

The Ideational Aspect of Coxian Critical Theory: A View from South Africa

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“...the ANC [African National Congress] shouldn't shy away from Blacks becoming capitalist. The only question is – how do we achieve it?”

Zola Skweyiya, Minister of Public Services and Administration, 15 December 1995 (quoted in Taylor, 2001: 41).

“The new order [after 1994]... inherited a well entrenched value system that placed individual acquisition of wealth at the very centre of the value system of our society as a whole... serving our people, not monetary accrual is the definition of success... Youth must be informed about participation in academia, in politics, in trade unions, in NGOs and other structures and sectors that serve society if we dream of saving our society.”

Gwede Mantashe, secretary general of the ANC, 16 April 2010.

“Our conclusive view now is that conditions domestically and internationally are favourable to radical change of economic policy and nationalisation of Mines. We have not yet encountered a credible argument that suggests that conditions are not favourable. As revolutionaries, we also carry a responsibility to change balance of forces to favour our political programmes.”

African National Congress Youth League (ANCYL), *Political Report*, 2010: 9.

The quotations above are illustrative of an ideational contestation within the ANC which has prevailed in its ranks, not only since its ascendance to power after the first South African democratic elections in 1994, but indeed, since Josiah Gumede (president of the ANC) first considered cooperating with the South African Communist Party (SACP) in 1927. This divide reflects the intellectual (and material) tussle within the ANC between (African) nationalists who interpret the Freedom Charter (adopted in 1955) as equally applicable to meeting the needs of a Black middle class and the poor, and those (the left within the ANC, the SACP, and the trade unions) who emphasise its socialist and redistributionist underpinnings¹. The suppression and banning of the SACP during the 1950s as well as the passing of *apartheid* legislation during the decade, resulted in the “Congress Alliance.” The alliance (which included the South African Congress of Trade Unions) between the two organisations continued and was strengthened during the exile years and the period of armed struggle which followed the banning of the ANC (and the Pan-Africanist Congress) in 1960. Dual membership was allowed and prominent SACP members (for example, Chris Hani) played an important role in the ANC's military wing, *Umkhonto we Sizwe* (both in the maintenance of effective underground structures and the planning and execution of operations). The alliance was maintained during the Convention for a Democratic South Africa negotiations (CODESA) and expanded to include the Congress of South Africa's Trade Unions (COSATU, formed in 1985) in the run-up to the 1994 election. Since then it has prevailed as the “Tripartite Alliance”, notwithstanding some heated debates and public spats concerning the ideational underpinnings of the post-*apartheid* government's economic policies.

Open disagreements became particularly pronounced after the adoption of the Growth, Employment and Redistribution (GEAR) strategy (endorsed by former President Thabo Mbeki and overseen by former Minister of Finance, Trevor Manuel) in 1996. The policy confirmed the ANC's decision (already under way during the 1994 pre-election phase) to stick to the dominant neoliberal orthodoxy of the “capitalist revolution” which followed in the wake of the demise of “existing socialist” alternatives after the momentous events of 1989. The major components of GEAR included a continuation of trade liberalisation, privatisation, inflation targeting, fiscal restraint, and a gradual reduction of foreign

¹ Mandela considered the Freedom Charter to be merely an outline of “African-style capitalism” (Taylor, 2001: 41).

exchange controls. On the positive side macroeconomic stability was achieved (inflation has been contained within the target range of 3%-6%, with the notable exception of periods during which significant currency depreciation was experienced, the fiscal deficit has been reduced to below 3% of GDP), a significant change in the share of total disposable per capita income has occurred – 60% black and 40% white in 2007 (compared to 30% black and 70% white in 1960, with a substantial adjustment for the period 1996-2007), and an average of 3% GDP growth was maintained between 1996-2004, moving up to 5.4% in 2006.² On the negative site, the expected injection of foreign direct investment (FDI) did not materialise, the clothing and textile sector in the country was virtually destroyed by fast-track trade liberalisation and government's refusal to intervene, economic growth has been jobless (unemployment has increased across the board since 1994, increasing from 20% to 26% between 1994-2007 using a restricted definition, and from 31% to 38% using an expanded definition over the same period), the Human Development Index (HDI) has worsened from .745 (1995) to .674 (2005), while income inequality (as measured by the Gini co-efficient has risen from .62 (1996) to .67 (2007). Furthermore it is estimated that South Africa has lost over 1 million jobs in the formal economy as a direct result of the global financial crisis phase I. While addressing inequality should be prioritised in the view of some, others regard strategies (non-redistributive) which will have an immediate impact on the lives of the poor, as more important. The number of people living in extreme poverty (according to the World Bank's measure of less than \$1 per day (proportionally and in absolute terms) increased between 1996-2005³, while those living in relative poverty⁴ increased from 17 million (1996) to 19.6 million (2008). Proportionally, 40.7% of the population live in relative poverty (Kane-Berman, 2008: 77, 116, 219-220, 236, Kane-Berman, 2009: 303 and Statistics South Africa, 2010 sourced via www.polity.org.za/article/sa-unemployment-rate-at-253-in-q2-2010-07-27-1).

