the dilemma over the next three to five years.

To legitimise his request, President Zuma should have also berated executives for their lavish packages. He should have asked them to forego their bonuses this year, and to take lower than inflationary increases in their packages. The President should have said that workers, the poor and marginalised should not be the only ones forced to make sacrifices, but that the rich and the upper middle classes should also forfeit certain things. After all, every stakeholder must be required to make sacrifices in the national interest in this recessionary environment. Naturally, industry economists and Minister Trevor Manuel would have warned us of disillusioning the business community and investment fleeing our shores. But is this really true, or is it scaremongering? As long as a climate

exists to make profit, the business community is mature enough to remain. Remember, President Obama has berated American business executives for their lavish million dollar bonuses, remuneration packages and expense accounts (Kopecki and Goldma, 2009). Former British Prime Minister Gordon Brown, French President Nicolas Sarkozy and German Chancellor Angela Merkel have done the same. Yet none of them have a single communist in their ranks. How is it possible that this Government, which has at least half a dozen openly-committed communists and socialists in the Cabinet, cannot do the same?

The irony is that, whereas the social pact of the 1990s failed because of structural conditions, the one of the post-April 2009 era may be stillborn due to a lack of bold political leadership. Such leadership needs to manage the expectations of citizens, workers and the business community. ANC and government leaders have tried the former, but not the latter. Paralysed by a fear of how markets would react, political elites are reluctant to reign in the expectations of business executives and the upper middle class.¹⁵ But, as long as they fail to do so (or are perceived to be doing so), they will fail to curtail popular expectations. Popular and privileged expectations are tied by an umbilical cord, and neither can be reigned in without the other. And, as long as this is not done, a social pact cannot be realised.

THE STATE OF PUBLIC SERVICE

But, even if popular expectations were reigned in, the problem would not have been sustainably addressed without significantly improving service delivery. This, of course, depends on the state of the public service. So, what is the state of affairs in this regard? Is the public service in any position to deliver on the mandate for service delivery? The commonly-held view among both the citizenry and significant stakeholders, such as business is that the public service is incapable of fulfilling its obligations in this regard. This is seen as a result of a lack of capacity among civil servants that, in turn, is ascribed to an Affirmative Action policy or a misguided party deployment policy (CDE 2010). In such circumstances corruption runs rampant and is not dealt with firmly. This is either because of party loyalty or an inefficient justice system. The net effect of this is that citizens are denied basic services and become demoralised, while the country's post-Apartheid democracy runs the risk of becoming delegitimised.

But does this diagnosis and prognosis not provide an over-simplified explanation? After all, it assumes that the Apartheid civil service has the necessary capacity and was capable of servicing the citizenry. However, a fair body of evidence suggests that this was not the case. One needs to note the fact that the Apartheid civil service was organised to service a minority and

suppress a majority. In these circumstances, it was in no position to deliver on the aspirations of the post-Apartheid regime's aspirations. Moreover, it is worth bearing in mind that transforming the civil service into a demographically representative entity is necessary to generate a legitimate system. Given this, it is hard to sustain the argument suggesting that South Africa would have been better off if the Apartheid civil service had been left intact.

Nevertheless, this should not dissuade us from recognising that there are serious deficiencies in the current public service. Notably, post-Apartheid Government's policies and choices played a role in this situation. However, affirmative action cannot simply be blamed for the state of the post-Apartheid public service. Rather, it is coupling affirmative action with conservative macro-economic policies, as well as instilling a corporate ethic in the public service that collectively generated this state of affairs (Habib 2004 & Chipkin 2008). One should bear in mind that any transfer of skills and capacity involves two distinct processes: training and mentorship. The adoption of the Growth, Employment, and Redistribution Strategy (GEAR) circumvented this process (Streak, 2004). GEAR required cuts in State expenditure, which meant fewer state employees at the very point when the State had to be demographically transformed. As blacks were being recruited to the civil service, white incumbents were allowed – and even encouraged – to exit the system. Not only did this cause a loss of institutional memory, but it also sabotaged the skills transfer process. The very people who could have played the role of mentors were no longer in the public service. Black recruits – particularly newly-qualified young university graduates – were set up for failure as they entered the public service.

