

The Coega Project: Creative Politicking in Post-Apartheid South Africa

By

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Declaration

I declare that this treatise is my own work and all the sources used or quoted have been acknowledged. It is being submitted for the Degree of Masters in South African Politics and Political Economy at Nelson Mandela Metropolitan University, Port Elizabeth, and has not been submitted before for any degree or examination in any other university

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ABSTRACT

This treatise revisits the process of the implementation of the Coega Project and discusses political economic issues which emerge therein locating them in the political economic context of post-1994 South Africa. Based on an in-depth study of the 'Coega Story', and three years of observing the Coega Development Corporation engaging in the political economic space to implement the project, key themes which are relevant in understanding the nature of politics in the country are highlighted and discussed with a view to drawing lessons for future implementers of economic development projects and policy makers.

Key discussions in the study include a critical analysis of the symbiotic relationship between politics and development (or broadly the economy) ó where emphasis is made about the centrality of politics in implementing economic development projects; the developmental state ó where key characteristics of a developmental state are highlighted; the transition from apartheid to democracy and its implications on the nature of political relations post-apartheid; industrial development as a growth strategy and the interplay of social forces in the post-1994 political economic space.

The Coega Project is located within the broader context of the ruling party seeking to advance what is called the second and, perhaps the ultimate task of the liberation struggle, socio-economic liberation. Its strategic fit in that task is discussed critically taking into account paths to industrialisation as they have been observed from Newly Industrialising Countries and South Africa's attempts at industrialisation before and after 1994.

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In remembrance of the late Loyiso Kato (The Black Contenda)

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ABBREVIATIONS

ASGISA ó Accelerated Growth Initiative for South Africa.
ANC ó African National Congress
ANC NWC ó African National Congress National Working Committee
COSATU ó Congress of South African Trade Unions
CDC ó Coega Development Corporation
EC ó Eastern Cape
EOI ó Export Oriented Industrialisation
EPZ ó Export Processing Zone
FEZ ó Free Export Zone
FDI ó Foreign Direct Investment
FTZ ó Free Trade Zone
GATT ó General Agreement on Tariffs and Trade
GEAR ó Growth, Employment and Redistribution
IDZ ó Industrial development Zone
IMF ó International Monetary Fund
ISI ó Import Substitution Industrialisation
MEC ó Member of Executive Council (Of a Province)
NDR ó National Democratic Revolution
NICs ó Newly Industrialising Countries
RDP ó Reconstruction and Development Programme
SACP ó South African Communist Party
SDIs ó Spatial Development Initiatives
SEZ ó Special Economic Zone
TNPA ó Transnet National Ports Authority
TPT ó Transnet Port Terminals

CHAPTER 1

Contextualising the study

Introduction

The advent of democracy in South Africa marked a significant change in the nature of politics in the country. 1994 marked not only the ascension of the African National Congress (ANC) from being the leader of the national struggle for liberation into the ruling party but also the transformation and redefinition of politics in the country. The South African political landscape saw a decrease in confrontational politics between the state and opposing social forces and an increase in developmental politics and state-society cooperation. For instance, there was less militancy and use of violence as a means of gaining political ends from both the state and other political actors because universal franchise was granted, all laws which legitimised racial segregation were discontinued and a new Constitution was adopted in 1996 institutionalising a democratic state.

The attainment of democracy meant that the first task¹ of the ANC-led Tripartite Alliance, which included the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP), of attaining political liberation had been achieved.

However, the Tripartite Alliance in government had another and more formidable task ahead of it. It had to ensure that the attainment of democracy translated into better living conditions for the majority of South Africans ó “**a better life for all**” ó as enshrined in the Freedom Charter of the ANC. The ANC in government had to redress the development challenges which were a culmination of 350 years of colonialism and 45 years of apartheid (Sparks, 2003:17). For example, there had to be better social infrastructure in place since this had been studiously ignored by the preceding racist governments; the population had to be educated; and there had to be proper housing and basic services for multitudes of people in rural areas and semi-urban areas that were designated for black South Africans. So if democratic rule was the first task of the liberation movement, then socio-economic liberation was the second and, perhaps, the ultimate. In effect,

¹ Based on an article by Joel Natshitenzhe explaining the National Democratic Revolution in Umrhabulo, 4th Quarter 1996 www.anc.org.za.

Access to state power [needed to] be utilised to de-racialise patterns of ownership and control of wealth; reconfigure the distribution of national resources in favour of the poor; and utilise the government budget, the economic power of State Owned Enterprises and capital in the hands of the working people to change the structure of the economy.

ANC National Working Committee (2006: 4)².

Sparks (2003: 16) captures the responsibility of the ANC well when he states that the majority government in South Africa was faced with a daunting task of not only undertaking a socio-political revolution of addressing deeply entrenched institutionalised racism but was attempting three revolutions simultaneously. The first revolution, according to Sparks was transformation from apartheid to a non-racial society [which] had in itself been more profound than was generally recognised; the second revolution was to transform South Africa from an isolationist siege economy into a player in the new global marketplace; and the third was having to move the South African economy rapidly from a primary producing economy based on agriculture and mining to one based on exports of manufactured goods (Sparks, 2003: 18-19). The latter two revolutions Sparks refers to however can be construed as means to fulfil the broader objective of changing the living conditions of all South Africans, which is referred to above as the second and ultimate task of the struggle for liberation. So his later two revolutions are treated as one in this study.

Indeed, the economic revolution or, broadly, the task of creating **a better life for all** required a completely different strategy from the way in which the struggle for political liberation was fought. It was neither arms nor the best military strategies nor the most successful mass demonstrations that would enable people to live a better life. Instead, the State had to be used as the vehicle to advance economic development and ensure better living conditions for the majority of the country's citizens who had previously been excluded from meaningful economic participation. Gumede (2005: 67) argues that this socio-economic liberation project was not a task the ANC was fully prepared for until the late 1980s to the early 1990s. He says it seemed as if the ruling party had assumed that the attainment of state power would in itself bring about economic prosperity for the majority of the country's citizens. He further contends that the party had no concrete economic strategies which could

² ANC NWC explaining the National Democratic Revolution in a paper titled **Managing National Democratic Transformation: ANC Response to SACP Discussion Document** June 2006.

be used to advance economic development beyond its broad policy positions with respect to the nationalisation of monopoly industries, the mines and the fair distribution of the nation's wealth among its citizens. ANC stalwart Gill Marcus – the current Governor of the Reserve Bank – confirms Gumede's argument when she says that 'there was a feeling [among the ANC and its alliance partners] that if apartheid was dealt with, a lot of other things would fall into place' (cited in Sparks, 2003: 15).

The challenges facing the ANC in government did not prevent it from proceeding with its transformational agenda and pursuit for socio-political and economic transformation. Strategies were developed, adopted and implemented following consultative processes with Tripartite Alliance partners and various institutions including the Bretton Woods organisations such as the World Bank and the International Monetary Fund (IMF), and local business to name a few. These culminated in many policies, strategies and programmes which were adopted by the ruling party in Government in pursuit of socio-economic liberation.

The above highlighted context namely, the need for continuing to manage the socio-economic revolution and the fact that the ANC had no concrete plans, policies and strategies until it was arguably too late gives a view of the nature of the political economic 'space' in post-apartheid South Africa. The socio-economic liberation project implies issues like wealth redistribution, economic growth, transformation of the spatial outlook and economic empowerment and redress which by their very nature would draw various social actors into the political economic space, be it those who benefitted from the status quo protecting their interests or those who did not seeking to benefit. The fact that the socio-economic liberation project was being undertaken by a ruling party that only started really planning for it very late meant that even the policies, strategies and projects that it would come up with would face internal contestation. The party still needed wide acceptance of its policies, programmes and projects first within its ranks before seeking hegemony within the broader polity but it did not have that luxury as it only came up with concrete plans and strategies for advancing economic transformation when it was about to assume and when it was already in power.

If the political economic space was characterised by multiple social forces seeking to protect their interests or increase their benefits and by a ruling party not simply implementing its

policies but also seeking to resolve conflict within its own ranks, the question arises as to how politically charged projects could be implemented successfully. To answer that question, this study, re-visits the process of rolling out one of the highly politically charged projects in South Africa, the Coega Project, with particular focus on the relationships between the State, developmental activists and the other social forces with a view to identifying the nature of the political space so as to prescribe strategies for rolling out economic development projects in order to advance the economic emancipation of the majority of South Africans. In other words, based on the observation of the Coega story, this study seeks to show development activists and policy makers how one organisation manoeuvred within the political economic space in order to advance its mandated objectives and by so doing empower activists and legislators for implementation of future projects.

This study comes at a time when the key protagonists of the second phase of the revolution ó the economic emancipation project ó are beginning to reflect on what has been done over the years so that policy decisions that will give more momentum to poverty alleviation and job creation initiatives are taken. This is a time when there is growing impatience among the majority of South Africans regarding the slow progress made in addressing developmental challenges in the country. Also, the approach of the CDC in responding to a complex political-economic environment needs to be documented with a view to helping developmental activists implement mega projects with greater chances of success.

This research project also provides a good case study in the study of politics or the political economy of South Africa post-apartheid. Given its profiling of the multiple social actors at play in the South African political economic space, it draws the attention of scholars to this important aspect of socio-political life in South Africa. It is an important and a timely initiative not only in profiling the political economic space but also the focus of the national liberation movement in creating better living conditions in the country.

This study is centred on the theoretical field of politics and development. Theorists in this field have studied development, particularly in Third World countries, and emphasise the primacy of politics in development. In this field, the interplay of social forces, organisations and institutions in rolling out economic development projects is seen as key to the successful

implementation of such developmental projects. Likewise, the rollout of the Coega Project has been largely affected by political economic issues beyond the control of management at CDC. However, the difference with the CDC is that it seems to have understood the primacy of politics in economic development and has therefore turned to its advantage –patron-client relations (Jega, 2000) with government, the ruling party and other social actors to advance its cause. The political economic development space has therefore become a *space* of politicking which should draw significant interest from scholars.

Problem statement

The Coega Project came at a time in South Africa when the ruling party was grappling with policy options with respect to how it would fashion the South African state in a way that best enabled it to address the developmental challenges that faced the country. It was at a time when the party was facing increasing pressure from its constituency to deliver on the promise of **a better life for all** which was dearly cherished during the times of liberation struggle and further emphasized during the 1994 democratic elections campaign. According to Smuts Ngonyama (Interview, 2008), who was the Member of the Executive Council (MEC) for Economic Affairs in the Eastern Cape, the Coega Project came at a time when his department was calling for catalyst projects that would change the economic landscape of the Eastern Cape and have a positive impact on the people of the Province particularly on employment creation and poverty alleviation. Consequently, the project was considered by the then administration as opportune to meet its objectives. Hence it soon became an initiative supported by government.

It was envisaged that the Coega Project would create a significant number of jobs through increased manufacturing, mainly resulting from Foreign Direct Investment (FDI) (Coega IDZ Initiative, 1997). According to the Coega IDZ Initiative, the value proposition of the IDZ was going to be based on the abundant mineral resources in South Africa as well as IDZ-specific incentives which were yet to be developed. The development of the IDZ alongside a deepwater port would position industries located therein in a strategic location for global trade (ibid.). The plan to beneficiate the country's mineral resources formed part of the broader national strategy to transform the South African economy from exporting raw

materials to the development of primary and secondary industries and tertiary goods and services (Jordaan, 2009)³.

The Coega Project was tactically announced as part of the Spatial Development Initiatives (SDIs) of 1996 that were led by the Transport and Trade and Industry Ministries. The SDIs sought, among other things, to redress the historical spatial development imbalances created by apartheid. The Coega Project, as one of the projects that were already gaining momentum at the time, had the potential to redirect economic activity to a relatively marginalised province and therefore would help achieve the objectives of the SDIs. This was yet another opportunity for the project to be fast-tracked.

However, the introduction of the Coega Project within the same period in which the role of the State *vis-à-vis* the economy was unresolved and contested between the SACP and COSATU on the one side and the ANC on the other meant that the project would be highly contested as a proxy. It was perceived by the SACP and COSATU as evidence of the apparent neoliberal agenda of the government that was already causing divisions within the Alliance and was therefore fought⁴. In addition, the Coega Project had a strong private sector lobby for huge government investments and that may have lent credence to the accusations that the project was a neoliberal intervention intended to promote corporate welfare. As the contestation of the state continued in varying degrees, the Coega Project was delayed significantly.

When the Coega Project was promulgated in 2001 as South Africa's first IDZ, with an associated new deepwater port, it continued to attract serious opposition from various interest groups ranging from environmentalists, labour as well as academics who proposed an 'alternative' developmental path (including eco tourism and maritime development) to what they labelled a capitalist and potentially destructive and unsustainable path to development

³ Mentioned by Dr. Paul Jordaan, Deputy Chairperson of the Board of the CDC during 10th year anniversary of the CDC.

⁴ Among resolutions Adopted by the Inaugural Central Committee Meeting of COSATU. In Defense of our Jobs and for Job Creation 22 - 25 June 1998. In the report COSATU reiterates its rejection of IDZs, Export Processing Zones and Special Economic Zones.

(Bond, 2002). The environmentalists were opposed to Coega because of potential destruction to the environment, more so because Algoa Bay, part of which the port would be built in, was considered an environmentally sensitive area and the land on which the IDZ was going to be built was also environmentally sensitive with a significant population of rare species. The critique of labour unions led by COSATU was that enclaves like IDZs, Special Economic Zones (SEZs), and Export Processing Zones, were known for unfair labour practices and exploitation of workers in other countries where they existed and would not be beneficial to South Africa⁵. And members of the SACP, mainly at the national level, considered the Coega Project to be a vanity project, a pie in the sky or a white elephant together with other mega projects such as Gautrain in Gauteng and the Pebble Bed Modular Reactor in Mossel Bay.

Given that background, the Coega Project had to continually contend with fundamental political economic issues and debates which had a bearing on its continuity or its logic.

In the Policy Conference of the ANC in 2007 and in the 52nd National Conference in Polokwane, there were rumours circulating within the CDC that members of the SACP had presented papers questioning the logic of the Coega Project and other projects which required huge investments, calling for them to be reviewed on the basis that they were white elephants which could not deliver on their objectives. This can be construed as a continuation of the earlier contestations of the project on the same terms.

One of the inferences that can be made when the Coega Project is considered closely is that such opposition was based mainly on fundamental issues of policy as opposed to the project itself. To elucidate this point, the debate about the environmental impact of the Coega Project, for example, can be construed to have been more about the appropriateness of industrial development compared to alternatives like tourism and business process outsourcing under current environmental considerations. Furthermore, the debate about the role of the state in the Coega Project could be considered as part of the debate about the broader role of the state in the economy as opposed to be narrowly about the Coega Project. This emphasises the importance of the Coega Project as a case study for interrogating

⁵ Among resolutions Adopted by the Inaugural Central Committee Meeting of COSATU. In Defense of our Jobs and for Job Creation 22 - 25 June 1998.

politicking in post apartheid South Africa, the role of the State in the economy and the necessary institutional frameworks for a developmental state.

Although there was strong opposition the Coega Project survived the test of time and it is increasingly proving successful in advancing the developmental and transformation agenda of national government, having signed close to R10 billion worth of investments excluding the (R20 billion) aluminium smelter that was signed in 2006 but postponed in 2008 and subsequently cancelled in 2009 due to the electricity crisis. The deepwater port of Ngqura started commercial operations in 2009, strengthening the competitive attractiveness of the Coega IDZ and the Nelson Mandela Bay region to investors. The Coega IDZ was also a preferred location for the 400 000-barrels-a-day crude oil refiner which would help address fuel shortages projected for the country by 2015⁶.

The question remains as to how it happened that such a highly politically contested project would proceed as far as the Coega Project did. The answer to that question forms the crux of the study. Issues around the implementation of the project thus far or the extent of progress made as well as the difficulties experienced are good examples of the centrality of political issues in economic development in South Africa. The key unit of analysis for the purposes of this study is the Coega Project, the State, its institutions and the key protagonists in the new space of politicking of the political economy of development. The key focus for this particular study is the interplay between the State and social forces in development, using the Coega Project as a microcosm.

Research hypothesis

Based on the observations made reviewing the process of implementing the Coega Project, the hypothesis of this study is as follows:

To implement development projects that are aimed at economic emancipation in post-apartheid South Africa, within the context of a changing political economic landscape that is characterised by unresolved questions about the role of the State *vis-à-vis* the economy and a multiplicity of social forces/actors, requires 'creative politicking' by somewhat selfless and

⁶ Presentations by PetroSA to Management at Coega in 2008.

competent individuals or organisations that are more committed to the cause than they are to other role players, regardless of the perceived role or status of each role player.