The account and analysis of why and how the ANC underwent a so-called “Damascus road” conversion during the negotiations phase and after 1994 has been well documented from a critical perspective and will not be repeated in this paper (cf Allen, 2006; Koelble, 2004; Marais 1998 and 2001; Saul, 2005; and Taylor, 2001). It would be fair to conclude from these accounts, however, that the explanation for the road to economic orthodoxy lies somewhere within the centre of the conceptual triangle which has its three points ideas, material considerations and institutions. Green's (2008) excellent biography of Trevor Manuel shows that the architect of GEAR and supporter of economic orthodoxy (bearing in mind that today's orthodoxy can become's tomorrow's heresy) believes that he made pragmatic choices which were bound up with the (real) material constraints and challenges facing him as head of the ANC's economic policy unit and as Finance Minister from 1996-2009). This self-proclaimed non-ideological approach of letting the “numbers speak for themselves” was illustrated in a recent exchange (*Business Day*, 7, 13 and 15 July 2009) of letters between Manuel, Peter Bruce (editor of *Business Day*, South Africa's premier financial daily) and Michael Power (economics professor at the University of Cape Town). Manuel (defending the record of the national rugby team's coach) argued that economics

² It should be noted that government (in partnership with the private sector) also managed to make inroads in the backlog of social services which it inherited from the *apartheid* dispensation. There have been increases in the number of households who reside in formal housing (5.8 million in 1996 to 8.8 million in 2007), who have access to electricity for lighting, cooking and heating (from 5.2 million, 4.3 million and 4 million respectively in 1996, to 10 million, 8.3 million and 7.3 million respectively in 2007) and who have access to piped water (7.2 million in 1996, to 11 million in 2007). The total number of recipients of a variety of social grants (ranging from old-age pensions and child support grants to a war veterans grant) has increased from 3.4 million (2001) to 11.9 million (2007) and according to the Centre for Development and Enterprise from 2.5 million in 1999 to 14 million in 2009 (more than 25% of the population). This has led some observers to refer to South Africa as the only developing country welfarist state in the world (Kane-Berman, 2008: 464, 484; Centre for Development and Enterprise, 2010: 3).

³ This number has declined from its peak in 2002 (2.6 million) to 670 000 in 2008 (Kane-Bernman, 2009: 302).

⁴ Defined as people in households who earn less than the per month poverty income. This income varies according to the size of the household. In 2005, the poverty income required for a household of 8 was R3314-00 (US \$521-00) (Kane-Bernman, 2009: 303). All figures have been rounded off.

without the use of facts, statistics and “real-world data” amounted to “intellectual laziness.” Bruce’s reaction pointed to how economists’ fixation with conclusions based on quantification (mathematical modeling), were always debatable, and nearly always not related to quality of life issues, while Power noted that the best ideas in economics were based on common sense, not statistics.

The material constraints inherited by the first democratic government in 1994 and their role in getting the Nationalist government to the negotiating table are on record, but the perception of relative deprivation, coupled to poor social services delivery by local and provincial government institutions, as well as jobless growth have been associated with increased social service delivery protest actions, as well as the outbreak of ethnic violence in May 2008 among the marginalised sector of the population. Allen (2006) gives a detailed account of how the financial services sector (locked out from financial globalisation) put pressure on the apartheid government to move forward to a political solution. In a sympathetic account of the post-apartheid years (inclusive of the ascendancy of Jacob Zuma to the presidency), Russell (2009: 86-94) notes the difficulties the ANC faced in building “a better life for all” with the legacy of the *apartheid* economy which has been bequeathed to them. Among these was a budget in which 80% of the money was spent on 15% of the population, a high public debt (courtesy of sunset clauses to outgoing civil servants and politicians), a “wait and see” approach to foreign direct investment, a skewed educational system (which persists to date), the unequal distribution of land ownership, the need for black economic empowerment and advancement in the public and private sectors, and the high expectations that – what was perceived as an affluent first world economy – would be capable of addressing the needs and aspirations of the entire population.

The fear (both from white capital inside the country and global capital outside) that the ANC would embark on a distributionist economic policy under conditions of high public debt and .5% economic growth led to a concerted campaign by a variety of “norm brokers” (Finnemore and Sikkink, 1998) who were intent on convincing the ANC that the idea of economic orthodoxy (also the dominant hegemonic idea at the world order level) was the only “common sense” approach to achieving its developmental goals and that this meant economic growth first, limited state intervention, and distribution afterwards. This took the form of briefings (by the incumbent finance minister, academics, academic and business think tanks as well as the international financial institutions), scenario-sketches by South Africa’s largest corporations, as well as training and “familiarisation courses” (by financial investment banks and the International Monetary Fund and World Bank) for individuals who would go on to occupy key positions in economic policy making. Some two years after the unbanning of the ANC in 1990, Mandela returned from attending the World Economic Forum in Davis, convinced that nationalisation could no longer be considered as a policy option, believing that it would lead to an investment freeze (Taylor, 2001: 59-68).

