

Reimagining Capitalism in Post-Apartheid South Africa: Elite Capture, Institutional Reform, and the Politics of Inclusive Development

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Abstract: Even though South Africa achieved significant political transformation post-apartheid, entrenched economic inequality and persistently high poverty levels remain unresolved. Moeletsi Mbeki critiques the country's governance model, arguing that redistributive policies like Black Economic Empowerment (BEE) and its broad-based variant (B-BBEE) have primarily enriched only a politically connected elite while failing to deliver meaningful inclusion, exacerbating, rather than alleviating, structural disparities. His call for reimagining African capitalism aligns with Mariana Mazzucato's advocacy for mission-driven state investment in strategic sectors (renewables, agriculture, technology) and Acemoğlu and Robinson's thesis on inclusive institutions. Comparative analysis with Rwanda's developmental state model and Kwame Nkrumah's Pan-Africanist vision further underscores the urgency of institutional reforms to dismantle elite capture and enhance accountability. To do this research, the authors utilised a qualitative research methodology, including a comparative case study approach and discourse analysis of policy frameworks, economic data, and key scholarly contributions. The study concludes that South Africa's crisis stems not from policy scarcity but from implementation failures and elite predation. A paradigm shift, prioritising broad-based participation over narrow enrichment, has now become vital in order to break the low-growth, high-inequality trap the country is in. Without urgent structural reforms, the nation risks irreversible economic decline.

Keywords: Economic inequality, Elite capture, Institutional reforms, Redistributive policies, South Africa, Structural disparities

Introduction

“Even without the direct racial interventions in the labour market such as the reservation of jobs that took place under apartheid, the racial biases in determining where people were allowed to live and in the education, health and social services policy matrix would have created a workforce with racially skewed human capital and spatial characteristics. Such spatial and human capital legacies leave a very long-run footprint and these processes are hard to reverse.” (Leibbrandt et al., 2010: 68)

The term *apartheid*, originating from Afrikaans and meaning ‘separateness’ or ‘separate development’, refers to one of modern history’s most notorious systems of racial segregation and oppression (Ellis, 2019: 63; The Editors of Encyclopaedia Britannica, 2025a). It was a system marked by an oppressive regime, enforced by a white minority government over the non-European majority in South Africa from approximately 1948 until 1994. As part of its policy, apartheid sanctioned racial segregation, enforcing systemic political and economic discrimination against non-whites by dictating where individuals could live and work, the quality of education they received, their social contact and even their fundamental right to vote (Ellis, 2019: 63; The Editors of Encyclopaedia Britannica, 2025a). For instance, one of the dire legacies of apartheid was the significant income gap between white and non-white South Africans based on discriminatory labour policies and wage structures (analysed later in Table 1).

Now, three decades after democracy was initiated, the early optimism has faded in South Africa. The ANC is still clinging to power through another Government of National Unity (GNU) arrangement - a far cry from the transformative vision of the early 1990s (Schwikowski, 2024). This diminished outlook reflects the party's ongoing struggles to address the complex, often contradictory challenges inherited from apartheid and their rampant corruption (Chemam, 2024). For example, the post-apartheid government continues to face significant obstacles in implementing transformative policies while tackling persistent economic inequalities (Mogoboya and Mahasha, 2020: 50–51; Zarenda, 2001: 643). These enduring tensions manifest in the several key areas identified in this paper and those set out by Zarenda (2001, p. 643) and Chemam (2024) as follows:

- The dismantling of the apartheid-era structures and addressing their enduring negative consequences.
- Endeavouring to meet the heightened expectations of the majority following the establishment of the first democratically elected government.
- Confronting systemic corruption exposed by a 2022 judicial inquiry into graft within ANC leadership during former President Jacob Zuma's administration.
- Countering influence peddling is revealed through investigations of wealthy business figures purchasing political favours for economic gain.
- Fostering sustainable economic growth and job creation.
- Adapting to a profoundly transformed global landscape that had already taken shape when the government assumed power (Chemam, 2024; Zarenda, 2001: 643).