In the aforesaid hypothesis, the Coega Project is the variable for development project. Post-apartheid South Africa refers to the historical period after apartheid formally ended but in which the liberation struggle of the people of South Africa continues within a changing political economic landscape that is characterised by the searching for and redefinition of roles. The ANC and its Alliance partners became the ruling party in government and searched for new approaches to carry out its historical role as the leader of the struggle for the attainment of better economic conditions, and multiple social forces join or continue to play a role within the political economic space. In such a society, almost every social domain becomes a political space within which individuals manoeuvre pursuant to their objectives which, when combined, somehow form the contextual whole within which everyone must contend to advance their strategic objectives. Such a space is bound to be competitive and politically charged in nature, requiring creative politicking as a survival or sustainability strategy.

How this plays itself out practically is of significant interest. The Coega Project was/is an attempt by development activists to lobby government to play an active role in the economy through investments in infrastructure to enable further investments by the State and the private sector. Although the overall aim was to realise ruling party objectives, and there was considerable support from within some ranks within the ruling party, there was no unanimous agreement within the ruling Alliance about the importance or strategic relevance of Coega in the broader fight against poverty and unemployment. The investments in port infrastructure and in industrial development happened at a time when there were increasing calls for job creation, especially sustainable jobs in an increasingly globalising world with many countries competing for investments. However, the Coega Project did not find popular support in its early stages, even though it was said to be part of South Africa's positioning strategy as a platform for manufacturing for global markets which ordinarily creates jobs. This meant that, in order for the project to go forward, it required creative politicking, thus underscoring the primacy of politics in economic development, especially within the context highlighted above.

Research Objectives and Design

The objectives of the study are:

- i. To show the difficulties of implementing economic development projects when there are unresolved questions with respect to the role of the State in the economy and lack of unanimity with respect to the appropriate policies for advancing the objectives of the State. This is based on an important aspect of the post-apartheid political economic space ó one in which much contestation has taken place among various social forces in determining the agenda and focus of the post-apartheid State. It is also an important aspect of post-independence societies characterised by changing relationships between the State and social forces.
- ii. To draw lessons from the Coega Story in order to help policy makers derive effective strategies for state support and intervention in advancing economic development projects.
- iii. To draw lessons from the Coega Project for development activists to use in order to implement future economic development projects in South Africa.

In order to test the aforesaid hypothesis in a manner that is theoretically sound within the discipline of political studies, a credible research design is of particular importance. According to Burnham et al (2004: 30), research design sets out the priorities of the research, describes the hypothesis and lists the research questions among other things. It is also the logical structure of research inquiry and it provides the framework for the collection and analysis of data according to priorities. In a nutshell, Burnman et al (2004:32-33) suggest that the two main functions of research designs are to develop or conceptualise an operational plan; and to ensure that the procedures adopted within the plan are adequate to provide valid, objective and accurate solutions to the research problems. The latter function is important in ensuring the relevance or usefulness of collected data to the research objectives while the former ensures structure and logical progression for the research.

The priorities of this research are to test the hypothesis of this study; locate it within the current phase of the South African liberation movement (economic emancipation) and

highlight the implications it has for government and key players in the post-apartheid political economic space. The critical element of this study is 'creative politicking' which refers to the relationships and activities between the CDC on the one hand and the multiple 'social forces' or political actors (including the State), on the other, which had an impact or bearing on the CDC's ability to carry out its mandate. That means that the main priority of this study is to test the hypothesis that the way the CDC related to the political economic space is what is needed in order to implement development projects in post-apartheid South Africa. The current phase of the liberation movement, economic emancipation, is the overarching theme or context within which the hypothesis is drawn and will constitute a significant part of the study. The key research questions in that regard are:

- i. What the nature of the political economic space is in South Africa;
- ii. What is the Coega Project and what is the character of the project drivers;
- iii. Who are other critical actors in its implementation;
- iv. How did the CDC relate to the political economic space to advance its objectives; and
- v. What are the implications of this for government and development activists?

The nature of the hypothesis dictates that the researcher gains in-depth knowledge of the nature and character of the CDC and gains in-depth knowledge of the process of implementing the Coega Project to see how the interactions between the corporation and social forces transpired in order for it to ensure the continuation of the Coega Project. The research method and design employed in this study then needs to enable the researcher to gain that in-depth knowledge. For that reason, this study employs 'case study research design' among the various research designs available to political scientists, namely: experimental design, cross-sectional design, longitudinal design and comparative design (Burnham et al, 2004:53). The usefulness of this design for the subject matter is that it allows for the necessary attainment of in-depth information.

Method of study

This study employs participant observation and elite interviewing in order to understand the nature and character of the CDC and revisits the historical process of the implementation of the Coega Project.

Participant observation is a research strategy whereby the researcher becomes involved in a social situation for the purpose of understanding the behaviour of those engaged in the setting. The involvement can be intense or slight, open or covert, but extends over a significant period of time. The researcher observes and records the behaviour of the people in the social setting and may collect additional evidence through formal or informal interviews and the collection of documentary materials. The outcome of the research is a detailed account of the activities and behaviour of those in the social setting

Loftland and Loftland (1983:12 cited in Burnham et al, 2004:222).

Regarding participant observation methods as defined above, the researcher became involved in the "social situation" in this study by becoming an employee of the CDC. Entry into the CDC, however, was primarily an employment relationship than that of a researcher but the objective to study the organisation was there and made known to the subjects right from the onset. This is an acceptable participant observation method in that "the participant observer should share in the life of the group being studied, being involved consciously and systematically, as far as circumstances allow, in the activities of the group and even in their interests and affections" (Burnham et al, 2004:224). The fact that the researcher was bona fide employee of the organisation allowed for intimate involvement in various activities and functions of the group and experienced the organisation at most levels within a period of three years based on the content of the job.

When the researcher is successful in gaining maximum participation, there are two consequences (Burnham et al, 2004:224-225). The subjects of the study learn to take the researcher for granted and act freely without being mindful of the presence of the researcher; and the researcher will get "under the skin" of his/her subjects and learn to think almost as they think. The fact that the researcher was an employee in this regard ensured seamless achievement of the status of being ignored as a researcher and enabled the process of getting "under the skin" of the subjects to the extent that the researcher had access to information that could never be accessed by an outsider. The researcher went so much "under the skin" of his erstwhile colleagues that he could write persuasive polemics and media releases to

advance the cause of the corporation without significant changes being made by the leadership. There was a very strong relationship of trust which was once again enabled by being an employee as opposed to being a researcher.

It is mentioned that participant observation enables the researcher to gain much deeper knowledge about the motivations, beliefs and behaviours of individuals and groups. This has been the necessary base upon which the research aspect about the character and nature of individuals, in the hypothesis, that is required to drive development projects is built. Without participant observation, the depth of knowledge gained would not be to the extent that the researcher could make and prove the hypothesis that the individuals involved in development should be somewhat selfless and more committed to the cause than they are to the other actors regardless of their status. This hypothesis was only made possible after observations of the characters of the participants whose findings are presented in chapter three.

Elite interviewing is used when researchers seek to understand how certain individuals think and act in particular circumstances or in relation to particular historical events in which they play a significant role (Manheim and Rich, 1991:139). Elite interviewing therefore refers to interviewing people who need to be given individualised treatment in a research because of the knowledge they have or the value they can add to the research inquiry (Ibid). Elite interviews are mainly tailor made for the specific individuals being interviewed based on their role within a particular project or historical event and are therefore less standardised compared to surveys.

In this study various variations of elite interviewing were employed ranging from one on one interviews where information was gained from one individual to focus group interviews where a particular group narrated the story with each bringing in their account⁷, and story telling where one of the long serving members of the CDC would narrate particular historical events to a group of new employees for knowledge sharing⁸. The latter two are borderline

⁷ Focus group interviews were not necessarily part of this study but were employed once where subjects which could have been interviewed on a one on one basis e as part of the elite interviews were grouped together as part of recording the Coega story, which was a knowledge management session organised by the researcher more as a job requirement than for the study. It was nevertheless important and relevant for the study.

⁸ Also facilitated by the researcher for knowledge management than for the study but proved most valuable to the study.

cases between participant observation and elite interviewing and yielded valuable historical information which was used for the study.

Based on the aforementioned definitions, the research methods employed in this study were very effective in testing the hypothesis and helped the researcher address the specific questions raised in the research. This is in line with the view that participant observation and elite interviewing are useful methods when it comes to: the reconstruction of an event or series of events; the case history study of an individual or an organisation, or even a community; and pilot inquiries into new problem areas where the purpose is the production of hypotheses rather than the verification of them (Dean, 1954:225).

The research process spanned a period of three years. Such a length of time is ideal for research through participant observation methods. The long term involvement allows the researcher to continue to modify and change their original hypothesis and theories during the course of the research process (Burnham et al, 2004:25). The importance of the longer term for this particular research was that it allowed the researcher to engage with the detail of the Coega Project in order to come up with a plausible hypothesis. The period has been long enough for the researcher to experience the participants through various seasons in the implementation of the Coega Project, enough to gain considerable 'data' for the conclusion of this study.

Method of data collection

This study entailed the collection of information from people or actors directly or indirectly involved in the Coega Project with a view to establishing a realistic account of the implementation of the project. Interviews and participant observation were the main methods of research that were used in this treatise to allow the people that have been involved in the Project to tell their story and the researcher, who was working for the CDC, to objectively reflect on the implications for the Coega Story on the roles and characters of the State and institutions of development. In other words, the treatise is a critical analysis using interviews. Data was analysed by looking at common themes.

Interviews were conducted with the former MEC for Economic Affairs in the Eastern Cape, Smuts Ngonyama, councilors and government officials at local, provincial and national levels who played a part in the Coega Project. The Deputy Chairman of the CDC Board, Paul Jordaan, and the CEO of the CDC, Pepi Silinga, as well as some members of the Executive Management team were also interviewed throughout the research process to uncover the story of the Coega Project. Other interviewees included CDC staff members. As mentioned before, these are considered elite interviewees because they had information that was of essential interest to this study and only they possessed it.

Recorded audio-visuals from three focus group discussions about specific issues in the implementation of the Coega Project were also used. These featured people that were not included in the one-on-one interviews but played a key role in the rollout of the Coega Project particularly at the beginning. One such record includes a focus group discussion by representatives from the CDC, environmental lobbyists, and representatives from the NMB Municipality – current municipal manager, councillors and a media representative, Patrick Cull who covered the Coega Project for a considerable number of years from the beginning. The other two are story telling sessions (of Fireside Chats as they were commonly known), by some of the longest serving members of the CDC, to new staff members tackling specific topics such as the character of the CDC, the relocation of the Coega community and the historical context of the deepwater Port of Ngqura. These form part of documentary material which is a critical part of participant observation but it is also commonly used by historians in order to revisit historical events.

Other documentary material includes documents of the CDC and the NMBM such as minutes of initial meetings and strategy documents by service providers which were also used. There was also guiding legislation which was drafted at national government level and which forms part of the institutional framework for the implementation of the Coega Project. Such legislation was of critical importance in that it threw light on the actions of actors and organisations. The use of documentary material was mainly for cross-checking and utilising data which was obtained from observation and elite interviewing. Such an approach is called triangulation in research as it is used mainly to give more substance to the study. It is important to also note that documentary analysis is an inevitable and a logical method when

conducting participant observation in that corporate documents, if available, tend to help explain some of the actions of participants.

Participant observation and elite interviewing are by their nature unstructured qualitative research methods in which the importance of data is its specificity to the audience as opposed to some overarching generic hypothesis. For that reason, the data gathered during this process is mainly for purposes of getting deeper insight into the 'story' and not necessarily for testing the hypothesis even though attempts are made at some systematic analysis of data. Therefore, there were no predetermined questions for the interviews and data which emerged from the interviews contributed mainly in the building of the Coega story as well as in understanding the nature, character and thinking of key protagonists involved in the Coega Project as well as their relationships.

Delimitations and limitations

It should be borne in mind that this study focuses on the relationships between politics and development with regards to the Coega Project. Although it is argued that the Coega Story is a microcosm of and throws light on broader political economic issues in the country, the specific circumstances of the Project and the issues arising from its rollout cannot be said to have total relevance to national development issues uncritically. Although the study makes reference to politicking in post-apartheid South Africa, and highlights that development is the new space of politicking in the country, it should not be seen as a holistic reflection of post-apartheid politics but rather a brief impression which can still be used to understand it. Among the reasons the study should not be viewed in that way is that case studies have limitations in terms of how far researchers can generalise from them even though they yield deeper understanding of social phenomena. Likewise such limitations are also inherent in the research methods employed in this study namely participant observation and elite interviewing.

Concluding remarks

It was mentioned in this chapter that the advent of democracy in South Africa in 1994 saw many changes in the political economic space. The ANC as the leader of the national liberation movement won the 1994 democratic elections and became the ruling party, a position which required it to deliver on its promise of **a better life for all** around which it mobilised the majority of the people of South Africa for action during the struggle times. It was mentioned that this was not a task the ANC-led alliance was fully prepared for until closer to taking power and this presented a challenge in terms of its ability to achieve wide acceptance of its policies both within the alliance and in the country at large. This and the fact that the socio-economic liberation project drew multiple social forces into the political economic space determined for the most part the nature of post-apartheid politics in South Africa and the context within which economic development initiatives had to be implemented. The Coega Project, as an economic development initiative, was implemented within this context and the process of its implementation is said to have been largely influenced by it. As such the project is regarded as a microcosm of the interplay between politics and development in South Africa and it informs the hypothesis of this study that, given the post-apartheid political economic context, development projects in South Africa, require creative politicking by somewhat selfless and committed individuals who are more committed to the cause than they are to other role players if they are going to be implemented successfully.

The following chapters will provide the basis from which the hypothesis has been made. Chapter two is a brief literature review of what has been written on the subject matter, with a particular focus on the symbiotic relationships between politics and the economy. It attempts to survey the post-apartheid political landscape which is the space within which creative politicking has been done by the CDC in order to advance its cause. It also explores the debate around the developmental state as the panacea to drive a developmental agenda for South Africa and, effectively, move forward the economic emancipation project of the national liberation movement. Chapter three presents the Coega Story in a quasi-historical fashion and is mainly the basic findings of the research. The Coega Story is narrated according to different themes which become the basis for the following chapter which

analyses the findings. Chapter five looks at the arguments around the logic of the Coega Project but broadens the focus of the debate away from the specifics of the project to focus mainly on industrial development as an option for the further development of the South African economy. And chapter six draws conclusions from the study highlighting the implications of the study on policy making and in implementing development projects in post-apartheid South Africa.

CHAPTER TWO

Politics and development in Post-apartheid South Africa: A Theoretical Review

This chapter seeks to locate the hypothesis of this study in its academic and national contexts given the fact that the primacy of politics in the development of the Coega Project is a microcosm of what is happening generally in post-apartheid South Africa. It has been mentioned that unresolved debates about the role of the State in the economy and disagreements about the right policy mechanisms to advance the economic emancipation of the majority of South Africa's people, among others, have characterised the post-1994 political economic space and have set limits on the capacity of the State and developmental activists to drive economic development. That means that politicking in post-apartheid South Africa has indeed been mainly about economic development issues. Therefore, this chapter will interrogate relevant literature with respect to the role of the State in the economy and its implication for policy and implementation, debate the logic of the Coega Project by discussing industrialisation in general, and discuss state-society relations with a view to profiling the nature of politics post-1994. In that respect, this chapter reviews written literature on various aspects of the post 1994 political economic space in their relation to development.

It is important to note that, from the start, there has arguably been little attention paid to the interplay of politics and development in South Africa. This challenge is not limited to South Africa in that scholars in the studies of development in Third World countries generally have failed to consider the importance or the primacy of politics in the matter (Tornquist, 1999:1). At the time of conducting the study, most studies in South Africa had been narrowly focused on and limited to policy and the interplay of social forces in policy making but hardly on political aspects of its implementation. In instances where due attention was paid, the focus was kept mainly on the nature of the processes followed with adherence or lack thereof to democratic principles being the focal point. For example, it has been easier for scholars to pinpoint certain themes that emerged in the political economic space in South Africa such as corruption, the appropriateness of state policies towards the economy and society as well as on emergent social ills, foreign policy and the ability or lack thereof of the democratic government to meet its policy objectives. However, little attention has been paid on the

interplay of social forces in driving development and the enabling or constraining effect of those on the process.