The overriding message was clear, within the world order context of the decline of the Keynesian economic idea during the economic crisis of the 1970s, the recent collapse of centrally planned economies, and economic globalisation, the end of history had been reached and there was no alternative to embracing the ideas of Friedrich Hayek (as Margaret Thatcher had demonstrated in Britain) and the prevalent norms of the Washington consensus. The apogee of the “conversion” to the norms of economic orthodoxy was captured by Thabo Mbeki’s statement at the official announcement of GEAR when he said, “call me a Thatcherite” (Russell, 2009: 88). Institutionally, the president’s office, the treasury and the central bank were the main governmental structures responsible for the implementation of GEAR. The direct responsibility for macroeconomic policy formulation and execution rests with the Minister of Finance, and for all intents and purposes, Trevor Manuel’s face and his ministry have been associated with the successes and failures of GEAR and (together with the central bank) have borne the bulk of the criticism which has come from organised labour and some sectors of manufacturing capital. A telling sign, which illustrated the institutional locus of economic policy making, was the closing of the Reconstruction and Development Programme (RDP) office in April 1996 and

its relocation in the president's office. The RDP was an important component of the ANC's 1994 election platform and regarded redistributive strategies as an integral part of development. The minister without portfolio responsible for the RDP (Jay Naidoo), was put in charge of the ministry of communications.

It is within this context that I want to attempt to answer the question whether, in South Africa, an ideational shift in the area of macroeconomic policy formulation has been evident since the general election held in April 2009 and the announcement of President Jacob Zuma's cabinet in May 2009. From the foregoing it will already be clear to the reader that I do not think that the power of an (economic) idea (rephrasing the title of Hall's, 1989 edited volume somewhat) can be understood in isolation from institutions and material capabilities (Cox, 1981 and 1987). Nevertheless, I do think that ideas can be regarded as having some autonomy (without ascribing a one way determinism to them and without making them the sole and central component of understanding change). My interest in this issue and my thinking about it is shaped by my own time and place context. South Africa (a non-hegemonic state in the Gramscian sense) faces inequality, unemployment, increasing dissatisfaction among the marginalised at home, while at the same time, it is part of a world order which is experiencing hegemonic decline and a shift of power to emerging market economies (the country is a member of the G-20). The statistics show that there has been a significant proportional re-allocation of per capita income (towards Blacks, see above), but in absolute terms this shift has mainly benefitted the new middle class (estimated to number some 2.6 million in 2007, Russell, 2009: 176) and to a small number of extremely wealthy individuals (eg. Saki Macozoma, Vincent Maphai, Natho Motlana, Patrice Motsepe, Cyril Ramaphosa, and Tokyo Sexwale), who Russell (2009) calls the "new randlords" and who acquired their wealth during the first (voluntary and symbolic) phase (1995-2006) of Black Economic Empowerment (BEE) during which Black aspirant businessmen were pre-emptively co-opted into the white corporate power houses of South Africa's mineral-energy complex (a terms used by Fine and Rustonjee, 1996). Instead of becoming role models for the creation of a new black entrepreneurial class, they increased the sense of relative deprivation among the marginalised.

The question of whether an ideational shift in macroeconomic policy-making is taking place, can potentially and holistically be understood by incorporating three interrelated levels, nl. contemporary world order changes (declining hegemony and financial crisis), South Africa's state-society complex (non-hegemonic and based on an exclusive political-economic coalition of social forces which reflect Gramsci's conceptualisation of *trasformismo*), and a mapping of modes of social forces of production and their power dynamics within the South African state-society complex. This essential undertaking is beyond the scope and space limitations of this paper, but forms part of a longer term research project I am engaged with. I will, however, where necessary draw on these multiple entry points for the purpose of answering the question I have posed and to augment my argument. The question of whether a shift in the idea of economic orthodoxy (as interpreted by South African policy-makers) has occurred, if confirmed, leads us to the follow-up questions of why this has happened, and whether such a shift will lead to an improvement of the material conditions of the poor and the unemployed and/or an improvement in levels of inequality.