For these reasons and more, reimagining apartheid's enduring legacy has become imperative, echoing Lalu's (2015, p. 52, as cited in Khan and Mohamed, 2023, pp. 722) call for conceptual renewal. This is because three decades into democracy, South Africa remains trapped in the same uncertain trajectory that characterised its early post-apartheid years, marked by economic stagnation, institutional fragility, and unfulfilled promises (*The World Bank Group*, 2025b). The nation still oscillates between the unrealised potential of a social democratic welfare state and the persistent reality of a corrupt governance system, elite capture (Chemam, 2024; Khan and Mohamed, 2023: 723–724). The transformative visions articulated in the ANC's African Claims (1943) and the Congress Alliance's Freedom Charter (1955), which envisioned a non-racial, socially democratic state capable of redressing historical injustices and expanding material citizenship, have largely failed and faded. That is why the research done here is so invaluable.

This article proposes a critical re-examination of South Africa's political economy through comparative institutional analysis, addressing the persistent tetrad of inequality, poverty, elite capture and corruption that has endured despite three decades of redistributive policies (Chemam, 2024; *Inequality, Poverty, and Jobs: South Africa's relationship to the Fourth Industrial Revolution*, 2018; *Reducing Poverty and Inequality in South Africa*, n.d.; McKinley, 2025). Through qualitative analysis, including policy discourse evaluation and comparative case studies (notably Rwanda's developmental state and Nkrumah's Pan-Africanist vision), the article interrogates how strategic state intervention in sectors like renewable energy and technology could dismantle path dependencies (Biney, 2012; Gaudreault and Bodolica, 2024).

The Theoretical Framework

To interrogate the persistence of inequality, poverty, and elite-mediated corruption in post-apartheid South Africa as discussed, this study engages in a critical examination of the structural and institutional configurations that have reconstituted, rather than transformed, the country's political economy. The apparent paradox of a democratised political system coexisting with racially stratified economic exclusion necessitates a robust theoretical interrogation of the mechanisms sustaining this contradiction. Thus, the analytical framework adopts four intersecting conceptual lenses to deconstruct these dynamics:

Elite Capture and the Political Economy of Redistribution

Moeletsi Mbeki's (Thorne, 2025) assessment of the ANC and their policies, such as Black Economic Empowerment (BEE), preferential procurement, and the public sector expansion (which uplifted some of the African middle class, many of whom joined the civil service). However, these measures left behind the urban working class and rural poor, who now feel and are economically excluded. Mbeki sharply critiques BEE, arguing that instead of driving inclusive growth, it enriched a *connected elite*, stifling broader economic innovation and deepening disillusionment among marginalised voters. Thus, BEE/B-BBEE underscores how elite pacts between political actors and emergent capital have repurposed redistribution as a mechanism for patronage rather than structural change. This aligns with Joseph Stiglitz's (2012, 2018) assertion that 'an economic system that only delivers for the very top is a failed economic system' (Stiglitz, 2012: 9). Broadly, the author contends that inequality persists when reforms prioritise rent-seeking

opportunities over systemic access to productive assets. A key quote from Stiglitz's (2016: 141) work in this regard is: "Thus, rent-seeking means getting an income not as a reward for creating wealth but by grabbing a larger share of the wealth that would have been produced anyway. Indeed, rent-seekers typically destroy wealth, as a by-product of their taking away from others.". Together, these perspectives reveal how South Africa's political economy sustains elitist extractive networks under the guise of transformation.

Institutional Economics: The Cycle of Extraction

Paths to Inclusive Political Institutions (Acemoğlu and Robinson, 2016) critiques the elite-centric theories of institutional reform (such as Huntington and Fukuyama). These theories tend to prioritise state capacity before broad political participation. More inclusive institutions only emerge once civil society norms and state capacity co-evolve, as can be seen in the historical example of England, creating a virtuous cycle where broad coalitions dismantle extractive systems. For South Africa, this work implies that elite-driven reforms and placements (such as BEE/B-BBEE and cadre deployment or ANC party activists being employed while eroding the quality of our civil service) without participatory civil society engagement risk reinforcing exclusion (*Institute of Race Relations*, 2025). Thus, Acemoğlu and Robinson's (2016) framework of inclusive versus extractive institutions elucidates South Africa's stagnation: despite democratic reforms, apartheid-era economic hierarchies endure through legalistic but exclusionary institutions (e.g., financialised BEE/B-BBEE deals and labour market segmentation) and by placing ANC 'party activists in positions of power in institutions of state – which are constitutionally mandated to be impartial and serve society as a whole' (*Institute of Race Relations*, 2025). The state's inability to dismantle these architectures reflects path dependencies that reward elite coordination at the expense of broad-based participation.