It is for those reasons that this chapter focuses on the theoretical framework that forms the basis through which scholars need to engage with the interplay between politics and development in post-apartheid South Africa. In that respect, particular focus is placed on politics and the normative role the State ought to play in development ó a question which has been the subject of much debate within the ruling Alliance since it came to power. Fairly recently, the ruling party has taken decisions that the State should play a leading role in driving economic development and the developmental state is the new buzzword for the ideal type of state that the ANC and its Alliance partners seek to engender in order to achieve its long promised better life for all.

To make sure that the theoretical framework that guides the study is effectively explored, a thematic approach will be employed. This chapter will first explore the meaning of the concepts that inform key discussions of this study starting with politics and development. This will be followed by the discussion of the concept of the developmental state, an analysis of state-society relations in post-apartheid South Africa, and the democratic transition and its implications, as well as a discussion of industrial development as an economic growth strategy in order to locate debates about the Coega Project in their rightful context.

Historical perspectives on the symbiosis between politics and development

Many scholars have written about the interplay between politics and the economy, starting from classical political economists like Adam Smith and others in the 16th and 17th centuries. Among these are scholars such as Karl Marx and Friedrich Engels. This is not to be mistaken for the debate about the role of the State in the economy which is an important part but not the sole arena of the interplay of politics and development because the State is one among many other political players and is itself a politically contested terrain ó a space of politicking like development. By the symbiosis between politics and development or the economy (used interchangeably for purposes of analysis only), reference is being made to the extent to which social forces, including the State, influence development planning and

implementation in support and opposition. The emphasis is on the plurality of actors in the political space as opposed to it being limited to the State and the economy. Such an approach emerges from Coxø (1984) extensive work on profiling the interplay of social forces in the making of history.

The symbiosis between politics and development or the economy in South Africa and the world ó particularly the öThird Worldö ó can be traced back to the history of the emergence of capitalism as well as its political counterpart, the nation state, particularly in Third World (Tornquist, 1999:1). The spread of capitalism during the colonisation period was a politically sponsored and managed process with the State being in the forefront of the global spread of the capitalist system to resource rich parts of the world. In order for capitalism to work in countries which were being conquered, there needed to be a state which would, among other things, legitimise capitalist accumulation and administer the dispossession of land and provision of cheap labour.

The formation of the nation state in Africa provides a good example of this relationship between the State and the capitalist system. The process of constructing a national economy in South Africa, among other African countries, coincided with or was made possible by the emergence of a new system of political organisation and that was the genesis of the State. For instance, in order for the economy to have the labour force to grow, there needed first to be a political administration that introduced taxes and dispossessed people of their land (Callinicos, 1987:27) and what would later become öthe Stateö was the best institution to advance those ends. It is clear then that, when the State was formed in South Africa, it had the direct and sole mandate of enabling and administering the process of capitalist accumulation. Racial segregation laws which were introduced along with agricultural capitalism and industrialisation in the country are further cases in point. South Africa is but one among many other countries which show the symbiotic relationship between politics and economic development.

Therefore, it is necessary for any research about development in post-apartheid South Africa to start by interrogating the politics of the time because political conditions shape the pattern and manner in which development progresses within a particular country (Leftwitch,

2000:4). In other words, political conditions will always be enablers or constraints on policies or strategies that a particular government adopts depending on the political landscape and power dynamics within a country. Policies adopted by the post-apartheid government which were aimed at driving redistribution of land and economic opportunities have not been implemented at the desired pace given the political conditions of South Africa and the economic power held by the minority in the country which happens to have almost full control of the country's wealth given the imbalances created over a period of 350 years of colonialism and 45 years of apartheid.

The intertwined development of states and national economies makes it impossible to separate between the political and economic spheres. The continued marginalisation of people as a result of the formation of national economies and state administrations starting in Europe itself and the rest of the world was both an economic and political project, if the above historical fact is anything to go by. More so, the pattern of development in South Africa and other parts of Africa was such that the indigenous peoples continued living in the periphery of their developing countries while their colonial counterparts were at the centre. Master-servant relationships existed between the colonialists and the indigenous peoples and the State served to reinforce such relationships. The intolerable experiences of the indigenous peoples and their perceptions of themselves in relation to their colonial counterparts guaranteed the development of resistance politics.

In all colonies, the economic position of the indigenous peoples was politically determined and the more marginalised they became the more indifference and inaction became untenable. If anything, that would have resulted in increased political activity with the indigenous peoples organizing themselves into liberation political movements. The very act of engaging in political activity for such peoples was influenced by a need to change their material conditions. Political organisation and activity, in other words, became the means through which people organised themselves in the quest of better material conditions of existence or 'development'. It is important then to note that the quest for development emerges within the context in which people start to question their politically engineered lived or perceived disadvantages and use political means such as liberation movements to change them.

Therefore one can locate a symbiotic relationship between politics and development within its historical context. However, describing the emergence of the symbiosis is insufficient to give credence to the debate about the primacy of politics in development because it begs the question as to whether the nature of relationships post-apartheid is such that politics would be primary in driving economic development. Such a question can best be addressed by looking at a broader definition of politics.

Politics has been broadly defined as the process of determining who gets what, when, and how (Lasslaw, 1936 cited in Tansey 2004:4). It has also been defined 'as all the activities of conflict, co-operation, and negotiation involves in the use, production and distribution of resources, be they material or ideal whether at local, national or international levels or whether in the private or public domains' (Leftwitch, 2000:5). Whatever definition is followed, politics includes the use of power by various individuals or social groups for advancing particular ends. Power in that regard includes state power, economic power and/or bargaining power which becomes significant enough when it is used it impacts on the broader political landscape within a particular geographical area.

Politics in post-apartheid South Africa has mainly been centred on how state power can best be used to advance the strategic objectives of the national democratic revolution. In other words, politics has been focused on the role the State has to play in the economy in order to achieve its objectives. The contestation, however, has been both on the role and objectives and there has been multiple political actors ranging from within the ruling Alliance to opposition parties, interest groups and organised communities.

Based on the aforementioned definition of politics, the inference by Leftwitch (Ibid.) that development is 'inescapably political' is convincing. The socio-economic context of development helps elucidate this point. In any society where development takes place political tensions between the drivers and potential recipients of development on the one hand and losers on the other hand often arise because development concerns developing poorly developed areas in the economy or poor geographic areas and has implications for the

redistribution of wealth and redirecting of investments by government and the private sector. Global interconnectedness introduces state and non-state actors from other countries.

A definition of development is also necessary since the concept has not been used consistently throughout history. According to Leftwich (2000:17), over time, development has been understood as a historical process, exploitation of natural resources, the planned promotion of economic and (sometimes) social and political advancement, as a condition, process, economic growth, structural change, modernisation as well as an increase in the forces of production (in its Marxist conception). Although Leftwich clearly distinguishes these meanings of development as they have evolved over time, there is no doubt that a normative definition of development should encompass all these conceptions of the term.

Indeed, throughout history, development has been defined as stated above with varying degrees in emphasis on each of the aforesaid aspects of the definition. The specific conceptions of these various but related definitions of development which have evolved over time are of no relevance per se for the purposes of this study. The key focus of this study is development as it has come to be understood in South Africa and the developing world which has been defined by the people in pursuit of a better life. Looked at through the eyes of the indigent who have suffered gross human rights violations and marginalisation in Africa, development should mean or be measured in terms of positive quantifiable and qualitative changes in the material conditions of people's existence (as Marx would put it) whether this comes directly or indirectly. What this means for many in Africa is that development cannot be limited only to economic growth and the inclusion of previously marginalised communities or individuals into the mainstream economy but this must also be translated into improved living conditions.

The concern raised above means that no country or region can be classified as developed or nothing can be said about being developed unless there are significant positive changes for the people who reside within the country in which development 'takes place' (that is development as industrial development and exploitation of natural resources). This argument is in line with Leftwich's (2000:29) argument that development should not only be limited to or measured in terms of economic growth devoid of its impact. Leftwich (Ibid.) therefore

argues that 'growth is a necessary component of development, but not a sufficient one'. In order to understand this, one needs to look no further than South Africa or the many other countries in Africa. Although there was economic growth in South Africa between 1994 and 2004, not many jobs were created which could have resulted in improved standards of living, given the fact that poverty and unemployment 'deepened' (Terreblanche 2005) – hence growth in that period was dubbed 'jobless growth' (Weeks, 1999) and did nothing to improve the lot of the average underprivileged South African.

It has been noted in the preceding paragraphs that a definition of development should be all-encompassing and should be understood at a grassroots level through the eyes of the indigent. A definition closer to this kind is that which Leftwich (2000:41) attributes to post-independence states which emphasises social development and which includes improvements in education, health care, income distribution, socio-economic and gender equality and rural welfare. Nevertheless, the proposed definition in this study is not limited to such because it also includes issues of security not only in terms of economic and social security but security from the threat of military conflict. It is a definition that encompasses almost all the historical conceptions of development as outlined by Leftwich (2000) but with caution regarding development as the exploitation of natural resources and industrialisation given the fact that these developments have proved to have a marginalising effect on Africans throughout history. The extraction of oil in Nigeria, for instance, destroyed the productive capacity of the 'Ogoniland' in the Niger Delta region (Wiwa, 2000). Also, the advent of the 'discovery' of gold and subsequent industrialisation in South Africa resulted in the destruction of the Africans' position as the owner of land and his/her reproduction as an economic slave in a commodity based and industrial economy.

Having given historical perspectives on the primacy of politics in development as well as the subsequent definitions of the terms, this chapter moves on to discuss the concept of the developmental state. Such a discussion forms the crux of the debate about the strategic correctness or relevance of the Coega Project as a development venture. The following section locates discussions about the project within the broader context of the role the State had to play in the economy.

The developmental state

í it has been the existence of a certain type of state, the 'developmental state' (whether democratic or not) that has accounted for the most of the successful records of economic development in the third world over the last thirty years of the twentieth centuryí

Leftwitch, 2000:108

Scholars who have defined the developmental state have looked at the salient features of states which earned the developmental state status particularly in East Asia and Latin America, among others. Such characteristics are said to have put the developmental states of those regions on the pedestal and are said to be key distinguishing factors that form the benchmark for developmental states. The characteristics however and the singling out of those as prescriptions for other countries have led to failures in that they have been studied in isolation of the fact that there were considerable differences between developmental states. Some were democratic but others were not to a greater or lesser extent. The real precondition for a developmental state is a particular kind of politics and a type of state. Such states according to Leftwitch (2000:167) are: 'í states whose politics have concentrated sufficient power, autonomy, capacity and legitimacy at the centre by establishing and promoting the conditions of economic growth organizing it directly or a varying combination of both.ö

Key concepts in conceptualising the developmental state are mainly power, autonomy, capacity and legitimacy. These emerged as central in all characteristics highlighted by Leftwitch as conditions for development. Power refers to the authority vested on the State and its ability to exert obligation on the polity in such a way as to be acceptable to the polity. Autonomy refers to the independence of the State to conduct policy outside of the influences of dominant classes and interests within the polity, of particular note here is the power of the multi-nationals and global conglomerates. Capacity refers to the extent to which the State is equipped to fulfil its developmental requirements and can act with relative efficiency in conducting its duties. Legitimacy refers to the authority and the recognition the State receives from its citizens and the extent to which they willingly subject themselves to its rule or otherwise. The above characteristics mean that developmental states should be able to derive developmental policies independent of particular interests and are able to take their societies to a developing or a developed status. Furthermore, Leftwitch (2000:154) argues that developmental states should have developmentally driven political purposes and institutional

structures as well as developmental strategies that are driven by political factors. Hereunder is a discussion of Leftwich's major components of a developmental state model.

Leftwich observes that all developmental states have been led by determined developmental elites which have been fairly uncorrupt stewards of the developmental spin-offs of their countries in comparison with failed developmental states (Ibid., 160). Of particular importance is their developmental determination, commitment to economic growth and transformation and the capacity to push it through. It is important for such elites, particularly in the African context, to not only cherish these ideals but to also be seen to cherish them so as to get buy-in from the citizenry, in that such an elitist structure always stands the risk of being challenged and lambasted for being undemocratic. Furthermore, the emphasis on good moral standards is important in order to be able to effectively manage state resources and developmental initiatives.

Also noteworthy with regards to developmental elites is their representative nature with dense traffic between top levels of the civil and military bureaucracies and high political offices. It is critical that such elites are not associated exclusively with certain groups or classes within their respective society because this gives an impression of ownership of development by a particular group of people instead of others. It creates disjunctive binaries of *us* and *them* and therefore might open the State up to identity politics which can derail progress at times. According to Mkandawire (1998:2), the elite must be able to establish an "ideological hegemony", so that its developmental project becomes, in a Gramscian sense, a "hegemonic" project to which key actors in the nation adhere voluntarily.

Relative state autonomy and the autonomy of state institutions is another component of a developmental state (Leftwich 2000:161). By this he refers to the independence from or insulation from the demanding clamour of special interests (Ibid.). Absolute autonomy however is idealistic and would remain unrealisable in a world in which Cox (1987) argues that state-society complexes, emergent in relations of production, shape the nature of politics and of the state and constrain or set the limits to its efforts. However, Leftwich (ibid., 162) takes this point into account and refers only to *embedded autonomy* (citing Evans 1989) meaning that developmental objectives are shaped and influenced by a dynamic interplay

between state and non-state actors. Leftwich's emphasis on state autonomy, however, seems concerned only with the State's relative autonomy with regards to internal issues as if states existed in isolation. However, 'historical structures' (Cox, 1987) which emerge both internally and externally get translated into the international system and in turn become structures that are only conducive to some state forms. This means that states' capacities to implement and channel development can also be constrained by external political structures.

Strong bureaucratic power has also been highlighted as one of the major components of the developmental state (Leftwich, 2000:162). This point is related to the determined elite which much establish powerful, professional, highly competent, insulated and career-based bureaucracies with authority to direct and manage the broad shape of economic and social development. This is shaped by the preceding components and it is said to enhance the capacity of the State to effect developmental policy more efficiently relative to countries with inefficient bureaucrats who tend to be corrupt or lazy. Good bureaucratic institutions should be adept at planning and should have real power, authority, technical competence and insulation in shaping development.

A weak civil society has appeared to be another condition for the emergence of developmental states (Ibid., 163). He argues that this has been the case because of apathy and negligence at the inception of developmental states and also as a result of direct termination of civil society organisation by the State. Leftwich (Ibid., 164) argues that what draws or arouses civil society to the political stage is mainly discontent which emerges as a result of unpleasant political environments such as non-democratic rule and lack of effective development.

Another critical aspect of the developmental state is its ability and capacity to win over economic interests, that is, to bend the hand of capital for the developmental purposes of the state (Ibid.). He argues that such states have been able to autonomously create national industrial modernisation independent of foreign and local capitalist interests. What is critical to note with regards to this observation is that many of the countries highlighted have been successfully engaged in industrialisation in a historical context in which foreign investment is increasingly becoming 'central' to development. The extent of the increase in capital

mobility and competition for foreign direct investment currently, undermines any country's autonomy regarding development policy in that failure to comply with market requirements results in low capital investments relative to competing globally competitive countries.

Ironically, another but undesirable component of developmental states has been a poor human rights record (Ibid, 165). Most of such states have not been respectful of their citizens' human rights and have been intolerant of opposition and dissent. This point emphasises the importance of hegemony on the part of the developmental elite and their ability to sell their developmental imperatives and make them acceptable without attracting dissent. States can and do become ruthless in their pursuit of development and at times implement anti-social developmental policies which tend to marginalise their people. This has been sadly true especially in countries where development has been narrowly defined in terms of exploitation of natural resources. In such societies, it can be argued that the people have no ownership of development and that which is seen as development by the elite is seen as marginalisation and enrichment of the already rich at the expense of the people.

Although most developmental states have negative human rights records, Leftwich (2000:166) argues that case studies show they still tend to receive widespread support for their regimes and considerable legitimacy. Moreover, few of the countries have had their fundamental constitutional or political legitimacy seriously threatened (Ibid.). The reasons for these states not having considerable hard opposition could be their delivery of social services and thus a positive impact on social development (Ibid). All these, according to Leftwich, have been components of developmental states over time. Another important argument that will not be explored in detail in this study is the relationship between democracy and development. Briefly, Leftwich (2000:171) argues that democracy is not necessarily conducive for development. He argues that it can be quite conservative once it has been consolidated and established. He argues that the conditions promoting the consolidation of democracy are likely to impose various structural constraints on the development capacity of the new or born-again democratic states. It is important to note the classification developmental democratic states and non-developmental democratic states for this purpose.

Having defined and discussed the symbiosis between politics and the economy as well as the developmental state, this chapter focuses briefly on some of the key issues regarding state-society relations in post-apartheid South Africa. This highlights some of the characteristics of post independence state-society relationships.