My point of departure, on a methodological and theoretical level, reflects the argument I have made before (Leysens, 2006 and 2008), nl. that (critical) IPE (understood as an "open field") stands to gain by using a "critical empiricist" approach and by returning to the "idea of political economy" (Phillips, 2005 and Watson, 2005). I have also argued that I find the critical theory of Robert W Cox to be a sympathetic explanatory framework for such an approach, although I readily admit that there are other frameworks which – using a different focus - provide us with their own valuable insights and explanations. For the purposes of methodology, critical empiricism requires us to accept that problem-solving and critical theory are not mutually exclusive (recently reiterated by Cox in an interview with Schouten, 2009). I interpret that as each one having its strengths and weaknesses, but

that used together and with a sensitivity for the fact that the problem-solving approach accepts the parameters of the status quo as a given, we can locate the findings of this approach within a critical understanding of change. Simply put, this means that the results of problem-solving research (which can be used in the interests of policy-making aimed at maintaining the status quo), can also be used to contribute to our understanding of transformation, our understanding of who (in terms of agency) is likely to play an essential role in shaping transformation, and what political strategies can succeed in bringing about transformation within the limits of the possible.

In the remainder of the paper I will explain how I have conceptualised the term “ideational” and importantly, how I regard the link between ideas, institutions and material capabilities. For this, I draw on the work of Cox (1981, 1987) but, because of some limitations, also on a number of other sources. Together with Cox’s work they have shaped my framework of understanding and directed me to focus (for the purposes of this paper) on the pronouncements of some key South African macroeconomic policy makers over the past year. These will be analysed to determine whether a shift can be discerned away from economic orthodoxy in those government institutions responsible for policy formulation and implementation⁵. However, my framework also directs me to contextualising this discourse within the broader environment of “political”, “economic” and “administrative” viability (Hall, 1989b). While my analysis focuses on the nexus of state-societal elites, I am aware that I am neglecting the important question of a potential ideational shift among anti-systemic social forces (the “bottom up” driven action which is deemed essential for transformation to a “new paradigm” and a “radical historic change in mentality”, see Gills, 2010: 182) and with such a shift their propensity to revolt or to have an impact on praxis. I do, however, provide a brief assessment of the methodological challenge the answering of this question poses, as well as the findings of a recent edited volume on social movements in the South.

Since the publication of Finnemore and Sikkink’s (1998) article on how norms (and ideas), in their own right, not only shape but construct the material world and our interests, they have rightly been “brought back in” to direct us to an understanding which stresses the inseparability of the material and the ideational “worlds.” These articles signaled a renewed and valid critique of the realist approach to IPE, as evidenced, for example, in the work of Robert Gilpin (1987, 2000 and 2001).¹ Gilpin (2001: 19-20) acknowledges that realism is the more material approach and that “in general” the approach leans towards a focus on material interests rather than on identity (as a social construct). He makes the valid point that ideas are not ignored by realists (the ideology of the Cold War and the importance of identity for a state’s international conduct are offered as examples). However, in my view, realism *mainly* favours the material side, while constructivists *mainly* favour the role of shared ideas in the creation of structures, interests and identities. This brings me to Robert W Cox’s contribution to critical IPE, which I have termed “Coxian Critical Theory” (CCT) in order to distinguish it from small “c” critical approaches (Leysens, 2008). The crux of the method of historicism in CCT is the importance of ideational change for transformation. The triad of ideas, material capabilities and institutions are linked in a dynamic, interactive framework which stresses that all three of these are *equally* important and that they must combined when we describe and explain historical structures and assess the possibility of transformation at the world order, state-society, and social forces (related to production) levels.

⁵ The South African state can by no means be regarded as “hyperliberal” (Cox, 1987), if we understand by that a form of state where the political economy is characterised by the prioritisation of market dynamics as a means of delivery and a “hands-off” approach by the state. On the contrary, many companies (Spoornet, Transnet, Eskom, Telkom and South African Airways) have remained parastatals (with the state holding a 51% share), the state spends a considerable amount of the budget on the delivery of services, housing, and welfare grants, and has attempted to develop an industrial policy which provides incentives to local and foreign industries. It did, however, adopt monetary, fiscal and trade policies which can be labelled as economic orthodoxy. In this sense, it is more of a “hybrid” state, than a “hyperliberal” state.

The ideational aspect of the triad is, however, in my view the point of departure for the understanding of change. The reason being CCT's assumption of a unified subject (collective human intentionality) and object (institutions and social practices), which is then linked to the material conditions to which the (not constant, but changing) human mind responds by continually creating new institutional forms (Cox, 1981: 93). Change must, therefore, be explained via an understanding of the shared (intersubjective) understanding which people have of their institutions, and by determining when that understanding is changing. The goal, therefore, is "...To find the connections between the mental schema through which people conceive action and the material world which constrains both what people can do and how they can think about doing it" (Cox, 1986: 242-3). Cox regards ideas as consisting of "intersubjective meanings" and "collective images of social order". The former concept is related to the shared perception of institutions or practices (for example, the state) we have, and how our understanding of an abstract idea has an impact on our actions. These perceptions can endure over a long period. The latter, refers to the different (not shared) views which different groups of people have on, for example, the legitimacy of prevailing power relations and the institutions which reflect them. The core question (reflected) throughout Cox's work is, thus, related to how the objective world is constituted and reconstructed through changes in intersubjectivity (Cox, 1992: 138), as people respond to the challenges of their material environment. To answer this question, we must be able to "think" ourselves into the minds of individuals and groups, the mind being "...the privileged channel of access to understanding how social institutions are constructed to cope with material problems..." (Cox, 1996: 28).