Developmental State Theory and the Promise of Mission-Oriented Reform

Mariana Mazzucato's (Bedoya-Parra et al., 2024; 2015) work on mission-oriented innovation offers a counterpoint, arguing that strategic state investment in high-impact sectors (e.g., renewable energy, industrial policy) could disrupt path dependency. However, as Uyarra et al. (2025: 1–2) asserts, mission-oriented policies targeting grand challenges like climate change frequently adopt a 'one-size-fits-all' approach, neglecting place-specific conditions. This oversight risks ineffective implementation, policy failure, and unintended regional inequalities, particularly when top-down directives clash with local needs and capacities. That is why a more spatially sensitive approach is needed to ensure missions translate into equitable, context-appropriate solutions. Thus, applying this to South Africa requires engaging Pan-African critiques of postcolonial statecraft (Biney, 2012; Johnson, 2022). For instance, can a developmental state truly emerge without addressing the enduring legacies of racial capitalism (a system where the state deliberately enforced racial segregation to maintain class exploitation, particularly through divided labour markets and controlled migrant labour) (Farkash, 2015; Levenson and Paret, 2023: 3408–3409)? Or, can it truly overcome neo-colonial constraints, where White economic dominance persists behind the façade of Black political rule? These critical dimensions remain underemphasised in Mazzucato's framework and has to be incorporated in the South African context.

These theoretical frameworks are vital in analysing the South African trajectory, where a fundamental misalignment between transformative rhetoric and institutional practice is taking place. While the state's policies nominally draw from inclusive development and state-led innovation theories, their implementation reflects elite capture (Thorne, 2025), extractive institutionalism (Acemoğlu and Robinson, 2016), and underpowered state capacity (Bedoya-Parra et al., 2024; Mazzucato, 2015). The result is a hybrid system that instrumentalises transformation, a dynamic that this paper situates within broader African political economy debates. The key question is: How might a reconstructed developmental state, one that internalises critiques of elite power while leveraging mission-oriented tools, transcend this impasse?

Methodology

This study employs a qualitative and interpretivist research design to critically analyse South Africa's post-apartheid political economy and its potential transition toward a developmental state model (Ng, 2008; Nickerson, 2024; Wiesner, 2022). The methodology combines in-depth discourse analysis with comparative case study approaches, allowing for both textual examination of policy narratives and contextual evaluation of institutional performance across different national settings (Alejandro and Zhao, 2024; Priya, 2021).

The discourse analysis component systematically examines government policy frameworks, including BEE/B-BBEE (Broad-Based Black Economic Empowerment) charters, the National Development Plan (NDP), and the Industrial Policy Action Plan (IPAP) (*Business Action for Sustainable Growth Business Action in Support of the NDP*, 2016; Department of Trade, Industry and Competition (DTIC), n.d.; *Industrial Policy Action Plan, 2018/19-2020/21* :

Economic Sectors, Employment and Infrastructure Development Cluster, 2018; *Industrial policy in a turbulent world*, 2017; Rethabile et al., 2017). This analysis extends to public speeches and writings by influential figures such as Moeletsi Mbeki, policymakers, and critical commentators (Thorne, 2025). To ground these discursive findings in material outcomes, the study triangulates policy rhetoric with key economic indicators, including income inequality, unemployment rates, and access to basic services, drawing on datasets from different sources throughout the paper.

The comparative case study approach positions South Africa as the primary case, evaluating its post-apartheid economic trajectory against alternative development models (Priya, 2021). Rwanda serves as a key contrast case, demonstrating elements of a developmental state approach in the African context (Gaudreault and Bodolica, 2024; Ng, 2008). For a broader perspective, the study endeavours to incorporate other examples and the insights of Pan-Africanist economic policies and state-led development strategies. However, the paper does acknowledge several methodological limitations. The qualitative nature of the study, while providing depth and contextual understanding, limits the generalisability of findings (Vaughan, 2025). The discourse analysis component carries inherent interpretive subjectivity, and the reliance on secondary data sources may obscure certain ground-level realities (Alejandro and Zhao, 2024). These limitations are mitigated through methodological triangulation and theoretical pluralism.