State-society relationships in post-apartheid South Africa

There have been significant changes in the nature of politics in post-apartheid South Africa. Political relationships between the State and society have changed. Before 1994, there were predator-prey relationships between the State and civil society with the State using both repressive and ideological state apparatus to advance its oppressive politico-economic agenda while society fought to overthrow the State. After 1994, however, state-society relationships have been relatively peaceful with engagement on issues taking a more democratic character than before. Attention needs to be drawn to this aspect of the study because it gives an impression of the nature of political relationships in the current political economic space in order to locate the Coega Story within the relevant context.

The nature of the relationships between the State and society in post-colonial and post-independence countries has been widely documented. Scholars and playwrights (such as Azrya, Jega, Mkandawire, Achebe, Wa Thiongo), particularly in post-colonial Africa, have critically reflected on post-colonial political regimes and their relationships with society as a means of testing the commitment of liberation parties to their historical mandate. Throughout Africa, the picture has not been a necessarily encouraging one. After independence, liberation parties in government have broadly failed when it comes to delivering on the promises they made during the liberation struggles resulting in animosity between the government and civil society, particularly in underdeveloped areas.

There are many reasons for this. Among some of the reasons for hostile relationships between the State and society is the failure of democracy to translate into better lives for the people. Post-independence states adopted what can at worst be described as counter-revolutionary economic policies which were more responsive to the needs of powerful class interests than they were to the economic empowerment of the marginalised. The culprits in

that regard are the structural adjustment programmes which were introduced by various independent states as part of the policy prescripts of powerful nations through the Bretton Woods Institutions such as the World Bank and International Monetary Fund. These were characterised by fiscal discipline policies aimed at reducing national debt, containing government expenditure to manage inflation and privatisation of key government services so that the State plays a minimal role in the economy. All these had negative implications for state-society relationships in that they attracted resistance and anti-government campaigns by organised citizens or what was termed civil society. Likewise, South Africa witnessed significant changes in relationships between society and the State to the extent that the euphoria of democratic victory soon received less emphasis when communities perceived slow progress in changes to their material conditions. Communities have stood up against failures in service delivery and certain interests, organised labour for one, have fought various elements of neoliberal policies such as privatisation.

Another important factor about democratic South Africa is the plurality of actors in the political economic space. People have organised themselves based on specific interests ranging from environmental health, labour relations and treatment campaigns as well as service delivery. This means that the political economic space is a complex space within which many organisations must survive. There are also changing perceptions about the State just as in other post-independence areas. The State, politics and political connections become the means to access wealth and this breeds mistrust and disengagement from the State and, in turn, breed criminality.

One of the key factors in post-colonial state-civil society relationships is the patron-client relationships between government officials or politicians on the one hand and big business or powerful interests on the other hand. The nature of such relationships is predominantly corrupt and has enabled the prevalence of war economies and the so-called resource curse thesis, which ensured foreign multinational companies exploited natural resource endowments of countries without having any developmental impact for affected communities. These are indeed some of the characteristics of state-society relationships in post-apartheid South Africa, but they are by no means exhaustive. Nevertheless, they suffice for the purposes of this study.

Democratic transition and it's political implications

It is important to note that many of the political issues which surfaced in the economic space in post-apartheid South Africa, including the divisions in the Tripartite Alliance led by the African National Congress, are deeply rooted in the political economic transition which took place in South Africa towards the mid 1980s to the early to mid 1990s. Gumede (2005) gives an account of the genesis of most of the post-apartheid divisions within the ANC. His reference to the fact that, until the late 1990s, the ANC as the liberation movement did not have policy positions with respect to the economy and the role of the State in the economy except for broad references to nationalisation or gaining control of the strategic organs of State to bring economic emancipation is a good starting point for analysis. Gumede, therefore, argues that this disempowered the ANC at the negotiation table and resulted in it being 'trumped on the economy'.

A more interesting account, which is relevant in terms of the style of leadership of the first democratic government as well as the nature of politics within the Alliance until Polokwane, is that of the events leading to the changes in policy positions by the ANC and the diversion of the movement from revolutionary tendencies or its chastisement for adopting neoliberal policy options. Gumede reveals that, from the mid 1980s, big business had already started engaging the ANC in exile with a view to influencing its post 1994 policies. The ANC was lobbied by the business community and the international financial institutions to adopt neo-liberal policies with emphasis on fiscal discipline, inflation targeting and other macro-economic measures as this suited big business. These policy changes in the ANC resulted in increased opposition from within the ruling Alliance and it set the stage for what would later be the most divisive leadership tussle in the country which led to the formation of the splinter party Congress of the People.

What is noteworthy about this relationship between the ANC and big business is that its content was based on salvaging capitalism or the apartheid culture of accumulation of wealth from potential overhaul by a new government which would directly or inadvertently change these in order to advance its revolutionary objectives. Gumede (2005) makes the point that

big business undertook to engage the liberation movement in advance knowing very well that capitalism would be a casualty if big business did not play an active role in influencing future events. When looking at the character of the State during the transition period and after the attainment of democracy, it is clear that organised business gained significantly from their pro-active engagements with the ANC. The fact that the ANC faced enormous pressure to be seen to be intent on being good stewards of the economy in line with conventional wisdom at the time attests to the triumph of those interventions by big business.

The Reconstruction and Development Programme (RDP), which was a policy produced collectively by the ANC and its Alliance partners, was soon succeeded by the Growth Employment and Redistribution (GEAR) policy in 1996 shortly after the new government assumed power. The fact that the RDP was replaced with GEAR after an inadequate consultation process with the Alliance partners infuriated the leftist factions of the ruling Alliance and they saw this as a deliberate move by the centrists within the ruling party whose intentions were to marginalise the left. GEAR was seen as a neoliberal policy which changed the focus of government from the developmental agenda of the RDP and placed the emphasis on fiscal discipline for macro-economic stability as the primary objective.

However, Gelb (2006:2) argues that the so-called neoliberal reforms which are associated with GEAR came into effect from 1990 onwards until the period when the RDP was supposedly 'in force' and before the new government came into power. He further states that the proponents of GEAR within the Alliance argued that all the policy positions in GEAR were derived from the RDP and therefore GEAR could not have been a sharp break from the RDP. Indeed, the RDP makes reference to the need to ensure prevention of macroeconomic populism and reduction of government deficit even though it also prescribed a more interventionist role of government. Nevertheless, whether or not GEAR was a neoliberal policy or a continuation of the RDP but with a greater focus on macro-economic issues which were not dealt with substantively in the RDP is not a concern of this study. The concern of this study is the political implications that the shift from RDP to GEAR had as well as the impact those in turn had on the nature of politics in the country.

However, from around 2004, in the second term of the Mbeki Presidency, there was evidence of change in the approach of national government towards a developmental macro-economic policy as evident in the State of the Nation Address. The ANC seemed to have learnt that the economic achievements in the first decade were not equally shared among the citizens but had served to perpetuate the plight of the poor while the rich had gotten richer (Weeks 1999; Terreblanche, 2005). Such a realisation led to some increases in government spending⁹ and the announcement of the Accelerated and Shared Growth Initiative for South Africa (ASGISA). Nevertheless, the government retained its emphasis on economic growth while it sought to introduce measures that were necessary to bridge the gap between the dual economies of South Africa in order to help those in poverty to exploit the economic fortunes arising in the first economy.

Some of the lessons learnt from GEAR are very useful in understanding issues in the changing political economic space in South Africa. Among the lessons that Gelb (2006:5) says were derived from the GEAR episode is the fact that policy is not just about formulation but also about implementation, and policy voice depends not on interest groups having desks in the technocrats' back office, but on their power, and the principles and positions they advocate. As mentioned before, this insight is what scholars have failed to draw attention on in debating, measuring the outcomes of government policies or even in determining the prospects of success of policies. Implementation with respect to policy analysis should not only be considered with respect to issues that are directly relevant to the process such as the capacity of implementing agents, their competence in terms of doing the job and the allocation of resources but it should also encompass power dynamics in society, underscoring the primacy of politics in development. That is why the political implications of the GEAR episode are important for this study as opposed to the merits and demerits of the ideological policy allegiances which has dominated academic and political discourse in South Africa hitherto.

The GEAR episode deepened the divisions in the ruling Alliance with respect to the role of the State in the economy and the right policy choices which needed to be made by the ruling party in order to achieve its revolutionary objectives. For some, such debates, divisions or

⁹ Budget speeches after 2004 show a consistent increase in government spending.

contestation within the ruling party were evidence of an almost failed transition process of the ANC and its Alliance partners as a revolutionary movement to a ruling party. Such an interpretation resulted, even within the movement, to bitter finger pointing. However, with hindsight, it can be argued that the divisions must have been characteristic of any transition from the trenches to power particularly in the light of changing internal and global political economic dynamics. It must be acknowledged that, at the time, no one could claim to have absolute certainty and the necessary specifics in terms of the direction the country ought to have taken as well as the policy mix to reach its destination even though there was unanimous understanding of the revolutionary mandate. The fact that South Africa had undergone a negotiated settlement instead of a winner takes all victory contributed to this.

The insights gained through the GEAR episode that policy voice depends not on interest groups having desks in the technocrats' back office, but on their power, and the principles and positions they advocate also throws light on some of the issues raised in this study and it talks to the primacy of politics in development. It adds to Cox's (1987) statement that 'a particular configuration of social forces defines in practice the limits or parameters of state purposes'. This means effectively that those who have *de jure* authority to determine national priorities and those who contribute to the process are naïve if they think such power is sufficient to drive their objectives in that interest groups, civil society and others who do not have a voice in the process do in fact exert their power in ways that suggest they cannot be taken for granted.

The divisions which were exacerbated by the GEAR episode resulted in vehement opposition to some government programmes to such an extent that government was derailed and discontinued some of the programmes it sought to advance. The success of the anti-privatisation lobby in the mid to late 1990s is a case in point. Government had to abandon its privatisation programme and modify it in response to the COSATU and SACP led lobby. These Alliance partners became vanguards for alternative policies in the post 1994 dispensation and their mobilisation became a major source of uncertainty with respect to future policy direction in the country. The weakness of the opposition in the country and the racial nature of South African politics meant that mainly intra-Alliance and interest group opposition was effective in South Africa.

The nature of politics in post-apartheid South Africa, therefore, is that there is a strong ruling party which competes with other parties who have minimal potential to displace the ruling party in the polls. Although there were some changes in the 2009 general elections, with the DA taking the Western Cape Province and the ruling party losing some support to the splinter Congress of the People, more of the same is likely to prevail in the country's elections for the foreseeable future. However, post-apartheid South Africa is a changed space of politicking with political events not necessarily taking place within traditional corridors of power. The fact that the ruling party after 1994 had been intent on bringing economic well being to the majority of the citizens as opposed to seeking to overthrow a repressive regime means that there is a changed space of politicking with more actors than in the normal masses-against-the-state syndrome.

Politicking in post-apartheid South Africa happens both in the economic and political economic corridors as people, groups of people and communities pursue better living conditions for themselves. In such a State, the statement by Gelb that 'policy is also about implementation and policy voice is more about power, principles and oppositions than about being included in formal proceedings' best describes issues in post-apartheid South Africa. Because of the power of white capital for example, many people remain landless with minimal economic opportunities and therefore poor and unemployed. Powerful interest groups held the democratic South African State hostage right from the outset and have continued to do so leaving the ANC-led government with extremely limited options to advance true transformation. The fact that the State could not exert relative autonomy has not only meant that minority groups are safe guarded against the majority but that they have wielded enough power to suppress the objectives of the revolution. Procurement policies of the State, land and agrarian reform as well as affirmative action have not been radical enough to speed up change and social forces have both helped fast-track and delay State programmes.

For organisations, different interest groups or even government to succeed they must creatively find their way through the political dynamics of the country. That includes acknowledging the power of all political economic participants and deriving means and

strategies to play to them and achieve strategic objectives. That best sums up what is meant by “*Creative Politicking in Post-Apartheid South Africa*”. Creative politicking, however, requires commitment to noble developmental initiatives, an extreme sense of patriotism, high moral values and integrity as well as resilience and a strong sense of hope for a better future.

Industrial Development as an Economic Growth Strategy

It is widely accepted that industrialisation has generally been the hallmark of national development in the twentieth century (Gereffi, 1990:3). Many countries in East Asia and Latin America drew the attention of the world following their successes in implementing industrial development to advance or modernise their economies. Gereffi further states that the growth of the manufacturing sector in countries like Brazil, Argentina and Mexico in Latin America as well as the Asian Tigers such as South Korea, Taiwan, Singapore and Hong Kong during the aftermath of the Second World War through the 1950s, 60s to the 70s and 80s showed that manufacturing remains one of the key sectors that the developing world could look to for successful economic growth and development.

The manufacturing sector in the aforementioned countries was the strongest or the cornerstone of development. Gereffi states that the sector had a high share of the Gross Domestic Product, demonstrating that it was making a significant contribution to economic growth. He reports that the GDP share of the manufacturing sector in the countries in the two regions ranged from 22% to 39% by the 1980s and these are said to have been higher than developed country averages. Furthermore, as a result of the contribution of the manufacturing sector, the aforesaid countries had high economic growth figures ranging from 8% to two digit figures.

While the successes of the Asian Tigers and their Latin American counterparts are compelling, the question as to whether economic growth was equitable or shared comes to mind especially for African countries seeking to follow their examples. It is mainly the Asian countries that are said to have performed well in this respect relative to their counterparts, with Taiwan being the most successful. The Latin American countries, however, seem to have fared generally poorly in this respect despite some exceptions and Brazil is said to be among the worst. As a generality, all of the countries are said to have had high gross

domestic savings rates, universal literacy and equitable income distribution records, particularly in the Asian Tigers (Ibid.). Egalitarian income distribution in Taiwan was achieved mainly through land reform and restrictions on size of land ownership. Significant economic progress was made by the individual countries in the various regions and this has generally been considered impressive enough to warrant the term 'economic miracle'.

Based on the successes of the aforementioned countries, manufacturing or industrialisation has proven to be a strategic method through which countries can grow their economies and drive their developmental agendas. There does not seem to have been significant disagreement within South Africa as to the importance of the manufacturing sector in the country. Despite a few environmental concerns and calls for more environmentally friendly sectors such as tourism, agriculture and maritime industries, labour unions, government and the business sector somewhat agree that the manufacturing sector has a big role in the economy. While there is some consensus regarding the role of the sector in economic growth and development, there has been fierce debate and at times confrontation regarding how to resume industrialisation in the democratic dispensation. This perhaps may have been the source of political debates or even confrontation around the Coega Project among politicians particularly those not based in the Eastern Cape. The following section therefore tackles the important question of how to industrialise based on the experiences of the Latin American and East Asian countries.

According to Gereffi (1990:6), two paths to industrialisation can be drawn following the examples of the aforesaid Newly Industrialising Countries (NICs), namely: outward oriented and inward oriented industrialisation. Both definitions of industrialisation have a bearing on a country's relationship with the world economy. The first, outward oriented industrialisation, is premised on economic growth mainly through exports and the second, inward oriented industrialisation, is premised on economic growth through the replacement of imports with local manufacturing. Countries which adopted import substitution industrialisation (ISI) are generally the ones which had relatively large domestic markets, mainly in Latin America, while the relatively smaller domestic markets in East Asia focused on export oriented industrialisation (EOI).

Regardless of the orientation of their industrialisation paths, the countries in both Latin America and East Asia had similar achievements (Gereffi, 1990:6). The countries in both regions had relatively high and sustained levels of economic growth, a diversified industrial base and prominence as exporters of manufactured goods (ibid.). Although the extent of the growth trajectories in these countries were metaphorically referred to as economic miracles, they were outcomes of state planning; numerous entrepreneurial initiatives; and sacrifices of millions of workers (Gereffi, 1990:7). Furthermore, it was found that economic growth was not necessarily achieved through democratic but mainly through authoritarian political regimes.

The orientation of a country's industrialisation path imposes particular tendencies on a particular country in its relations with the global politico-economic system. For instance, the export led East Asian economies depended more on international trade than their Latin American counterparts. This area has a bearing on national sovereignty in that it limits the policy options of a country in its relations with the global political economy. International trade is governed at the global political economic system level and the system has particular dictates as to the options a country has with respect to economic or trade policies. When South Africa, for example, became a signatory of the General Trade and Tariffs Agreement in the 1960s, its import substitution strategy had to be altered significantly in line with the dictates of the agreement (Fienstein, 2004). Increased dependence on international trade has its limitations particularly at a time of increased globalisation, and these need to be considered by countries seeking to further intensify their industrialisation.