The emphasis on the role of ideas to explain change and their location in the understanding which human collectivities (social forces) have of their material environment indicates that CCT *expects transformation to emanate from the bottom-up*, "If we are to assume that power is grounded in human communities, and if we take a 'bottom-up' perspective on world order, then we need to ask about the condition of public affinity or comfort with the political authorities of the entities that formally constitute world order" (Cox, 2000: 33)⁶. Ideas are, however, also an important component of the "top part" (state-society complexes and world order) of CCT. Hegemony requires a "fit" between ideas, institutions and material capabilities in the sense that sufficient consensus is established around a hegemonic idea, institutions and material capabilities. Cox (1977) explains how he experienced the power of a hegemonic idea while working at the International Labour Organisation (ILO) and as director of the International Institute for Labour Studies, when he was censured for asking whose interests were served by the idea of tripartism. He viewed the ILO's universal acceptance of this form of labour-management-state relations as Euro-American centric and "...reflected upon the sources of the norms it espoused" (Cox, 1996: 22). Hegemonic world orders are, similarly, underpinned by a dominant idea which is purveyed as natural and as common-sense⁷.

The accessing (or "reconstitution") of the intersubjective understandings by groups of people who are located within the different modes of social relations of production (for example, subsistence agriculture, primitive labour market, self-employment and enterprise labour) which Cox (1987) conceptualised and identified, is methodologically challenging and complex⁸. Part of the challenge is related to our assumption of a singular subjectivity which we attribute to the "marginalised" or the "poor"⁹. Intersubjective understandings of the state, for example, among various social forces related to production may vary from the state being understood as a provider, a facilitator, contender or predator. The essential task

⁶ See also Falk (1997: 53), 'Cox sees the potential for the transformation of forms of state and world orders as lying within these "more limited human communities."'

⁷ "[A law which prevents free trade is a] law which interferes with the wisdom of the Divine Providence, and substitutes the law of wicked men for the law of nature", Richard Cobden (1843) quoted by Saul (2009: 2).

⁸ Cox (personal communication, 15 November 2007) regards this as essential, but also "the most complex part" of the task, for which there is no "formula."

⁹ For an excellent critique of the tendency to represent the poor as having a fixed identity, see Walsh (2008).

of “unpacking” the all inclusive concept of the “poor” or “marginalised” has been neglected by IPE scholars who seem to be captives of the “I” in front of the “PE.” Interdisciplinary research becomes indispensable to overcome this challenge and neglect. A recent example of this, is an edited volume (Thompson and Tapscott, 2010) which brings together a number of scholars from a variety of fields, and a diverse set of case studies and methodologies (Bangladesh, India, Brazil, Mexico, Nigeria and South Africa). The focus is on the nature of collective action, social movements, representivity, the local-global nexus, and the transformative potential of bottom-up driven mobilisation aimed at achieving state policies which are pro-poor and which will advance social justice¹⁰. The findings reveal, *inter alia*, that most social movements (and even collective protest actions) in South Africa are rights-based and directed at achieving those rights, and not anti-systemic. Engagement and disengagement with the state is tactical and is aimed at making the state accountable outside of the formal institutionalised channels created by it (Thompson and Tapscott, 2010: 26). Looking at the dimension of “collective images” in Cox’s conceptualisation of the ideational, I have argued (Leysens, 2006 and 2008) that, bearing in mind the limitations associated with the use of aggregated data, it can provide us with a useful “snapshot” on the issue of legitimacy for example.

Schechter (2002: 3-4), recounting Jessop and Ngai-Ling’s critique of Cox’s use of Gramsci, notes that, according to them, Cox tends to “under-examine” ideas (inclusive of ideas which are “central to economic hegemony and governance”) and favour the material and institutional aspects of the triad. I am inclined to agree with this point. Although ideas are fundamentally important within CCT (at all levels, but particularly at the level of social forces) to explain change and also to explain order, and even though the notion of the ideational in Cox’s work is nuanced and well-conceptualised, he tends to neglect the dynamics related to their construction, implementation and maintenance. I will attempt to address these shortcomings by drawing on Hall’s (1989) edited volume which focuses on the context, conditions and dynamics related to the establishment and maintenance of Keynesianism as a hegemonic economic idea during the thirty years of economic expansion which followed after WWII. My interest in the question of ideational change in South Africa (at the rhetorical and institutional levels) was aroused by Jacob Zuma’s ascendancy to power with the support of the left (COSATU and the SACP) which coincided with the advent of a major external economic crisis of global proportions (the dramatic collapse of Lehman Brothers in September 2008, happened within the same month and year that the ANC recalled Thabo Mbeki and appointed Kgalema Motlanthe as care-taker president). These events (internal and external) may or may not provide an opportunity for South African policy-makers to shield their national developmental goals from the impact and influence of global financial corporations and credit-rating agencies.