Thus, the study pursues two primary objectives: first, to systematically evaluate how post-apartheid economic policies like BEE/B-BBEE have affected patterns of economic inclusion and exclusion; and second, to identify potential institutional reforms that could facilitate a transition toward more inclusive, mission-driven development. By bridging critical policy analysis with innovative theoretical perspectives, the research ultimately aims to contribute actionable policy recommendations that prioritise true structural transformation over a simpler and anti-progressive elite accommodation strategy, offering potential pathways toward greater governance accountability and broad-based economic participation.

The Historical and Policy Context

The dismantling of apartheid in the early 1990s culminated in South Africa's historic democratic transition (Mogoboya and Mahasha, 2020: 50–51). This period was the country's most radical political and constitutional overhaul, resulting in its first democratic elections in 1994. It also resulted in the formation of the GNU, led by the African National Congress (ANC), a liberation party that was banned during apartheid but now found itself governing a democratic South Africa. However, this political transition, while revolutionary, inherited persistent structural inequalities embedded in the nation's economic architecture. What is often overlooked is that South Africa's new democracy initially maintained a positive economic outlook with significant policy flexibility (Khan and Mohamed, 2023: 723). As late as 1995, scholars observed the country's capacity to chart its own economic course despite global pressures. This potential was exemplified by the ANC's Macroeconomic Research Group (MERG), whose 1993 report, *Making Democracy Work*, proposed a social democratic framework balancing growth with redistribution—a model even praised by the World Bank.

However, implementation faltered for several interrelated reasons, as discussed by Khan and Mohamed (2023: 723–724). First, elite pacts between ANC leaders and established white businesses preserved existing economic structures rather than improving them. Second, constitutional safeguards, particularly stringent protections for property rights and central bank independence, constrained reform efforts further. Third, while the corporate elite became deracialised, it remained concentrated, retaining a disproportionate amount of economic influence. Thus, these outcomes reflected deeper historical path dependence from decades of collusion between apartheid-era business interests and the National Party (NP, 1948–1994). Subsequently, BEE/B-BBEE policies often reinforced existing capital structures rather than redistributing ownership, prioritising elite enrichment over systemic transformation (Khan and Mohamed, 2023: 724). This failure to fundamentally restructure the economy had lasting consequences.

Post-Apartheid Governance, Redistribution and Income by Race

In 1994, the ANC introduced the Reconstruction and Development Programme (RDP), prioritising social welfare and poverty relief (ANC, 1994). But just two years later, with the adoption of the Growth, Employment, and Redistribution (GEAR) strategy in 1996, the policy direction shifted dramatically towards neoliberalism, putting macroeconomic stability ahead of redistributive aims (Marais, 2011). Later frameworks, such as B-BBEE, intended to address racial economic disparities, have instead been criticised for enriching elites rather than achieving widespread inclusion (Tangri and Southall, 2008). Furthermore, the National Development Plan (NDP) did not help with these challenges but rather entrenched a market-oriented approach while structural inequality and chronic unemployment remained mostly unchanged (National Planning Commission, 2012). A further issue is the unequal annual per capita personal income by race in South Africa, as set out in Table 1.

Table 1: A compilation of Estimates of Annual Per Capita Personal Income by Race Group in 2000 Rands and Relative to White Levels, 1917-2008

Year	White	Coloured	Asian	African	Average
Per capita income in constant 2000 Rands:					
1917	13 069	2 875	2 894	1 184	3 946
1924	13 853	2 770	2 694	1 099	4 137
1936	19 212	3 000	4 443	1 462	5 359
1946	26 252	4 280	6 037	2 331	7 556
1956	30 494	5 158	6 668	2 627	8 541
1960	31 230	4 977	5 340	2 532	8 378
1970	45 751	7 929	9 248	3 133	11 140
1975	49 877	9 688	12 687	4 289	12 696
1980	48 340	9 238	12 304	4 088	11 818
1987	45 828	9 572	13 823	3 879	10 661
1993	46 486	8 990	19 537	5 073	11 177
1995	48 387	9 668	23 424	6 525	12 572
2000	56 179	12 911	23 025	8 926	16 220
2008	75 297	16 567	51 457	9 790	17 475
Relative per capita personal incomes (% of White level):					
1917	100	22.0	22.1	9.1	30.2
1924	100	20.0	19.4	7.9	29.9
1936	100	15.6	23.1	7.6	27.9
1946	100	16.3	23.0	8.9	28.8
1956	100	16.9	21.9	8.6	28.0
1960	100	15.9	17.1	8.1	26.8
1970	100	17.3	20.2	6.8	24.3
1975	100	19.4	25.4	8.6	25.5
1980	100	19.1	25.5	8.5	24.4
1987	100	20.9	30.2	8.5	23.3
1993	100	19.3	42.0	10.9	24.0
1995	100	20.0	48.4	13.5	26.0
2000	100	23.0	41.0	15.9	28.9
2008	100	22.0	60.0	13.0	23.2