From the experiences of Latin American and East Asian 'economic miracles', Gereffi (1990:17) has observed a five phased approach to industrialisation. Three phases are outward oriented while the other two are inward oriented. The outward oriented phases entail commodity export as well as primary and secondary export. The commodity exports are mainly unrefined or semi-processed. Primary exports are mainly labour intensive while secondary EOI includes higher value added items that are skill-intensive and require a more fully developed industrial base.

The inward oriented industrialisation entails primary and secondary import substitution industrialisation. Primary ISI entails a shift from imports to local manufacturer of basic consumer goods such as textiles, clothing, footwear and food processing. Secondary ISI entails domestic production to substitute for imports of a variety of capital and technologically intensive manufactures such as consumer durable goods like those in the auto sector, intermediate like petro-chemicals and steel and capital goods such as heavy machinery. The latter is what has been referred to as Heavy and Chemical Industries (HCI) whose objectives are mainly developing national production capability in those sectors in order to ensure national security and import substitution as well as providing the basis for diversified exports in the future (Auty, 1994).

It should be noted that the export oriented and import substitution industrialisation approaches are not necessarily mutually exclusive alternatives but can and have been used by countries in various stages of their development (Gireffi, 1990:18). According to Gireffi, every nation went through an initial phase of ISI in which protection was extended to incipient industries producing for the domestic economy. This is also true of the South African industrialisation process which will be discussed hereunder. The country's industrialisation was disturbed by many factors ranging from sanctions to political instability and sudden changes in the labour market and therefore could not continue to more advanced industrialisation phases notwithstanding its relative strength as an important sector in the country then and now.

Concluding remarks

This has explored the meaning of the concepts that inform key discussion areas in this study focusing starting with politics and development. a working definition of the two terms was given and the symbiotic relationship between politics and the development or the economy (used interchangeably for purposes of analysis) was traced back from the emergence and spread of capitalism and its political counterpart the nation state particularly in Africa. Importantly it was mentioned that indigenous people in colonial regimes engaged in political activity mainly for the purposes of changing their economic deprivation.

The definitions of development and politics and their location in history were followed by the discussion of the concept of the developmental state. The characteristics of such a state were highlighted and discussed based on lessons drawn from countries in East Asia and Latin America. The implications of the characteristics for South Africa are self-explanatory but it is important to note that they helped determine the extent to which the post-1994 South African state fell short of achieving a developmental state.

An analysis of state-society relations in post-apartheid South Africa showed in essence the changing perceptions about the state in the social psyche from being a repressive and oppressive terrain which needed to be overthrown to one viewed as strategic for advancing individual or group interests. The critical aspect regarding state-society relations is the changing of roles with the ANC changing from being a leader of the liberation struggle to being a ruling party which must use its power to deliver on its promises as well as the fact that that task drew multiple social actors into the political economic space which together form the political economic context within which development programmes needed to be implemented.

The democratic transition and its implications were also highlighted and discussed in relation to their impact on the political economic space. In that respect the sources of division within the ruling party were traced back to the pre-negotiation period when the ANC was courted by South African capital in its quest to salvage capitalist accumulation. It was also mentioned that the introduction of the GEAR policy deepened divisions within the ruling Alliance, regardless of the debates about it being a quest to achieve the objectives of the RDP or being a fundamental departure from it. It was mentioned that these divisions for the most part impeded on effective implementation of policies, strategies and plans to improve the living conditions of people and that the divisions compensated for the weak opposition in democratic South Africa.

Industrial development as an economic growth strategy was also discussed informed by the notion that debates about the Coega Project were more about industrialisation than specifically about the project per se, especially the environmental or sustainability critique which will be discussed in the following chapter. It was showed that industrial development

contributed significantly to the economies of the so-called Newly Industrialising Countries in East Asia and Latin America. HCI in particular was said to have had a stimulating effect in the initial stages of industrialisation. The NICs also adopted mixed industrialisation strategies even though some had started with either ISI or EOI.

Therefore, relevant literature and the key concepts and debates around the symbiosis between politics and the economy, the developmental states, state-society relations in post-apartheid South Africa, the transition and its implications, and industrial development as an economic growth strategy, have been effectively discussed. With this having been achieved, the findings of the research are presented in the next chapter in order to draw the necessary links.

CHAPTER 3

Creative politicking: narrating the Coega story

-No one deserves a life wondering where their next meal will come from; in fact, wondering whether they will be alive tomorrow. No one!ø

Pepi Silinga. (ABSA Call Centre launch documentary).

Issues of development and economic emancipation have been key tenets of the post-apartheid political space. After the attainment of democracy, poverty alleviation and the creation of socio-economic opportunities for the majority of South Africans had to be realised. It is in that context that social forces in South Africa converged in government and the broader socio-political economic space to create better living conditions for the people. The Coega Project is one of the mega-projects which the post-apartheid government adopted with a view to creating jobs and business opportunities for people and to advance poverty alleviation.

Given the context highlighted above, the events and activities in the conceptualisation and commencement of the Coega Project have been politically charged. The Coega Project is among those that have drawn political attention post 1994. The politically contested process in its implementation underscores the primacy of political issues in development in post-apartheid South Africa. For example, labour unions, development activists, environmental activists, organised business and other pressure groups have been among a multiplicity of social forces active in the making of the Coega Project alongside or in opposition to the State. Notwithstanding the opposition to it, the Project has continued and reached, perhaps, a point of no return. It is for that reason that its implementation presents a valuable case study into some of the trends in contemporary South African politics post 1994.

This chapter seeks to present an overview of the Coega Project to provide the necessary context for the following one which will be an analysis of this history. To achieve this objective, a brief history of the Project, its objectives and the process of its implementation will be presented and discussed. The history will be located in its post 1994 context taking

into account key issues of the day as highlighted in chapter two, guiding policies as well as strategic developmental issues at play.

The Coega Project

A definition of an IDZ is necessary before discussion of the Coega IDZ as it will help locate the project within its global context. An IDZ is a relatively new concept in South Africa. In fact it is a new term in the global economy although it can be identified with similar zones across the world (Silinga, 2006:25). According to Silinga, concepts related to the IDZ globally are Export Processing Zones (EPZ), Free Trade Zones (FTZ), Free Export Zones (FEZ), and Special Economic Zones which are dedicated zones for industrial expansion, export promotion and related activities. Many countries adopted these mechanisms to promote their competitiveness for inflows of foreign direct investments. These usually have similar characteristics such as a dedicated seaport or airport as well as specific incentives aimed at making them attractive to business (Ibid.). The IDZ in South Africa is different from its global counterparts given strict environmental and labour laws and lack of financial incentives (Ibid.)

The Coega IDZ is South Africa's first and biggest IDZ. It entails development of 11000 hectares of land, effectively the back of port space for the new port of Ngqura, for industrial purposes. The IDZ is developed and operated by the Coega Development Corporation (CDC) a government owned proprietary limited [(Pty) Ltd] company which was specifically established in 1999 for the task. The CDC took over from a private sector led initiative which had been in operation since the Project was declared in 1996 when South Africa introduced its Spatial Development Initiatives. This programme sought to expand economic activity in South Africa and particularly industrial expansion in areas marginalised by the previous regime. The Coega IDZ Initiative, as the private sector led initiative was known, did feasibility studies and a lot of the initial work. Later, a quasi-government organisation known as the Coega Implementing Authority took over until the CDC was formally instituted. Detailed project management, planning and design were carried out by the CDC from 1999 to 2002. From 2002 and with impetus from the Aluminium Smelter Project, implementation of infrastructure and utility services provision commenced. The

Coega IDZ is the first project in South Africa where large scale industrial development has been purposefully developed alongside a deepwater port and separate from the CBD and old established industrial areas.

The Coega IDZ has come a long way since its conceptualisation and inception in the mid to late 1990s. Huge investments have been made in infrastructure development, human capital development as well as in guiding policies, legislation and other initiatives aimed at creating an enabling environment for investments. Although perhaps at a disappointing pace by the standards of its chief executive officer, the CDC had managed to secure investments totalling R30 billion by 2007. The investments include the R20 billion aluminium smelter, whose construction was scheduled for 2008 but was postponed due to power supply shortages and food processing, bio fuels, vehicle interior, concrete products, logistics and salt processing plants signed between 2005 and 2008 when investment promotion was heightened. A natural gas fired CCGT Power Station is also planned to give investors confidence in the ability of South Africa to provide reliable electricity supplies. It needs to be borne in mind that development zones globally usually take anything from 10-15 years to become well established. By such a benchmark, the CDC has not performed badly and the Coega IDZ has started to make an impact.

The Coega Project consists of two integrated components, namely the construction of a new deepwater port and the development of 11 000 hectares of industrial land. These are the Port of Ngqura and Coega Industrial Development Zone (Coega IDZ) respectively. The Coega Project (IDZ and Port) is a multi-billion rand development taking place approximately 20 kilometres east of Port Elizabeth in the Nelson Mandela Bay Municipality (NMBM) in the province of the Eastern Cape. Before detailed discussion of the Coega Project proceeds further, an understanding of the two components is necessary. The following section will deal with both components in some considerable detail. After this, brief highlights of the history of the Project and related findings will be examined.

The Port of Ngqura is a critical element of the Coega Project. It is South Africa's third deepwater port following Richards Bay and Saldanha and it is the eighth commercial port in

South Africa. The port has been developed and will be operated by the Transnet group of companies, namely Transnet National Ports Authority (TNPA) and Transnet Port Terminals (TPT) respectively. According to TNPA the port is designed to offer deepwater port infrastructure that includes quaysides, port buildings, port control, road and electrified rail access, services and systems for the port (cited in Nelson Mandela Bay Review, 2008/09:28).

The port has dredged depths of between 16.5 and 18 metres and caters for the new generation of container ships. When fully operational, it will have four berths dedicated to container handling, two will be multipurpose terminal berths and one berth will be for liquid and break bulk, among other things. The container terminal will cater for the projected shortfall in container handling capacity by South African ports and will strengthen the global competitiveness of the region and the city. Further details of the value of the port to the country will be discussed hereunder in the section entitled 'the logic of Coega'.

The port reached a significant milestone in 2008 when it received a non-commercial vessel. The Belunga docked at the port of Ngqura to discharge a 500MVA transformer for the main injection sub-station 'Dedisa' which was being built by Eskom to serve the Coega IDZ and NMBM. Another ship docked carrying rubber tyred gantries for the port's container terminal in a move towards the port being fully operational in late 2009. These milestones were a culmination of six years of work in the port. Construction work in the port started in 2002, shortly after the Coega IDZ was officially declared an IDZ in the State of the Nation Address in 2001 and after IDZ were gazetted in 2000. The first phase, which entailed preliminary studies, and the construction and preparation of the basin and the wharf structures for the first five berths, was completed in 2005 with over R3 billion spent. Phase two has been underway since 2006. The new port will boost the capacity of the region in terms of imports and exports and will facilitate the gradual migration of container traffic, and ultimately bulk cargoes, from the Port of Port Elizabeth to Ngqura.

Generally, the Coega Project has increased developmental momentum around the Eastern Cape and has become a landmark project in the region. The Project is evidently a beacon of hope for the people of the Province, if the significant investments by the private sector and

the projects in the pipeline are anything to go by. Amongst other investments in the pipeline, for example, is the 400 000 barrels-per-day oil refinery which is planned by the Petroleum and Gas Corporation of South Africa (PetroSA). The US\$11 billion project is to be constructed between 2012 and 2015 if things go according to plan, almost in parallel with the manganese smelter planned by Kalagadi Resources. The oil refinery will be the biggest in the country and will have cleaner technology than existing refineries. Furthermore, there are opportunities for a big prawn facility which is very labour intensive. . A pilot for the project has been underway since 2007 and a ROD for the main project has now been received.

Despite the momentum that the Coega Project has achieved in the last couple of years, many in South Africa still believe it is and will remain a white elephant, a pie in the sky, a vanity project which will have minimal benefits for the country. Some within the leftist faction of the ruling ANC have called for Coega and related projects to be capped, this at a time when the same faction is calling for more interventions by government in job creating initiatives. At a local level however, the majority of political parties are in favour of the development. Such disagreements and a lack of clear common objectives have arguably been manifested in inconsistent allocations of resources to the Project and in the variable pace at which it has been implemented, emphasising the primacy of politics in development.

A brief history of the Coega Project

Fundamentally, we were activists; driven by the passion of activism.

Khwezi Tiya (in Fireside Chats:2008).

According to Dr Peter Inman of the CDC (Fireside Chats, 2007a), the idea of building a new deepwater port at Coega emerged in the early 1970s as the main export channel for the booming demand for iron ore. Up to that time, all iron ore exports had been through Port Elizabeth but the alternative of Saldanha and a new dedicated rail line (Orex) was eventually implemented, with Apartheid politics being the main driver. A second opportunity occurred in the late 1970s when Coega could have been the site of a major ship repair yard to take advantage of the very heavy maritime traffic around South Africa's coast as a result of problems with the shorter Suez Canal route. That opportunity was also lost because of

Apartheid politics and the looming sanctions against the country. At the time, the new port was necessary if the country was to keep up with the demands of growth and exploit the opportunities of increasing globalisation of production and trade. It was apparent in those years that, if investments were not made to increase the capacity of the country's ports, there would be serious negative impacts in the flow of goods in and out of the country. However, the exercise would have been futile in *a forced closed economy* and with the Apartheid government having different priorities.

After transition to a democratic state in the late 1980s to the mid-1990, sanctions against South Africa were lifted and the ruling party sought to re-enter the global economy. The plan however was not to re-enter solely as an exporter of primary products but also as a manufacturing hub and exporter of beneficiated goods. Furthermore, the intention was to expand gateways into the global economy and into South Africa to include not only the well established cities but previously disadvantaged ones. Since the Eastern Cape was a strategic priority of the ANC government as a recipient of development, the government called for projects which could revitalise the economy of the Province in a way that would enable job creation and poverty alleviation. The opportunity of an opening economy and of national development initiatives brought the port development idea back to the discussion table.

From 1996 until around 2007, patron-client relations with government figures and strategic stakeholders is what drove the Project from its infancy stage into a potentially massive industrial hub which was soon to host the biggest oil refinery in South Africa with an investment value of about R70 billion or US\$11 billion. Between 1996 and 1998, a Section 21 Company called the Coega IDZ Initiative kept the home fires burning. Under the authority of a Cabinet Memorandum, the Coega Implementing Authority then took over and did some of the initial work and drove the project until 1999 when it had gathered enough momentum for the formation of a formal entity, the CDC. Until that year, the organisation operated from hand to mouth and had a primary focus of continuing the lobbying work until the Project received government support. The significant issues noteworthy about the time preceding the establishment of the CDC, as it is now known, is that preliminary planning work was done including prefeasibility studies as well as linking the Project to key national projects which formed part of the new government's strategies to turnaround the South African

economy such as Spatial Development Initiatives and GEAR, the overarching macro-economic policy.

The most critical work however, took place after the establishment of the CDC and before the commencement of construction work in 2002. The decision to get the new port built is probably one of the most exciting examples of politicking that the CDC can pride itself on, as is evident from the story told during the 'Fireside Chats' session organised to document institutional memory. Between 1999 and 2001, the CDC lobbied the then premier of the Eastern Cape, Makhenkesi Stofile, who then lobbied the incumbent president, Thabo Mbeki in order to get the port to be built. Apparently, because of the reluctance of Transnet to build the port at the time, the Coega Partisans, including the Eastern Cape administration and the CDC had issued a tender for a private partner to build the port. At the time, Enoch Godongwana was the MEC for Finance in the Eastern Cape and Mcebisi Jonas was the chief executive of the Eastern Cape Development Corporation. This is important in that the public purse in the Province was controlled by Godongwana and Stofile as political principals and entities like the CDC were funded through the ECDC.

It is stated that the lobbying for the construction of the port was clearly only going to be successful if there was a major port user. The original major port user had been BHP Billiton but the Zinc Smelter Project died with the Asian economic melt down of 1998. At some stage, the Department of Trade and Industry had promoted Coega as a potentially good destination for the steel plant which was one of the defence offsets in the Arms Deal to give momentum to the Coega Project. The imminent off-sets proved to be a momentum booster and politicking continued in order to get the decision for the project to move forward. Significant political work was done in this regard including lobbying of local and provincial politicians, and getting them to pronounce on matters which further committed government to the project. After the Private Partner debacle, there was again a hiatus until Pechiney and the Coega Aluminium Smelter came on the scene in 2002. Ultimately, the Executive Authority, in this case the Department of Public Enterprises, had to issue an executive instruction to Transnet to build the new Port of Ngqura.