The global financial crisis has created a vacuum, a period of uncertainty, where the confidence in an economic idea (presented as the natural state of affairs) has been severely damaged, and “That very clear idea of Globalization is now slipping away” (Saul, 2009: 3)¹¹. Externally, we have witnessed a shift of power from the G7 to the G20, the creation of new (albeit flawed) institutions in Europe and the United States to reform the supervision and regulation of financial corporations and the complex financial instruments they deal in, a US undertaking to make credit-rating agencies more accountable and transparent, the International Monetary Fund’s (IMF) proposal to the G20 for a “financial stability levy” on banks to fund future bail-outs (IMF, April 2010), a recognition by some IMF staffers that -

¹⁰ See also the volume edited by Gaventa and McGee (2010), *Citizen Action and National Policy Reform: Making Change Happen*.

¹¹ The idea of globalisation is multi-faceted, but I think that one of its core dimensions as an ideology is its emphasising of the private, rather than the public sphere of life. This is well encapsulated by Hirschmann (1982: 67) when he argues that the turning away from public participation, to the pursuit of private interests is facilitated by an ideology which presents the self-interested pursuit of “happiness” (understood in material terms) as the ultimate and natural way to attain satisfaction and, at the same time, provides assurance that the individual so doing, is also playing a positive role in the attainment of the public (societal) good (thereby preventing the feelings of guilt associated with selfish behaviour).

sometimes - fiscal policy (countercyclical stimulus) has to be brought back in as a macroeconomic policy tool (Blanchard et al, 2010), and an attempt to revive the idea of a Tobin Tax. Finnemore and Sikkink (1998: 909) note that “Ideas and norms most associated with the losing side of a war or perceived to have caused an economic failure should be at particular risk of being discredited, opening the field for alternatives.” In the footnotes (98 and 99) to this statement both Hall (1989) and Hirschman (1989, 1982) recognise the importance of external events (the depression years of the 1930s, WWI and WWII) as one factor which led to the emergence and development of Keynesianism¹² as an economic idea, as well as its acceptance in the United Kingdom, US and elsewhere. Hirschman (1989: 350-351), however, is at particular pains to stress that the domestic and external dynamics which led to the adoption and spread of Keynesianism was “due to an extraordinary constellation of circumstances” and that we will have to identify a different set of factors to “explain (or promote) the acquisition of political influence of an economic idea” in other contexts. Nevertheless, the analysis (in Hall, 1989) of how Keynesianism became politically influential is useful – in contemporary terms and for the question I am addressing in this paper – because it identifies a number of factors which assist in directing our focus and which fit in with Cox’s triad of ideas, material capabilities and institutions.

Hall (1989a: 8-13) identifies three approaches which encompass the various contributions in the book, “an economist-centred approach”, “a state-centred approach”, and a “coalition-centred approach.” The first approach (economist-centred) stresses the role of economists and the advice of experts on policy-making. This requires a focus on (a) the theoretical quality of the ideas which persuade other economists to revise their paradigms or adopt a new one, and (b) the institutions which facilitate interaction between policy-makers and economists. The state-centred approach stresses the importance of administrative capacity to implement new ideas, the receptiveness (or “openness”) of relevant state institutions to external advice, and the administrative interests associated with the different functions and rules of state institutions (for example, the treasury, the central bank, and trade and industry) (Gourevitch, 1989: 101). Finally, the coalition-centred approach focuses (within the broader political context) on the need to build a coalition between political economic interest groups which is based on their acceptance that the economic idea in question can accommodate their divergent (material) interests. Together, these approaches highlight that a complete explanation must also incorporate the role of politician, bureaucrats and economists and the interaction between them.