This process played itself out most tragically in the Department of Education. Driven by a desire to cut costs, as required by Gear, the department began to retrench teachers during the second half of the 1990s. Trying to avoid an adversarial process, it offered teachers a voluntary severance package. Not surprisingly, the best teachers in the system took up the offer.¹⁶ The least qualified teachers remained in the system. As a result, the public education system's capacity declined significantly. Undisputedly, we are still living with the consequences today. This process played itself out in department-after-department in the post-Apartheid State. The only departments that seem to have avoided this fate are the National Treasury and the South African Revenue Service (SARS), both of which played a crucial role in the economic ambitions of the post-Apartheid State.

Party deployment aggravated the problem. Ironically, in this case the ANC followed the conventional Marxist revolutionary tradition that sees the State as merely an agency to be captured by the party. Hence, it established a committee to manage the deployment of cadres to the public service (Mbeki 2006). Deployment, of course, takes place in all countries and need not be antithetical

to democracy. But, if it is to be consistent with democracy, deployment boundaries need be established and respected. Simply put, deployment is permissible if it were contained to political appointments (ministers, deputy ministers) and the most senior levels of the public service (perhaps director generals). However, the ANC deployed cadres across the State's institutional system. This was sometimes done with the party leadership's consent, and other times without. In these cases party loyalty – rather than skills – became the defining criteria for employment.

Add to this mix the infusion of a corporate ethic into public institutions. To be fair, the principles of new public administration predated the ANC's ascent to power. It formed part of a worldwide phenomenon that arose from public administration schools within the US and Britain, which infected most parts of the public service across the globe. Within a South African context, it included expanding the State's managerial players, a growing inequality between the remuneration of public sector managers and employees, as well as the widespread use of quantitative performance management systems that were adopted from the private sector and not critically reflected upon (Naidoo 2008 & Chipkin 2008). With regard to the latter, quantitative benchmarks were established for transformation targets to which annual bonuses were tied. One of the perverse consequences was that it benefited a public service manager not to employ a white candidate in a vacancy, even if there was no black candidate available, since it would compromise both her/his transformation targets and annual bonus. It did not matter that such behavior violated the very spirit of the South African *Constitution*. In accordance with the quantitative character of the performance management system, public sector managers rationally believed that it was more beneficial to leave vacancies unfilled – rather than to appoint white candidates (Bentley and Habib 2008).

The net effect of coupling affirmative action with conservative economics, as well as infusing corporate ethics into the public service system severely compromised the capacity of the civil servants and hobbled their ability to deliver services to the citizenry. Subsequently, the public service was saddled with employees who had severe skill-related deficiencies. Moreover, there were too many individuals who were deployed for the wrong reasons, such as procuring state tenders. As a result, corruption spread through the entire state system. This further compromised the State's capacity and delegitimised it – particularly at the local government level.

But one must guard against implying that the service delivery problems are simply due to skills deficits of state employees and corruption. Inadequate resources also contribute to the crisis. This might seem surprising given the conventional wisdom that has developed in state, business and public administration circles suggesting resources are not a problem. After all,

many departments have failed to spend their allocated resources. Moreover, the State has also run a surplus for a number of years. Yet, failure to spend cannot automatically lead to the conclusion that there is adequate resourcing – especially where public institutions suffer from a capacity deficit. The surplus may actually be the result of incapacity. In the cases where state-related incapacity is adequately addressed, resources are likely to become a serious obstacle to effective service delivery.

How do we address this crisis in state-related capacity? Firstly, it is imperative that we re-establish the mentorship dimension of the skills transfer process. This requires the implementation of a more nuanced affirmative action policy, as well as a more expansive fiscal agenda that is directed at expanding the public service and building a developmental state. Secondly, the public mandate of public institutions needs to be re-established and reinvigorated. Senior civil servants need to be measured in substantive terms. They should not be measured against achieving fiscal surpluses, but rather on delivering the services they are responsible for. These assessments must also be more qualitatively grounded than is presently the case. Thirdly, service delivery programmes must be more adequately resourced. It is important to recognise that South Africa cannot have first world ambitions and third world investments. Programmes require a much higher level of resources if we are to sensibly address the Apartheid legacy.

Finally, corruption in the public service has to be firmly dealt with and rooted out. Too often are political and economic elites allowed to get away with blatant corruption and unethical practices. Party leaders tend to hide behind the principal “presumed innocent until proven guilty”. But it needs to be recognised that a democratic state’s legitimacy is driven by perceptions. And, as long as a different law is seen to apply to elites, corruption will endure and continue to plague us. Corruption can only truly be dealt with if there is serious political will and leadership. And as long as this is not forthcoming, we will continue to grapple with the problem of state capacity and thereby service delivery.