Tiya, (in Fireside Chats, 2008), highlights a few of the strategies and techniques that the CDC used to get things going, namely 'the theory of progressive pregnancy' and 'armed propaganda'. In a nutshell, the strategy of progressive pregnancy referred to finding and doing small things which were irreversible and proceeding until the sum total of commitments made were too great to either stop or reverse. Among those was the relocation of the Coega community, which is discussed in detail below. This entailed building houses in a new location for people who lived on the land that was rezoned for the Coega IDZ. It also the declaration of the Coega IDZ in the 2001 State of the Nation address as well as initial investments including the aluminium smelter in the following year, and the distribution of 600 000 forms throughout NMBM area to start a database of job seekers. Armed propaganda entailed combative communication aimed at addressing specific 'lies and innuendos' spread by the 'anti-Coega' lobby, such as alleged flouting of environmental legislation and processes and conflicts of interest among politicians and undue links with the Arms Deal.

The change agent – procurement, jobs, etc.

Another critical aspect of the business of the CDC which emerged during three years of participant observation is the progressive employment and procurement policies that the organisation adopted and implemented. The change agent character of the organisation was evident in the demographic make up of its staff complement. In 2007, the African representation was over 90% with other categories making up the remaining 10%. In the same year, females made up over 50% of the organisation although regrettably executive management had only two women and the Board none. At executive management level, there were two women out of nine executives. The organisation had also grown the number of people in its internship programme significantly within a relatively short period of time, affording opportunities to mainly African and coloured graduates. The organisation continued to place great importance on employee development to the extent that there were budget allocations for all employees including interns to pursue further studies in their areas of interest but also in relation to their line function or the broader business imperatives.

The CDC paid particular attention to the recruitment of staff in the early stages, emphasising strategic fit as a core requirement. Tiya (in Fireside Chat, 2008) gives a few examples of characteristics of the people who worked there:

- i. Open job description ó focus on the person's worth and ability to contribute to the broader organisational objectives;
- ii. Wanna-build-a-castle-in-the-sky type of person!!! ó the project required people that were visionaries and had big and audacious visions;
- iii. We excited people with the dream, the project!
- iv. Selfless and committed people ó the organisation had very little money and did not always have money to pay salaries;
- v. What was the relative attractiveness of the terrain? ó this was the context in which there was increasing competition for talent, particularly black talent; and
- vi. "These guys are totally different" ó the project required extra-ordinary people.

This does not mean that the people who worked in the Project were totally single-minded with one objective. Silinga mentions (Interview, 2007), for example, that some people had a fascination with mega projects, some were development activists, some were development communication activists, and so on. "If an engineer was passionate about mega projects, one could not necessarily be concerned about issues of misalignment in that the job got done" (Ibid.).

On the procurement front, the CDC adopted empowerment scores in its policies which were much higher than legally prescribed. The result of this was that, by the end of 2006, when the first phase of the development of 6500 hectares of core development land was completed, the CDC had spent over 50% of its budget on empowered companies and exceeded its targets for women empowerment and training of small businesses within the construction sector. However, these high prescripts for black economic empowerment were seriously challenged in a lawsuit in 2006 by a white owned company. The result of that case was that the CDC had to realign its procurement policies to legislation which the chief executive officer felt was too moderate and lacked the pace at which change was required in the Eastern Cape in order to address the worse living conditions of the majority. The moderate empowerment scores or penalties were challenged by black organisations because white companies simply used price so that they scored higher on cost competitiveness relative to their black counterparts and

were therefore getting state business without necessarily being transformed. Living up to the chief executive officer's quest to fight resistance to transformation until the last drop of his blood, as he would put it, the CDC adopted alternative methods of procurement which included breaking down projects into smaller packages and setting them aside for black or empowered companies.

The CDC also broadened its focus to assist the Provincial Government with rapid social infrastructure development throughout the Eastern Cape. The philosophy of the organisation and the chief executive officer in particular was that the organisation could "*not be an island of excellence in a sea of poverty*". Effective contributions to socio-economic upliftment projects in the Eastern Cape are among the things that the chief executive officer referred to as the CDC's societal licence to operate without which the organisation could not thrive in an environment within which multitudes of people lived in poverty. The infrastructure programme in the IDZ was supported by a progressive and large scale skills development programme which was also a spin-off from what the organisation was doing for investors in the IDZ. Among other things, the organisation developed guidelines for maximising socio-economic opportunities in infrastructure projects and these were incorporated into the national guidelines for the Expanded Public Works Programme.

Environment

The construction of the deepwater Port of Ngqura and the 11000 hectare Coega IDZ could have posed a serious threat to the local environment and the biosphere in the particularly ecologically sensitive Algoa Bay area, with a number of rare animal species, vegetation and marine resources. There was a strong environmental lobby to stop the Project which used a variety of strategies ranging from lobbying and some degree of manipulation by foreign interests as it was alleged in the corporation. The CDC's approach to confrontational or controversial circumstances or issues reflected a complexity of behaviour and unpredictability but had a strong self-assertive and progressive element. Engagement, fact finding and clearing, lobbying, wide consultation with various players and, in some degree, spin-doctoring were among the CDC's responses to conflict-ridden situations. Likewise,

engagement, fact clearing and a progressive attitude towards concerns proved to be effective to the extent that the organisation intensified its investment in environmental management, internalised the environmental enthusiasm and became compliant to global standards of Environmental and Occupational Health and Safety standards within the IDZ by getting the ISO 14000 and 18001 accreditations.

Relocation of the Coega Community

The story of the relocation of the Coega Community from Coega to Wells Estate is a controversial one which yields valuable information regarding the multiplicity of social forces at play in the story of the implementation of the Coega Project and in South Africa at large. When the 11000 hectare area was designated as an IDZ it needed to be rezoned as an industrial and no longer a residential area. This effectively meant that alternative land had to be found for 360 families that lived in Coega for them to relocate. This became a huge issue around which the anti-Coega lobby mobilised its forces. The CDC and government were accused of dispossession and forceful removal of families and the community apparently resisted the move. There are two versions of the story of this relocation.

The CDC on the one hand says the relocation of the Coega Community was planned by the Nelson Mandela Bay Municipality long before the Coega Project gained momentum. What the CDC did was to fast-track a relocation that was already planned. The corporation helped fast-track the identification of land and the construction of houses for the Coega Community. It helped provide decent housing for the people who were living in dilapidated buildings in a remote farm with inadequate infrastructure, no municipal services and no schools; and it therefore restored their dignity.

On the other hand, Councillor Thembinkosi Mafani (Interview 2009) of the NMB Municipality, who was the mayor of the rural areas (including Coega) before they were incorporated to Nelson Mandela Bay says there were no plans for the Coega Community to relocate. Instead, land for the Coega housing project was approved and construction on site was discontinued in June 1996 when the Coega IDZ Initiative head Doug Reed wrote a letter advising the rural council that the land was identified for an IDZ. Mafani shows

correspondence between his council and provincial government to prove this. He says that the Coega Community resisted the move which they saw as denying them their hard-earned housing project¹⁰. However, he says when the Coega Community saw that the Coega Project was a programme of the ANC which had strong support locally; they engaged within ANC structures and presented a paper detailing their grievances. Mafani says it was the intervention of the ANC that they agreed to move but they had specific demands from the Coega Project.

The interesting aspect of this story is not necessarily its accuracy or lack thereof as it is told by the various parties but the political activity involved. When Mafani tells the story, he gives the impression of frank, robust and open debate among the community, the Coega IDZ Initiative, the government and the ruling party, with the community not compromising on its demands throughout the process. First, the leadership of the ANC is clear in that it was only when the matter was discussed through ANC structures that it was resolved and the community agreed to relocate. Second, the community remained unwavering in its demands for better housing and benefits from the Coega Project. For instance, an agreement was reached with the CDC later that at least one family member of the Coega 360 would be guaranteed a job for the lifetime of the Coega Project and a trust was formed to ensure job-creation for the Coega 360. The CDC also fast-tracked the period of constructing houses for the Coega 360 using creative construction methods and it built houses which were bigger than the then RDP house.

The process was not as smooth, however. Among the Coega Community, there were those that apparently continued to resist the relocation and were led by the PAC according to Mafani. And the discussion paper which was submitted to a sub-committee of the ANC was leaked to the media and was used to effectively kill the BHP Billiton project by a representative who apparently read the discontent of the people of Coega in a General Meeting in the United Kingdom of Great Britain. Furthermore, some three live stock farming families did not move during the relocation until 2007 and the CDC needed to secure an eviction order before they moved. These families tried use the regional Human Rights office

¹⁰ Based on a paper *The Voice of the People of Coega* submitted by Mafani to the ANC structures in detailing the grievances of the Coega Community

to stay at Coega but this failed because all Human Rights requirements were met to relocate the families.

Concluding remarks

This chapter has presented in detail some of the key issues which highlight how the CDC engaged with the political economic space in order to advance its cause. Among the key things which emerge is that the CDC understood its role more as that of economic development as opposed to being mainly about implementing the IDZ. This distinction was evident in it making sure that it adopts a progressive approach to stakeholder concerns and its continued focus in maximising the benefits and impact of the project based on the demands of stakeholders as well as its understanding of what the pressing socio-economic issues were. The following chapter analyses the findings presented in this chapter adopting a thematic approach and provides some of the key lessons emerging from the implementation of the Coega Project.

CHAPTER 4

Critical analysis of the Coega Story

In the previous chapter, the key issues in the conceptualisation and implementation of the Coega Project, which point to the broader character of South Africa's political economy, were highlighted. The actions of the Coega partisans in relation to the State and other social forces as well as the social discourse around the Project in the national sphere provided key insights regarding the changing space of politicking in the country. This chapter takes the discussion further and analyses the findings in relation to the post-apartheid South African political economy. This chapter provides a detailed analysis of the findings, focusing on three subsections, namely: analysing creative politicking: a focus on social forces, Elites and creative politicking: key issues in the implementation of the Coega Project, and contextualising Coega's political economy. In each of these sections, the analysis takes a thematic approach highlighting key aspects of implementation.

The strategic location of the Coega Project in the Eastern Cape is of historical relevance in that the project sought to increase industrial economic activity in a Province which was previously ignored. The intent was to create job opportunities for the poverty-stricken people of the Province. This is of particular importance in that it plays out in the politics of regional development. The Eastern Cape has not developed industries as competitive as those located in the highly industrialised areas in the country such as Johannesburg, Durban and Cape Town but, through Coega, there will be less concentration of economic activities in such centres in the long run. Notwithstanding the aforesaid, the uncertainty with respect to the role of the State as well as the contestation over policy posed a significant binding constraint to the successful implementation of economic development projects and made it harder for officials to operate. Creative politicking in that sense refers to all the activities adopted by the CDC for the purposes mainly of ensuring the survival and continuation of the Project in a way that seems to address the various social forces that are active in the continuation of the liberation struggle of the people of South Africa.

Analysing creative politicking: a focus on social forces

The multiplicity of social forces active in the South African political economy was evident in the fight for and against the Coega Project as well as in the formation of the IDZ and port projects – in the image of key social groups. For example, it was not only those directly driving the Project who participated in its conceptualisation but also trade unions, political parties, environmentalists, organised business, academics and other interest groups including affected communities and even the Human Rights Commission at some point. This level of interest and participation by different social groups from as early as the mid- 1990s signalled the extent to which civil society continued to play a prominent role in shaping historical events in the country just as it was before 1994. In particular, the trade union movement which had been a strong mobilising force in South Africa politics during the mid-1980s became a strong force to be reckoned with during the conceptualisation and implementation of the Coega Project. Because economic or export processing zones were seen to be enclaves for private capital to exploit workers in other parts of the world, COSATU fought against the idea and subsequently compromised by engaging the government to make sure legislation prevented unfair labour practises in South Africa's IDZ programme.

The CDC adopted a progressive approach to the engagements with the social forces. Its deliberations with the Trade Union movement proved significant not only in that the organisation was persuaded to make concessions but it proactively adopted labour friendly policies and kept positive lasting relations with the unions. Among some of the wins for the labour movement which are evident to date is the fact that the CDC and the labour unions signed a Zone Labour Agreement. That agreement had progressive resolutions like adherence to Occupational Health and Safety legislation, provision of lunch packs for construction workers on site and an anti labour broker approach. In addition, the CDC built and operated what was called a 'construction village', a housing development in which construction workers would live and which ultimately would be available to the local community. According to Silinga (interview, 2007), the CDC sought to provide decent housing going against the trend in the construction industry where employers provided cheap and often

unhealthy accommodation or where workers built unsafe temporary structures on or near construction sites which also posed a risk to their health.

The labour movement continues to play a prominent role in the management of the Coega IDZ with the National Union of Metal Workers of South Africa having representation on the Board of Directors. The regional leadership of various trade unions including COSATU and its affiliates continue to feature prominently in the stakeholder lists of the CDC in its functions or in its regular updates on progress being made. The CDC continues to engage the labour union along with the regional South African Communist Party and in return continues to enjoy their backing and support. It was not uncommon for the CDC to call on the labour unions when there was labour picketing in the IDZ, which was a very rare occurrence because of good stakeholder management.

However, to reduce the compliance of the CDC to progressive politicking gives an impression of enthusiastic cooperation on the organisation's part with respect to the labour friendly policies. The rigid labour laws in South Africa, in fact, have been one of the binding constraints on the country's competitiveness as an investment destination and it has affected the Project negatively. Nevertheless, the CDC has been able to turn the labour laws into selling points to investors highlighting the protection of the Zone Labour Agreement as well as the fact that its relationship with the unions had proved beneficial to projects in that downtime in the IDZ was very low compared to the rest of the country.

The environmental aspect of the social movement pertained to various issues to which the CDC also adopted a progressive approach in compliance to guiding legislation in the country and, at times, exceeded legislative requirements. The environmental lobby mentioned in the previous chapter helped to shape the Coega Project by drawing the attention of the authorities to pertinent issues during the pre-implementation phase. As a result, the CDC continued to invest on environmental management and over 120 studies on the matter had been done by 2007 underscoring the importance of sustainability in the Coega Project. The CDC also adopted the triple-bottom-line reporting principles which include a sustainability report along with annual financial statements to its board and the public. It continued to comply with the requirements of its Record of Decision by allowing for regular audits by the environmental

monitoring officer who reported to a multi-stakeholder committee which set on a regular basis to address issues of compliance and approval of Environmental Impact Assessments. Also, the CEO allowed an open door policy between the Executive Manager responsible for environmental management and the Board of Directors to ensure that he was at liberty to report non-compliance to the Board.

When looking at parliamentary representation which is dominated by the ruling party with almost a two thirds majority, one would get an impression that there is a strong state which exerts its will regardless of its implications on the wider society. However, the fact that the Coega Project, as a development project sponsored by government, did not proceed without being brought under the scrutiny of interested social forces gives a rather vibrant political (economic) space in South Africa post-1994. This emphasises the growing importance of civil society in the political economic space. The fact that government could not afford to adopt a dictatorial approach when advancing its objectives means that democracy in South Africa is becoming more advanced and that politicians are held accountable. This is congruent with the fact that civil society activism, particularly in African democracies, has been hailed as a good characteristic of democracy which is likely to ensure transparency and accountability even more effectively than opposition parties at times.

However, lack of relative state autonomy from social forces could prove to be a challenge in advancing the objectives of the revolution. Many countries which are considered examples of developmental states, particularly in East Asia, had relative state autonomy from social forces as a necessary ingredient of their success. In the South African case, however, the government has not been able to implement many of its policy objectives within its desired timeframes because of strong civil society opposition. Various interest groups have played a prominent role in setting the limits to state objectives in post-apartheid South Africa. Furthermore, protected by the Constitution, interest groups have forced the State to reconsider its programmes, stall some projects or at times even cancel many. The abandonment of the privatisation programme following protests, the provision of anti retro-viral drugs following a successful campaign led by the Treatment Action Campaign during the Mbeki Presidency and the challenging or delaying of environmentally sensitive projects

(like additional power lines from Grassridge to Coega) based on community concerns are all examples of civil society pressure groups at work.

Elites and creative politicking: key issues in the implementation of the Coega Project

Through the implementation of the Coega Project it is evident that the South African capitalist and white middle classes still possess strong power which limits State options in advancing its causes. This group's power was also evident in the chastisement of the ruling party for adopting neoliberal policies shortly before its ascendancy to government and during its first decade in government. This was discussed in detail in chapter two.

The *chicken and egg* phenomenon of whether to sign a major tenant before government could invest in enabling infrastructure or invest in enabling infrastructure before investors pour in further attests to the far bearing implications of the neoliberal discourse and its overemphasis on profit motive even in determining government investment. In that debate, there were issues around the role of the State in the economy, with the dominant logic at the time preferring a minimalist (enabling) role in the economy while there was an increasing lobby for state intervention and leadership. This debate was at the heart of the ideological debates with respect to the role of the State in the economy. The context for this debate is provided in the analysis of the macro-political issues emerging in post-apartheid South Africa which was dealt with in chapter two.