Source: Leibbrandt et al., 2010, p. 13

Table 1 clearly indicates the reality of the discussed racial disparities in per capita income terms across South Africa from 1917 to 2008, measured in constant 2000 Rands (Leibbrandt et al., 2010: 13). The statistics show that White South Africans consistently maintained the highest income level throughout this period, with their per capita income rising from R13,069 in 1917 to R75,297 in 2008. In contrast, incomes for non-white citizens (the Coloured, Asian, and African populations) remained disproportionately low (where African per capita income was R1,184 in 1917, making up a mere 9.1% of the white population's income levels). While the data does indicate a reduced gap occurring over time, the significant inequalities persisted. For example, by 2008, the African income levels had only reached 13% of White levels, while Asian incomes showed the most notable improvement, rising from 22.1% of White incomes in 1917 to 60% by 2008. On the other hand, the 'Coloured' population's relative income fluctuated between 15% and 23% of White levels, reflecting only partial progress. Thus, these figures illustrate the enduring economic legacy of apartheid, where systemic racial segregation entrenched long-term inequality, even after the regime's formal end in 1994 (Leibbrandt et al., 2010: 13).

Economic Performance and Other Inequality Trends

South Africa continues to rank among the world's most unequal societies. In 2022, the World Bank (2023) reported the country's Gini coefficient at 0.63 – a stark indicator of deep income divides. These inequalities are strongly linked to race and geography: Black South Africans, making up around 80% of the population, account for over 90% of those living in poverty (Statistics South Africa, 2023). Unemployment is persistently entrenched, with an overall rate exceeding 32.1% in the first quarter of 2023, and youth unemployment is an alarming 62.1%, hitting Black youth especially hard (Stats SA, 2023).

The root of these structural inequalities is due to South Africa's post-apartheid macroeconomic framework. For instance, South Africa's fiscal and monetary policies have largely stayed centralised and conservative, with a strong focus on inflation control and fiscal austerity instead of transformative redistribution (Mboweni, 2020; Bond, 2014). Despite the formal dismantling of apartheid, the neoliberal policy orthodoxy cemented under GEAR in 1996 has continued to steer South Africa's development path, frequently sidelining inclusive growth. As Acemoglu, Robinson,

and Verdier (2012) argue, persistent elite control over economic institutions, coupled with weak redistributive capacity, feeds long-standing inequality in transitional contexts like South Africa.

Unconsolidated Economic Models and Institutional Fragility

At the centre of South Africa's economic crisis lies its failure to consolidate a unified developmental model. A financialised, service-heavy private sector has largely displaced investment in productive industries such as manufacturing and agriculture. While sectors like luxury retail, private education, and telecommunications have thrived, basic infrastructure has deteriorated. Also, the equity transfer model embedded in BEE/B-BBEE created politically connected shareholders, but did not nurture productive entrepreneurs. Cadre deployment transformed diplomatic roles and state-owned enterprises into vehicles of patronage, eroding professionalism and accountability in public institutions (Chipkin and Meny-Gibert, 2022).

A core driver of inequality has been the concentration of economic power among a racially exclusive capitalist elite, sustained by monopolies in critical industries such as mining, energy, banking, and telecommunications. To illustrate, five firms account for over 85% of mining-sector value, while four banks control more than 90% of banking assets (Fine and Rustomjee, 1996; Competition Commission, 2021). These oligopolies, rooted in colonial-apartheid accumulation, continue to stifle competition, depress wages, and limit the developmental capacity of the state (Southall, 2016).