CONCLUSION

In conclusion: the Zuma administration is much more responsive to citizens and interest group stakeholders’ interests. Economic policy has been – and is likely to – continue to shift marginally to the left, as was the case during Mbeki’s final years in power. But the cost of this responsiveness to citizen and stakeholder interests has been a robust ideological contestation within the ANC. Similarly, the desire to appease corporate and economic elite interests has meant that elite expectations are not being moderated. This, in turn, does not help contain

popular expectations. In this case, the net result will be a failure to realise a social pact between business, labour, and the State.

Notably, State capacity has been compromised as a result of the coupling of affirmative action with conservative macro-economic policies, as well as the infusion of a corporate ethic into the public service. The situation is never going to be addressed adequately without a nuanced affirmative action policy, a reinvigorated public mandate for the civil service, a more expansive fiscal agenda centered on the citizenry, as well as firm action against corruption. The Zuma administration recognises many of these factors and has begun to implement them. But, in this regard, its programme has been debilitated by shoddy business dealings of economic elites close to the Zuma camp. This includes members of its own Cabinet, whom it has been reluctant to act against. This has created the perception that an uneven legal and public hand is being applied in the country. One set of rules apply to citizens, while another seems to be reserved for the political figures of, and business interests aligned to, the Zuma administration. And, as long as such a perception prevails, South Africa's democratic future and its developmental aspirations will remain compromised.

NOTES

- 1 This article is an edited version of a paper commissioned by the Public Administration, Leadership and Management Academy of the Republic of South Africa (Palama), which is to be published in a forthcoming edited book by Juta Press.
- 2 Adam Habib is Deputy Vice-Chancellor: Research, Innovation and Advancement at the University of Johannesburg, South Africa.
- 3 The Mbeki camp registered at least 40 percent of the votes of delegates at the Polokwane Conference, while Zuma and his candidates received almost 60 percent of support. See Wikipedia, nd.
- 4 Mbeki's administration is perceived as not having been sensitive to public opinion, particularly on issues of HIV/Aids and crime. See Habib 2007.
- 5 Gill Marcus also served as a professor at the Gordon Institute of Business (GIBS), the University of Pretoria's Business School.
- 6 Hlophe had become a serious headache for the Zuma administration, as he has managed to racially polarise the bench and the legal fraternity. See Davis 2010.
- 7 Latest projections suggest that as a result of better than expected tax revenue, this deficit is likely to come in at 6.7 percent. See Gordhan 2010.
- 8 Interest rates have been reduced five times in the last year and now stands at 10.5 percent.
- 9 Other analysts like Steven Friedman, hold the view that these divisions are inspired by a careerist struggle for positions in the ruling party and the State. See Friedman 2010.

- 10 Vavi essentially accused Manuel of usurping power by stealth and setting himself up as the *de facto* prime minister. See Karima Brown and Amy Musgrave 2009.
- 11 Malema suggested at the Pretoria Press Club that the ANC Youth League would fight “greedy, yellow communists” and prevent them from controlling the ANC. See Roussouw 2009.
- 12 Makhaye accused Cronin of being a Trotskyist and a “white messiah” for having acknowledged in an interview with Helena Sheehan that, “... there are tendencies now of what some of us refer to as the Zanufication of the ANC” (Cronin 2002) For Makhaye’s attack, see *Sowetan* 29 July 2002. Outrageously enough, the ANC’s NEC censured Cronin and forced him to apologise.
- 13 Obviously the language they use is replete with references to the ‘working class’ and ‘poor.’ But the substantive meaning of their immediate policies is an inclusive development.
- 14 One has to only look at the examples of Cyril Ramaphosa, Johnny Copelyn, Marcel Golding and Sam Shilowa. The former three went on to become business moguls, whereas Shilowa became Premier of Gauteng, as well as one of Mbeki’s most ardent supporters.
- 15 This was again demonstrated in Pravin Gordhan’s pro-business maiden budget speech delivered in February 2010. While the budget was necessarily expansionary, it was accompanied by a conservative political rhetoric. The Reserve Bank’s original mandate, which focuses solely on inflation and ignored unemployment, was retained even though most Reserve Banks around the world focus on both goals. The inflation band of 3-6 percent was also retained even though there would not have been any market collapse had the band been adjusted slightly. The speech forced Zwelinzima Vavi to critique Gordhan harshly and to threaten a general strike later in 2010.
- 16 See Afrimap and Open Society Foundation for SA 2007: pp. ix.

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