Furthermore, the increasing role and importance of the 'developmental elite' or activists/technocrats in the current phase of the revolution of socio-economic liberation shows that the ruling party should have a broader understanding of its role create the right platforms for these to operate. To explain this point, it is important to draw from the Coega Story. The Coega Project was conceptualised and pursued by business and developmental activists pursuant to the government's objectives for growth. The Project was an attempt to help government realise its policy objectives for spatial development, economic growth and job creation through industrial development. The availability of people with the capability and capacity to translate government policy into real programmes based on specific development outcomes has been one of the key success factors of the so-called

developmental states in East Asia and other countries (Leftwich, 2002). Likewise, the January 8 statements of the ruling party, the national industrial development policies or strategies as well as the macro-economic policies for the country were among key documents which were seriously considered as inputs in drawing up annual plans and strategies at the CDC.

Moreover, over and above considering and referring to guiding national policies and legislation, it must be remembered that the CDC was run by people who defined their role as developmental and, further, the organisation regarded itself as an agent of change in the Eastern Cape with 'advancing socio-economic transformation' being among its five strategic objectives. In that regard, the organisation went as far as prescribing higher transformation requirements than prescribed in national legislation such as the preferential procurement framework. This is where most of the organisation's activism was focused from 2002 until mid 2006/07 since confrontational issues around labour and the environment had declined somewhat.

Another issue was the embarrassing lack of coordination and strategic direction in all government departments' activities during the implementation of policy towards common objectives. For example, the ruling party would take policy decisions but, when particular organs of the state pursued projects which were in line with the policy objectives, there would be a somewhat absurd inconsistency in government with respect to committing the necessary resources to the project. Such lack of consistency in implementation, subjected development and control of resources to the stewardship, or sometimes, dictatorship of the National Treasury, as rightly reflected on in debates in Polokwane. That, in part, was in fact an example of the triumph of the 'fiscal discipline' ideology, of the so-called class project of 1996, and the introduction of a Planning Commission for the fourth democratic government, is aimed at addressing this problem.

What also emerges out of the Coega Story is lack of state leadership in the economy and government inefficiency in delivering services. Many of the supporting legislative and policy frameworks required by the Coega Project came as the Project was already being implemented. The IDZ regulations, industrial policy interventions as well as industry and

IDZ specific incentives were not finalised by mid 2007 although the IDZ programme had started several years before. This also meant that the CDC could only operate with a provisional operator's permit until guiding legislation and principles were in place for a permanent operator's permit.

The contradictions of the privatisation and/or the corporatisation of government's strategic services such as electricity, telecommunications and rail and port infrastructure were also evident in the implementation of the Coega Project. What became apparent, as state enterprises needed to invest huge sums of money on infrastructure linked to the Coega Project, was that it was a strategic flaw for government to relinquish control of strategic enterprises in spite of the fact that it wanted to pursue development. Business logic and profitability, instead of development imperatives, became the narrow focus of state enterprises when they were partially privatised and/or corporatised from the mid-1990s. The long postponed relocation of the manganese export terminal and tank farm on the beachfront of Port Elizabeth to the Port of Ngqura, and the delayed upgrade of rail infrastructure from Coega to the Northern Cape and Gauteng, are cases in point. Although these projects have a huge developmental impact, the state utility running them, Transnet, has not been forthcoming, presumably because of the negative impacts any spending on such projects could have on the company's balance sheet. It is a serious developmental challenge if narrow profitability rather than broader developmental concerns are the primary considerations of strategic state enterprises.

Contextualising Coega's political economy

A particular configuration of social forces defines in practise the limits or parameters of state purposes, and the *modus operandi* of state action, defines in other words the *raison d'état* for a particular state.

Cox (1987:105)

Several studies (such as those by Bhorat and Kanbur, 2006, Terreblanche, 2002, Gumede, 2005, Marais, 2001) have been undertaken regarding socio-economic and political issues in post-apartheid South Africa. Given the fact that South Africa was the focus of the world, an African country and a late comer in democratisation, the tendency of studies both internally

and externally was to focus on the potential successes or failures of South Africa in pursuing the desired outcomes of the liberation movement, the policies adopted by the State pursuant to that objective as well as evaluation of the extent to which the State achieved what it set out to achieve in the first decade and beyond. Valuable insights have been brought to the fore with regards to those but little attention was paid to analysing the interplay of social forces in development or the primacy of politics in development. These have resulted in wrongly premised evaluation exercises of the outcomes of policies with an almost complete disregard for the implementation process. In cases where implementation issues have been taken into account, they have placed focus on intra-government rather than the contextual dynamics of implementation. For example, capacity issues and lack of skills are just some of the issues that have been highlighted as problems of implementation.

As was evident during the implementation of the Coega Project, redistributive development initiatives can hardly survive in South Africa without patron-client relations with the State, or, simply, strong political connections, championship and support. To make this more specific, the Coega Project would not have succeeded had it not been for the strong political networks that the project drivers built at all levels of government. Various individuals in government, business and the ruling Alliance have been the champions of the Project at strategic defining moments which had a bearing on its survival. The relationship of the Coega Project with the Provincial Government of the Eastern Cape Province is a case in point. One of the Business Units of the CDC was dedicated to providing project management consultancy services to the Provincial Government to help the latter deliver socio-economic infrastructure throughout the Province. In turn, the CDC continued to receive political support and funding from the Provincial Government. According to Silinga (interview, 2007), the CDC's rendering of such a service to Provincial Government was the IDZ Operator's attempt to realise its strategic objective of advancing socio-economic transformation in the Eastern Cape.

The CDC seems to have well understood the fact that it was not only those with formal political power that could affect the Project. So the organisation also built relations with opposition political parties, the trade unions, the South African Communist Party, organised business, youth leagues of political parties and interest groups in addition to the ruling party

and government. The seriousness with which such relations were taken was such that they continued to be managed by the Office of the Chief Executive with the CEO himself having an open door policy with each of these stakeholders. The result was that at times when the organisation faced difficulties it was easy to ask its stakeholders for assistance. When the national power crises hit, for example, the regional and provincial leadership of the ANC, SACP, COSATU and organised business, as well as other organisations, called for interventions to be made specifically to address power supply challenges for Coega and the Aluminium Smelter. Also, when the CDC faced legal battles regarding its procurement policies which prescribed stricter empowerment scores than prescribed in legislation, organised black business and political parties threw their weight behind the CDC organising protests and lobbying.

Patron-client relations can be good but, regrettably, post independence Africa is full of examples of bad patron-client relations ridden with corruption, fraud, cronyism and nepotism which benefit individuals rather than society (Jega, 2000). Likewise, allegations of corruption were made implicating the CDC, members of the Provincial Administration and the Eastern Cape Development Corporation through which provincial allocations to the CDC were made. In particular, it was alleged that companies linked in one way or another to prominent individuals within these institutions benefited directly or indirectly from procurement contracts awarded by the CDC. However, the Pillay Commission, which reiterated such allegations as had been made by various individuals earlier, was accused of conducting its investigations in a manner suggesting it was a witch hunt and political exercise as opposed to a credible judicial commission. Arriving at such a conclusion was justified when reading the report which was leaked to the media in 2008¹¹. The report appeared flimsy and seemed targeted to specific individuals as opposed to investigating the Financial Affairs of the Eastern Cape government since 1994 as per its brief.

However, the principles of integrity, accountability and patriotism mentioned above seem to have formed part of the CDC's relations with its networks. People who thought that they could wield influence on the Project, including prominent members of political parties, were taken aback by the fact that the organisation had a tough attitude to undue influence or less

¹¹ The Executive Summary of this report was published on the Daily Dispatch, a provincial publication.

than transparent business deals. Because of very strong political networks and the favour in which the CDC itself was viewed, individuals linked to an investor who sought to force the CDC to allow the investor to circumvent environmental legislation in the operation of its plant were unpleasantly surprised when their representations were duly rejected. When those individuals lobbied politicians and government officials in authority over the CDC to force it to concede, the CDC stood its ground by requesting that instructions for it to allow a company to contravene environmental legislation be reduced to writing. The company and its lobbyists had to back down in defeat and humiliation. This showed once again that organisations could engage in creative politicking while maintaining a strong sense of independence, accountability and integrity.

The change agent character of the CDC highlighted in the findings also calls for further analysis. The fact that the CDC became enthusiastic proponents of the government's transformation, empowerment and redistribution programme points to what companies need to do in order to remain relevant to their mandates. It in itself, in fact, is part of the creative politicking or developmental activism of organisations and individuals in post-apartheid South Africa. The CDC's staff complement attests to its compliance to the employment equity imperatives of the country with over 50% of staff being women, close to 98% black and a strong internship and personal development programme in line with the skills development imperatives of the country. Furthermore, the organisation gave more than 50% of contracts to empowered companies in the over R1 billion first phase of the Project. It also achieved its targets for giving a portion of work to women owned companies. The organisation remained a very active protagonist for transformation in the construction industry sector in the NMBM and the Eastern Cape with its chief executive officer chairing the national Construction Industry Development Board for some time now.

Concluding remarks

It has become clear here that in order for the Coega Project to move forward, the CDC had to develop strategies to manage stakeholder relations and to do business in unconventional ways on many occasions. Strategic patron-client relations with various 'strategic stakeholders' ranging from government at all levels to business, labour as well as various interest groups

including environmentalists have been key success factors because of the extent to which the project was contested. This is a key aspect which came strongly in the preceding and the current chapter. The CDC understood the importance of engaging in the political economic space in order to ensure its continuity and long-term sustainability.

Therefore, it is because of its progressive and synergistic approach to issues raised by different political actors that seems to have been a distinguishing factor which meant that instead of emerging a victim of interest group demands, the CDC emerged stronger after each potentially apocalyptic situation. Its approach to the labour and environmental lobby as well as the swiftness of the chief executive's office in engaging various political parties and interest groups proved very successful. The attitude of the CDC when it comes to implementing government policy and linking its own initiatives to national provincial and local government programmes also proved very useful in ensuring the progress of the project. The following chapter will focus on prospects for the developmental state in South Africa, focusing mainly on the role the State should play with respect to industrial policy and other mechanisms.

CHAPTER 5

The Coega Project within the socio-economic liberation imperatives of the liberation movement: focus on industrialisation

The process of industrialisation, although rooted in national societies, is also a global phenomenon, and it is shaped by the dynamics of the world system.

Gereffi (1990:3).

In preceding chapters, the Coega Project has been accepted uncritically in the study as a strategically fitting initiative in the quest to realise the objectives of poverty alleviation and employment creation. The question is: is it really what it has been purported to be? This is a question which will be dealt with in some detail in this chapter in order to draw conclusions regarding the objectives of the Project going into the future. Such clarity is necessary for the project drivers, relevant government departments and spheres of civil society, as well as the ruling party. The primary focus in this chapter is the broad discussion of manufacturing development as a potential development strategy in an attempt to answer the question about the strategic fit of the Coega Project or the IDZ programme, to a limited extent, to the broad task of bringing economic emancipation to the majority of South African citizens. This is particularly critical at a time when fundamental disagreements within the movement should be kept to a minimum in order to ensure maximum attainment of organisational objectives.

The Coega Story has been used in the previous chapters as a microcosm of the changed political economic space in South Africa. It has been a good case study into the emergent political economic climate post-1994, in an era in which the first revolutionary goal, democratic rule, had been achieved. The contestation of the Coega Project by various social forces as well as the creative politicking by its partisans in advancing its objectives has been a reflection of the new political space and its key protagonists as well as the power dynamics that characterise their relations. One of the major themes which emerged out of the Coega Story is the primacy of politics in conceptualising and implementing development.

The Coega Story has helped expose weaknesses in advancing and administering the second task of the liberation struggle of the people of South Africa, the deferred dream (Gevisser, 2007) of economic emancipation. For example, because the Coega Project was an attempt to realise the goals of the economic emancipation project, it has been argued that the inconsistencies in the allocation of resources by government to the Project and the extent to which the drivers of the Project needed to lobby for resources, showed the extent to which the ruling party was lacking in coordinating the implementation of its policies and, therefore, the revolution post-apartheid. That, in turn, can be said to have been a characteristic of the lack of consensus in the ANC as to role the State ought to have played in the economy and the specific interventions which needed to be made in order to achieve its objectives. Furthermore, it signalled the incomplete transformation of the ANC from a liberation movement into a ruling party in that the above mentioned problems among others should be typical challenges of the transformation process from liberation movement to ruling party.

The political context of the Coega Project

In order to address the question of the strategic fit of the Coega Project, it is necessary to revisit key historical moments in the transition from apartheid to democratic rule which had a significant bearing on the policy choices that the democratic government would make on the economic front. This is necessitated by the fact that the Coega Project was an attempt aimed at bringing about economic emancipation which was a key tenet of the ruling party's claim as a national liberation movement. Among the historical moments were the interactions between the ANC and the business sector.

From the late 1980s to the mid 1990s, just as the ANC's quest to attain state power seemed possible, the question of how the liberation movement would advance its economic emancipation project (the second task) came to the fore. A plan or programme for bringing about positive changes in the living conditions of the people had to be created and effectively communicated in order to garner more support for the liberation movement and entrench it among the people in line with the promises of the Freedom Charter. According to Gumede (2005), the economic questions within the ANC had not been sufficiently dealt with (except for grand policy positions on nationalisation) until those times, giving an impression of a

view, which in hindsight can be considered erroneous, within the movement that democratic rule would in itself bring about economic prosperity. In order to advance these socio-economic objectives, the ANC in government would need to use its powers to redress the imbalances created by colonialism and apartheid.

However, as mentioned in chapter two, the process of conceptualising the economic focus of the post-apartheid State was very much contested. Such contestation would have serious implications on the post-apartheid State's redistribution agenda and, effectively, the entire programme and pace of changing the material conditions for the majority. For instance, the State after apartheid would remain bound to a large extent by the compromises made before the ruling party assumed power in 1994. That has been attributed to the early engagements of the ruling party with big business prior to 1994 and to the relatively weak alternative it had or perceived it had to a negotiated settlement.

Corporate South Africa started engaging the ANC on the economy long before formal negotiations began between the government and liberation parties (Terreblanche, 2002:96). The plan was to influence, if not guide, the ANC's choices with respect to economic policy. This came as part of the corporate sector's search for a new accumulation strategy (Ibid.) that would enable capitalism to regain momentum after almost two decades of stagflation and decreasing profits. The initiative was based on the idea that a changing political regime and the policies of the new government would have a bearing on the dominant accumulation strategy.

The significance of the informal negotiations between the ANC and corporate South Africa, as well as international finance institutions, from the mid 1980s until the mid 1990s is that the ideological positions of key ANC leaders were changed significantly from the socialist precepts of the Freedom Charter to neoliberal approaches (Terreblanche, 2002,; Feinstein, 2007; Gumede, 2005). According to Terreblanche (ibid.), certain 'elite compromises' that would later impede the ability of the ANC to reduce poverty and unemployment, in order to fundamentally change the lives of poverty-stricken South Africans, were made during this period. Among the compromises that the ANC was forced to make were to contain government expenditure, not increase taxes, and maintain fiscal balance and lower

government deficit to prevent 'macro-economic populism'. These were later translated into government policies for most of the first 15 years of the democratic government until around 2004 when policy shifts began to surface particularly in the State of the Nation Addresses, budgets and policy documents for the ensuing financial years.

The result of those 'elite compromises' was that the ANC government in the first decade in power did not do well with respect to fighting poverty and unemployment; many people remained landless, underdeveloped and unskilled even though the party managed to ensure the longest sustained levels of economic growth since 1970 and a very favourable macro-economic outlook with inflation at the low levels and neoliberal monetary policies. But it became clear, after the Ten Year Reviews, that unless government changed its approach, the deferred dream of the masses of the people would 'explode' (Gevisser, 2007 citing a speech by Mbeki), which explains some significant change of tone among the ANC and its Alliance partners in years prior to and during its 52nd National Conference of 2007.

The 52nd National Conference of the African National Congress that was held in Polokwane in 2007 is where most of the new policy prescriptions of the ANC were adopted following the resolutions of a policy conference which was held in June that same year. Among some of the resolutions made was one with respect to the kind of State that the movement would like to build in order to deliver on its 'deferred' revolutionary mandate. The Developmental State, defined as one which would play an active and leading role in the economy as opposed to a liberal democratic State which has a minimal redistributive agenda, emerged as the chosen form of the State post Polokwane. This, coupled with government priorities for the five years following the General Elections held in 2009, provides a good basis for a redistributive state agenda which, if implemented correctly, is likely to deliver on some of the key policy objectives of the ruling party.