Importantly, the different factors which each of these approaches bring to the table, and the importance of their explanatory locus changes within different national contexts. Salant (1989) illustrates how (in the US) important *the role of intellectuals* was (within government and at universities, but particularly within the civil service) to influence ideas related to economic policy and later (after WWII) – through this influence - on actual policy-making. Weir (1989: 55, 59, 73) stresses the importance of having *access* to institutions which have the ability to influence policy-making. She also points out that the political power of labour in Britain, as opposed to the strength of organised business (in *coalition* with agricultural interests) in the US, led to a more gradual and longer process of the acceptance of Keynesian ideas in that country. The more flexible, less hierarchical and open administration in the US was, however, more conducive to the incorporation of innovative ideas, than the less flexible, hierarchical and closed bureaucracy of the United Kingdom. Gourevitch (1989: 89) argues that “economic location” (or in Coxian terms, modes of social relations of production) strongly (though not exclusively) influence the

¹² Hall (1989b: 363-364) identifies three important features of the “Keynesian doctrine.” Firstly, Keynes developed a set of new concepts on macroeconomic theory which needed to be assimilated into neoclassical economics. Secondly, he bridged the divide between politics and economics in that he proposed an active interventionist role for the state under conditions of market disequilibrium. Third, he proposed a specific set of policies to manage demand and supply. Fiscal stimulus financed by running a deficit during times of economic decline, and deflationary policies (on the monetary side) during times of excess.

policy predilection of political economic actors¹³. Together with staying in power, ability to govern and the nature of the political system (democratic, semi-authoritarian, authoritarian), they have a major impact on the type of economic policy alternatives that can or will be adopted. Externally, globalisation and the accompanying economic openness has brought differentiated material rewards for the “integrated”, “precarious”, and the economically marginalised and with that an associated preference for economic policy options.

Hall (1989b: 362), points out (correctly in my opinion) that simply “bringing ideas in” by identifying them as a factor to account for one outcome or another is not enough. What is needed is to also grapple with the question of *why* a particular idea is important to take note of when we attempt to explain why particular policy was adopted. How, and under what conditions, do ideas become influential and do they influence policy-making? Furthermore, he perceptively notes that some ideas (like the Keynesian economic doctrine) “have an existence and force of their own” which cannot be reduced to the material. Those ideas can change the way people view their interests, and can lead to behaviour which, in its own right, has an impact on the material world. Nevertheless, the influence of ideas cannot be assessed outside of their material context. Firstly, they must be related to contemporary political economic challenges. Secondly, they must be interpreted within a particular historical context, and thirdly, an idea must reach those who are in a position to implement and disseminate it (Hall, 1989a: 369-370). To assess the influence of Keynesian ideas and relate them to their material context, Hall (1989: 370-386) identifies two sets of factors from various case studies (US, UK, Italy, Japan, Sweden and Japan). The first set of factors relate to whether there is a receptiveness or willingness to entertain new economic ideas, across different national contexts. I propose that one could extrapolate these to the international level. These are, firstly, the *economic viability* of the idea. This refers to the ability of the idea to provide answers for the most challenging economic questions of a particular time (for example, unemployment, financial crisis, inequality, poverty). It also relates to how the new idea is related to existing theories, as well as the nature of the national economy (closed/open, industrial/agrarian, developed/developing) and its interaction with the world economy. Secondly, the administrative viability of the idea (this relates to the points raised under the “state-centred” approach above. Thirdly, the political viability of an idea (this relates to the “coalition-centred” approach discussed above). Keynesianism - via its emphasis on the role of the state and its acceptance of a capitalist market system - was particularly suited to bridging the post-WWII conflicting interests of socialists and capitalists in Western democracies.

The second set of factors (Hall, 1989b: 376-389) are more pertinent to why Keynesianist economic policies sailed in some waters, and floated or floundered in others. These factors are specifically related to the adoption of Keynesianism as a the underlying economic idea, but they can, in my opinion, also be used to assess the likelihood of the adoption of a new economic idea in contemporary times. The first factor relates to the finding that the adoption of Keynesianism was dependent on *the orientation of the governing party*. In Sweden, the US, and the UK the parties who adopted Keynesian inspired macroeconomic policies had working-class support bases and the reduction of unemployment was high on their political agenda (Weir, 1989 and Pekkarinen, 1989). Keynesianism was therefore part of the policy platform of parties who were aiming to secure the working-class vote. It is important to note that those parties who adopted and implemented such policies were, at the time of implementation, strongly represented in the respective legislatures. A second factor refers to the importance of *the structure of the state and state-society relations* in the adoption Keynesianism. This factor directs us to focus on the institutional characteristics and dynamics of a state, as well as the channels through which the state is connected to

¹³ For example, in May this year, 9 major export-oriented South African manufacturing companies signed a joint statement with COSATU, Federation of Unions of South Africa and the National Council of Trade Unions, which called on government to intervene to make the ZAR (South African Rand) more competitive. The currency appreciated 30% against the US dollar in 2009, and has remained in a strong position this year.