Furthermore, shortly after leading an election victory, the ruling party introduced new ministries that look set to deliver and there was significant fanfare around the people deployed in new positions. However, the fact that the chosen state form, the new changes in government and the deployed people seem to be a strategic fit does not guarantee that the State will indeed deliver. Instead, coming up with the right policies and programmes of

action and implementing them effectively is the ultimate test of the State. In addition, the fact that the ruling party seems to have rightly understood the challenges facing the country and has aligned its priorities accordingly does not mean that those will translate to effective strategies and programmes which are aligned to its objectives. In the first fifteen years of democratic rule, the government had, on several occasions, acted in a manner that was contrary to ruling party objectives, given the extent of the contestation of the State and the weaknesses identified in the preceding chapters, among other things. The Coega Project has been highlighted as an example in that regard. The following section will discuss the strategic fit of the Coega Project in the economic emancipation task of the post-apartheid government as the core objective of this chapter.

Contesting the politics of development: Coega in the context of the South African industrialisation process

It was mentioned earlier that the Coega Project has been accepted uncritically in this study as the right sort of project to achieve the economic development objectives of the democratic government. This section moves on to relook at this assumption. The Coega Project is one among many other initiatives that the democratic government undertook in order to modernise the South African economy. Although it was started mainly as a private sector initiative supported by local government, the project soon became a provincial and then national initiative and became part of an emerging plan to boost manufacturing development. The reasons for the focus on manufacturing development among other potential sectors through which South Africa could grow was the fact that most of the job losses that had hit the country in the two decades prior to 1994 was a steady decline in manufacturing activity in that same period (Silinga in Fireside Chats, 2007b). Since the problem was a decline in manufacturing activity, there was a broad consensus that the country needed to attract investments in this sector in order to address the problem of unemployment and poverty which was deepening while contrarily the economy picked up pace.

The Spatial Development Initiatives, and the amendments to the Manufacturing Development Act of 1985, were key documents that would shape or inform the basis upon which further industrialisation would be resumed in post-apartheid South Africa and these played a major role in the continuation of the Coega Project. Following these documents or

discussions around them, came the promulgation of a new concept in South African, the Industrial Development Zone (IDZ), of which Coega was first of its kind, Gazetted at the end of 2001. Some evaluation needs to be done with respect to progress made in that regarding the IDZ programme as a whole but that is beyond the scope of the current study.

Before analysing the implications of the various paths to industrialisation to the Coega Project, it is important to get a sense of the industrialisation process in South Africa so as to locate the analysis of post-apartheid interventions in their rightful context. The South African industrialisation process has largely been centred on the ISI approach that was discussed initial in chapter two. The seemingly unlimited demand for South African gold exports as well as the expansion of the mining industry between the early 19th and mid 20th century, and its direct purchases of locally manufactured goods (mainly for upstream mining activities) over imports became the prime mover for the growth of other sectors in South Africa (Feinstein, 2005:107). Until then, it is argued that the small size of the domestic market had been a disincentive for foreign investment in industries in the country and citizens relied on imports for manufactured goods. South Africa started with primary import substitution and subsequently commenced secondary import substitution as industry grew.

The strategic direction provided by the State in the industrialisation process is of critical importance for this study. When the Pact government of the National and Labour Party came to power in 1924, and sought to establish its legitimacy by eradicating poverty among whites, they turned to industrialisation as a strategic option. Policies were adopted to promote industrial development building on the Customs and Tariffs Act of 1914 which was revised to suite strategic national interests of the time (Feinstein, 2005:118). Infant industry arguments were advanced to support the protectionist policies following the examples of the United States, Germany and Russia.

The government strengthened protectionism and support to industries with various methods including quantitative controls on imports and import licensing when it could no longer directly impose harsh protective tariffs because of its membership in GATT (Feinstein, 2005:180) and it exercised discriminatory policies on strategic imports which were necessary for the growth of local industries such as those of raw materials and capital goods. A good

example of the extent of state leadership in the import substitution drive is the government's intervention in the automotive sector with its Import Replacement Programme in the 1960s (Ibid.). With that programme, the government sought to induce assembly plants to reduce their high propensity to import by sourcing a certain percentage of their manufactures internally and the targets were set for a period.

The government also made strategic investments to support industrial development by the establishment of state institutions such as the Industrial Development Corporation to ensure the availability of capital for strategic projects. Other strategic entities formed were Foskor and Sasol in the 1950s and the latter became the strategic catalyst for the growth of primarily the petro-chemicals sector (Feinstein, 2005:183) and was an example of the secondary import substitution industrialisation phase. The State had also made strategic interventions in the economy through the formation of the electricity utility, Eskom, and the steel company, Iscor.

With such interventions, as well as the lack of competition during the war periods and the 'opportunities of backwardness' in the aftermath of the Second World War (Feinstein, 2005:119), industrialisation in South Africa grew significantly. Another factor, which is disputed in terms of its impact on the economy, is the use and availability of cheap 'docile' black labour (Terreblanche, 2002:420). The manufacturing industry became a serious contributor to gross domestic product and was 85% greater than mining and agriculture combined in terms of its domestic share in 1970. The sector had grown in terms of its share of the GDP from 23% in 1948 to almost 31% in 1970. Its growth, particularly in the post-war period, was in line with its counter parts in other developing countries including those mentioned in this study. There were impressive employment figures with people in the employ of private manufacturing increasing from 400 000 in 1948 to 1,160,000 in 1971, making the total staff complement of the sector 1,700,000 when adding the 320 000 people employed in construction, gas and water supply sub-sectors (Feinstein, 2005:184). The level of economic growth had averaged 7% per annum in the same period. Feinstein observes that the small size of the domestic market, which was perpetuated by the low wages and impoverishment of the majority as well as the inherent challenges of import substitution industrialisation such as lack of competition and productivity, the unavailability of skilled

labour and the tough economic conditions, characterised by stagflation, and rising social unrest from the 1970s until the mid 1990s remained significant challenges for the further progression of the industrialisation process in South Africa. This leads to the last section of the chapter, analysis of the Coega Project within the context of generally accepted paths to industrialisation, the national context and the global context.

Strategic fit of the Coega Project

The Coega Project falls directly in line with some of the policy positions of the democratic government as well as the strategic national imperatives of poverty alleviation and development. The project seeks to position South Africa and its specific location as the preferred investment destination for both foreign direct investment as well as expansion by South African firms. In fact, as part of the IDZ programme, it can be said to be the means through which South Africa seeks to position itself to compete globally as a recipient of investments in order to address its developmental challenges. The project is premised on the notion that government must make the necessary investments in infrastructure to improve the competitiveness of the region in order to attract investments.

The project is underpinned by the ambitions of South Africa to advance from primary import substitution to export led growth in response to some of its challenges around a small domestic market and constraints around the balance of payments, given its position as a net importer with many of its trade partners. The shift in terms of the new approach is that the primary objective of investment promotion and attraction is not necessarily to replace imports but to increase manufacturing activity in the country and hence access the global market. This is important in that it follows the example of the Newly Industrialising Countries in the post-war period and broadens its market. For that reason, the message of the CDC is premised on its closeness to global shipping routes for accessing global markets as well as the domestic and regional market of South and Southern Africa. This explains overarching need to provide enabling economic infrastructure starting with the deepwater port, the IDZ land, as well as the state-of-the-art facilities being built including the Information Communication Technology Infrastructure and world-class business processes and systems.

While export led and import substitution industrialisation approaches are different in their focuses, they are not mutually exclusive and the CDC's approach to investment promotion has had particular regard to this fact. The manufacturing sector within the country should have a positive impact on the economy both in terms of not only supplying local markets but also in terms of the business opportunities (linkages) that arise upstream and downstream.

One of the potential critiques for Coega and other IDZs is that they may be no more than platforms for global and local capitalist enterprises to exploit the resources of developing countries with minimal benefits for the host country and its people. Given the fact that the projects require huge capital outlays, mainly by the State, it could be argued that they are wasted resources which could be better spent on other initiatives. This is an argument advanced among others by Bond (2002). This places a huge responsibility not only on the part of government and the regulators of these programmes but also on the part of the project's drivers to find creative ways to ensure that the project does not become an enclave for foreign capital accumulation at the expense of the host location and its people. This is more so when the local economy is not ready to be linked to the industrial areas either through employment supply or upstream and downstream business opportunities.

The CDC's focus on the important aspect of integration of the IDZ with the regional economy can be described as nothing short of excellent. The CDC continues to invest a significant amount of time studying each of the specific industries which have expressed interest in locating in the Coega IDZ and uses national skills development programmes in order to prepare local people for the job opportunities that will arise from the investment projects. It has had a consultative approach with various Sector Education Training Authorities, Further Education and Training Institutions, Higher Education Institutions, government departments and private training providers to drive almost a regional skills development programme whose focus is not only the IDZ but also the region, the Eastern Cape and special projects throughout South Africa.

The provision of skills development in the area however remains a significant challenge especially given the fact that the Project is located in a poverty stricken area with high rates

of unemployment. There is always a competing imperative, for example, to keep learners enrolled on the skills development programme for the duration of the programme and the increasing pressures on the part of learners to find meaningful employment as early as possible in order to provide for their families. This problem however, should be addressed with the increasing employment of learners by industries when they become operational within the IDZ.

Regarding labour practises, it was mentioned earlier in this study that the relationships established and maintained between the CDC and Trade Unions, community structures, and the Department of Labour have resulted in the Zone Labour Agreement which governs labour relations within the IDZ, giving some certainty that the IDZ will not become an enclave for the exploitation of workers within the zone. This was implemented with relative ease during the first phase of the infrastructure roll out for the Project with employers reporting high productivity and low turnover rates which have also been used to further market the zone. However since the first investors started operations on site, the use of labour brokers by at least one investor, reportedly contrary to the aspirations of the CDC, proved to be a significant challenge and a test of the character of the zone.

The importance of these two aspects cannot be down played especially when considering the fact that the earlier industrialisation process in South Africa was constrained by the lack of skills, uncompetitive labour and unfair labour practises. Furthermore, the unfair treatment of labour and the authoritarian rule which were characteristics of the industrialisation processes of the NICs mentioned in this chapter and apartheid South Africa are the specific aspects which must not feature in the post-apartheid South African industrialisation process.

With respect to enterprise development, the CDC proved to be a leader and has won various awards for its transformation practices during the first phases of its development. However, its strong activism with respect to implementing national transformation objectives has to a certain extent been constrained by the courts because of prescribing higher empowerment targets for companies than legislated. With such an approach, the CDC stands to make the South African industrialisation process, at least at Coega IDZ, a revolutionary one when it comes to its impact on previously disadvantaged groups.

The sectors targeted in the 11000 hectare Coega IDZ show that the CDC is looking primarily at Heavy and Chemical Industries (HCI) sector. This sector has tended to be the lead sector in the economies of many countries, given its role as a dynamic catalyst with numerous linkages that trigger rapid proliferation of new industries as well as its association with the commanding heights of the modern economy (Auty, 2004:11). This is normally associated with advanced stages of industrialisation. In addition to that, however, it is looking at the primary import substitution related activities such as agro-processing and light manufacturing as well as fairly recently, Business Process Outsourcing and Offshoring which is in the services sector.

All of these are also the national priority sectors targeted by South Africa for growth. The competitiveness of the IDZ in these sectors relative to its global counterparts has been proven in various studies. Of particular interest for the purposes of this study is the fact that these sectors, which are normally pursued by countries at various stages of development, are pursued all at once in the Coega case. It is however not surprising in that the industrialisation process in South Africa was not a smooth process which progressed in a linear fashion from one stage to another. Also, it is a particularly important one considering the discrepancies in the levels of industrialisation among the various regions of the country.

The pursuit of HCI in a manner that redirects economic activity from the economic centre to the periphery, as is the case with the Coega Project and other projects which have some relationships to the SDIs, requires significant amounts of supporting investments. It is not a new phenomenon to redirect economic activity in South Africa because such investments were made by both the private sector and government when gold and diamonds were discovered in Kimberly in the 1800s. This is an area where the strategic objective of government, regarding redressing the imbalances of segregationist development, must be driven with no hesitation, if the new government is to continue to retain its legitimacy as a leader of the economic emancipation project of the people.

Concluding remarks

In conclusion, it has become clear that the Coega Project is directly aligned with the strategic objectives of the economic emancipation project and the government needs to ensure that the Project receives the necessary support. Thus far, it has been the creative politicking of Coega partisans that has ensured its continuity primarily because of its consultative approach and its links with strategic centres of power at all levels of government. In order to ensure sustainability, it is important that issues of continuity do not rest on the shoulders of the project drivers because this may pose a serious risk when the inevitable succession of the current project drivers happens.

CHAPTER 6

Conclusion

To implement development projects that are aimed at economic emancipation in post-apartheid South Africa, within the context of a changing political economic landscape that is characterised by unresolved questions about the role of the state *vis-à-vis* the economy and a multiplicity of social forces/actors, requires 'creative politicking' by somewhat selfless and competent individuals or organisations that are more committed to the cause than they are to other role players, regardless of the perceived role or status of each role player.

This chapter focuses on how the Coega story is the basis for the aforesaid hypothesis. It has been shown that it has been the creative politicking of the CDC that has made it possible for the Coega Project to continue although the project was politically charged. The fact that the CDC needed to continue to actively play the political space in order to leverage resources from government who ought to have been a willing funder based on the fact that the Coega Project was indeed a developmental project as defined in chapter two and the fact that it was in line with ruling party objectives as was discussed in chapter four and five, is a case in point.

The basis for making the hypothesis that the individuals and organisations implementing development projects should be selfless and competent is the selflessness shown by the Coega partisans by their commitment to seeing the project through when even their future and job security was rather uncertain. The CDC team keep narrating a story of how in one month in the early years they did not have money to pay salaries until closer to month end but people continued to work passionately under that uncertainty.

The statement that the individuals need to be more committed to the cause than they are to other role players, regardless of their perceived role and status refers to the fact that the CDC most times showed high commitment to the cause and created Alliances with all stakeholders including high profile politicians but never succumbed to pressure to unduly reciprocate favours made towards the project with economic benefits for the personal gains of those partners or high profile politicians. There were attempts by some high profile national,

provincial and local politicians to wield their power to force the organisation to allow one potential investor to circumvent some of the environmental laws in order to build a massive plant at the zone but the organisation never succumbed to the pressure and actively fought to ensure the company complied. This proved that patron-client relations with politicians who are for the benefit of projects as opposed to individuals do not have to be characterised by corrupt relations.

One of the lessons that emerge as one reads the Coega Story is the extent to which cooperation is required in order to drive redistributive development at a ruling party and at government level. It is clear with the Coega story that the ruling party has not had the capacity to make sure that its developmental initiatives received the necessary support that was needed. Had it not been for the strategic deployment of people who understood the strategic relevance of Coega in the broader quest for the socio-economic liberation of South Africa as well as the need to continuously entrench the project in the ruling party and other stakeholders, the project would not have continued to where it is now directly because of the abortive and contradictory internal tendencies of the very same organisation whose objectives it sought to achieve.

Going forward it is important that the ruling party creates matrices for gauging the relevance of proposed projects to the developmental objectives of the ruling party. Such matrices, for example, could include job creation, transformation, and rural development and so on in line with organisational priorities. It must move on to put weights on each of the priorities so as to depoliticise and depersonalise decision making among its various levels of government. In that way it would be able to provide strategic direction and allocation of resources to agreed-upon projects without undue pressure of politicking being transferred to project drivers. It must be acknowledged that the pressure to politick on the part of project drivers is perhaps characteristic of the time of internal division and disagreement within the ANC but now that the party seems clear of its strategic objectives, priorities and their implication on the role of the state in the economy, it should move quickly to remove the burden on project drivers. If the party adopts policies which become programmes of government, there but be coordinated efforts to support aligned projects in order to realise policy objectives. It is also important to note that that there seems to be political will and a clear and concerted effort to pursue that

agenda unlike when there was still uncertainty as to what the role of the State should be in the economy.

The role proposed above for the ruling party and government will help towards the realisation of the Polokwane resolution of creating a developmental state in order to advance the socio-economic liberation project. This role is also in line with the theory of the developmental state that was thoroughly discussed in chapter two. The process of the implementation of the Coega Project has shown just how far the state in South Africa falls short of becoming a developmental state and has helped determine what the focus and priorities should be when it comes to making interventions in the IDZ programme or broadly in the industrial strategy of government.

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