society. The institutional make-up of the state had an effect on the adoption of Keynesian ideas in terms of how centralised the control over macroeconomic management was, the openness of the bureaucracy, and the role of the central bank in the making of policy. In some states economic policy-formulation is the preserve of a cadre of civil servants who have control over access to economic data and the policy-makers (UK). In other cases, access to decision-makers was more open and use is made of outside consultants, economic advisory councils or commissions (US, Sweden, Norway). The more open and accessible bureaucracies facilitate a constant in- and out-flow of ideas, which results in a greater potential for new economic ideas to be implemented, but conversely also a greater propensity for them not to become ingrained. Lastly, where the power and influence of the central bank (usually not sympathetic to deficit spending and the increase of public debt) over economic policy-making is very strong, policy-makers were less inclined to adopt Keynesian policies. In terms of state-society relations (institutionalised channels to mediate between the interests of different economic groups, links with private think-tanks and institutional linkages for the acquisition of finance) the important factor was the mechanism which the various states had at their disposal for debt financing and to access financial markets. This was a particularly vexing problem, because Keynesianism required stimulus spending during time of economic decline (with the resultant increase in the budget-deficit) during a time when capital markets were underdeveloped and governments were hesitant to be beholden to a limited number of private banks who were willing to provide public loans.

Another important factor which emerged from the case studies was the nature of the predominant political ideas within which the debate over the adoption of Keynesianism took place. This is *the structure of political discourse* (Hall, 1989b: 383). We can view this (bearing in mind the ideational aspect of CCT) as the shared understanding(s) which people have of their society, the role of the state, the economy, and their collective memory of their experience with previous policies. It is within this different (national) contexts that a new economic idea must be disseminated and evaluated. Within this existing discourse (shared and articulated understandings of important issues, ideals and the past) the new idea can either be relatively easily accommodated or misunderstood. For example, the notion of economic planning (an essential component of Keynesianism) was deemed to be too interventionist in the US, within the context of a political discourse which is skeptical of the efficacy of “big” government and large stimulus programmes (the latter are regarded as prone to special interest rent-seeking and corruption). Furthermore, during a time when balanced budgets were regarded as a safe-guard against a “runaway” state (spending more and more money to curry political favour and meet the demand for public goods) and when the “hands-off” state was regarded as the alternative to communism, few were keen to accept the “new wisdom, for a new age” or to embrace a new role for the state in economic policy-making (Hall, 1989b: 385).

Finally, there is the factor of the major external event. In the explanation of the adoption of Keynesianism, WWII proved to be the testing ground for the implementation of Keynesian ideas to the running of war-time economies. The success with the implementation of deflationary policies (which did not require deficit spending) and the hegemonic position of the US, led to the export of, and the application of Keynesian ideas to the economic problems of the post-war world. The factors which led to the adoption of Keynesianism corresponded with the “external crisis events” of the 1930s depression (which debunked the notion of a self-regulating market) and WWII (which were a proven-ground for Keynesian policies and their international dissemination). From this, we can assume (for the sake of the argument) that external crisis events and related national crises create the opportunity for the consideration of new economic ideas, that under conditions of hegemonic decline or ascendancy (at the international level) new economic ideas can compete with the orthodoxy of the times, and/or can be diffused as an alternative solution to contemporary problems (Hall, 1989b: 386-389).

Having alluded to and suggested a way forward to conceptualise and reconstitute the various intersubjective understandings (the ideational aspect) of social forces located at the “bottom” of CCT, I have expanded in greater detail on the work of Hall (1989) and his collaborators in order to put forward a method which is able to assess the probability of ideational change at the state-society level and which also take into account the Coxian interactive triad of ideas, material capabilities and institutions. I hope that I have been able to show that the factors which played a role in the adoption of the Keynesian economic idea can be usefully applied (while at the same time being mindful of the changed historical context) to assess the potential of ideational change in the contemporary period¹⁴. The next (empirical) part of my research, will encompass an assessment and analysis of the ongoing ideational contestation around macroeconomic policy formulation in South Africa. I will do this by focusing on the relevant state (societal) structures and policy-makers (Ministry of Finance, Ministry of Economic Development, Ministry Trade and Industry, Reserve Bank, the National Planning Commission, and COSATU) and locate them within the context of the prevailing political discourse, while also linking them to – where necessary – to the external crisis. Furthermore, I will assess the idea of a South African developmental state in terms of its political, economic and administrative viability. My evaluation of the ideational contestation between the different actors is based on the public discourse as it is reflected in the media, as well as the media’s interpretation of this discourse.

¹⁴ Drawing on Hall (1989), Quaglia (2005) undertakes a useful analysis of why and how ideas matter in a single case study of the role of the Bank of Italy in macroeconomic policy formulation. The conclusions highlight the importance of not only “administrative viability”, but also how the technical training of bureaucrats, the culture of the institution, and access to key technocratic policy-makers ultimately determines their “political power.” In other words, for Quaglia (2005: 559), the major locus of explanation for understanding why a particular economic idea is adopted, lies with “influential civil servants”, and not with the other (political, societal, economic) factors that Hall (1989b) also identifies as important.

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