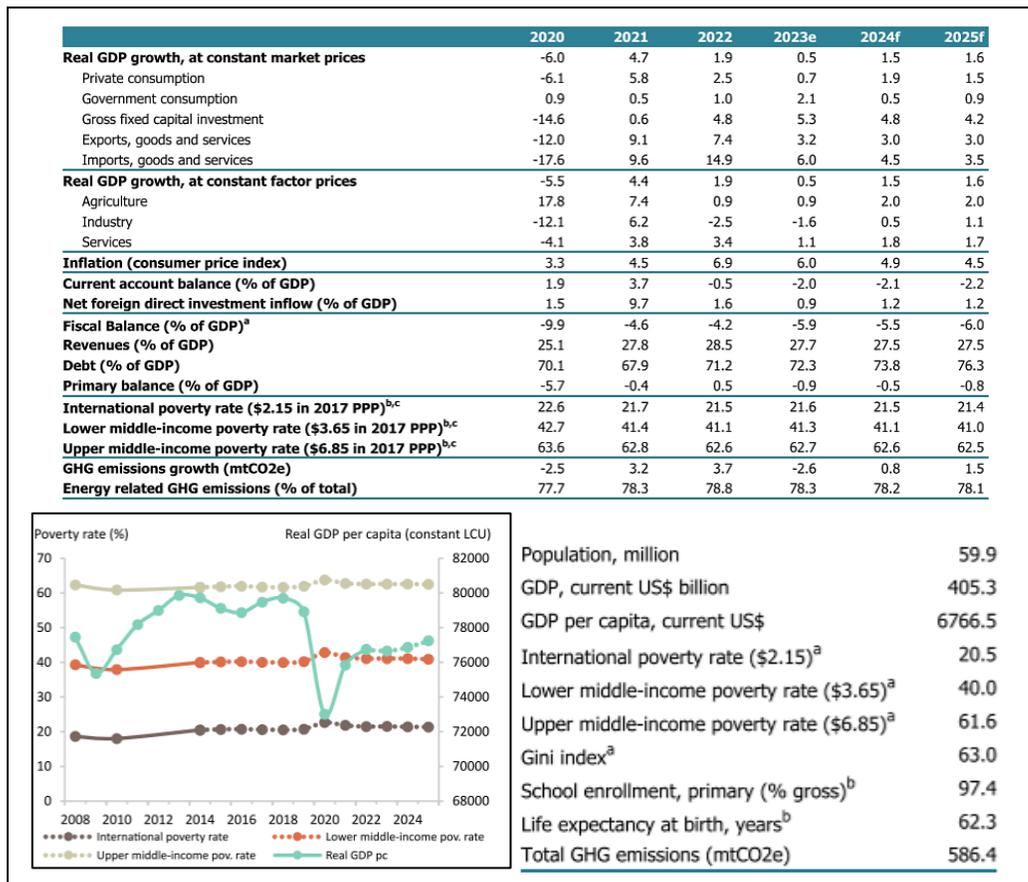
The data indicates that B-BBEE has only partially achieved its stated mission of alleviating inequality. Although it has supported a modest Black capitalist class, it has barely shifted ownership structures or advanced broader inclusion. Many B-BBEE transactions have been driven by elite interests, built on leveraged debt, and lacking in productive reinvestment, reinforcing patterns of rent-seeking rather than catalysing genuine transformation (Ponte, Roberts and van Sittert, 2007). Therefore, wealth accumulation remains deeply racialised, gendered, and spatially uneven, leaving rural and peri-urban regions systematically neglected, as analysed in the next section.

The Analysis

Assessments by the National Treasury (2024) and the World Bank (2023) reveal that the South African economy is trapped in low-growth stagnation (refer to Figure 1) (Oosthuizen and Mkhize, 2024: 162). For instance, in 2023, GDP growth plummeted to 0.6%, crippled by relentless load-shedding, logistical collapses (freight rail and ports), and systemic maintenance failures. The data indicate that South Africa's GDP growth has averaged a mere 0.8% since 2012, a rate that perpetuates rampant unemployment (32.1% in Q4 2023) and entrenched poverty (Cowling, 2024). Yet, beyond these structural constraints, the rhetoric of economic reform, particularly within empowerment policies, further obscures the roots of stagnation.

Next page

Figure 1: South Africa’s Macro Poverty Outlook Indicators, Actual and Projected Poverty Rates, with Real GDP Per Capita and other Miscellaneous Official Data for 2022

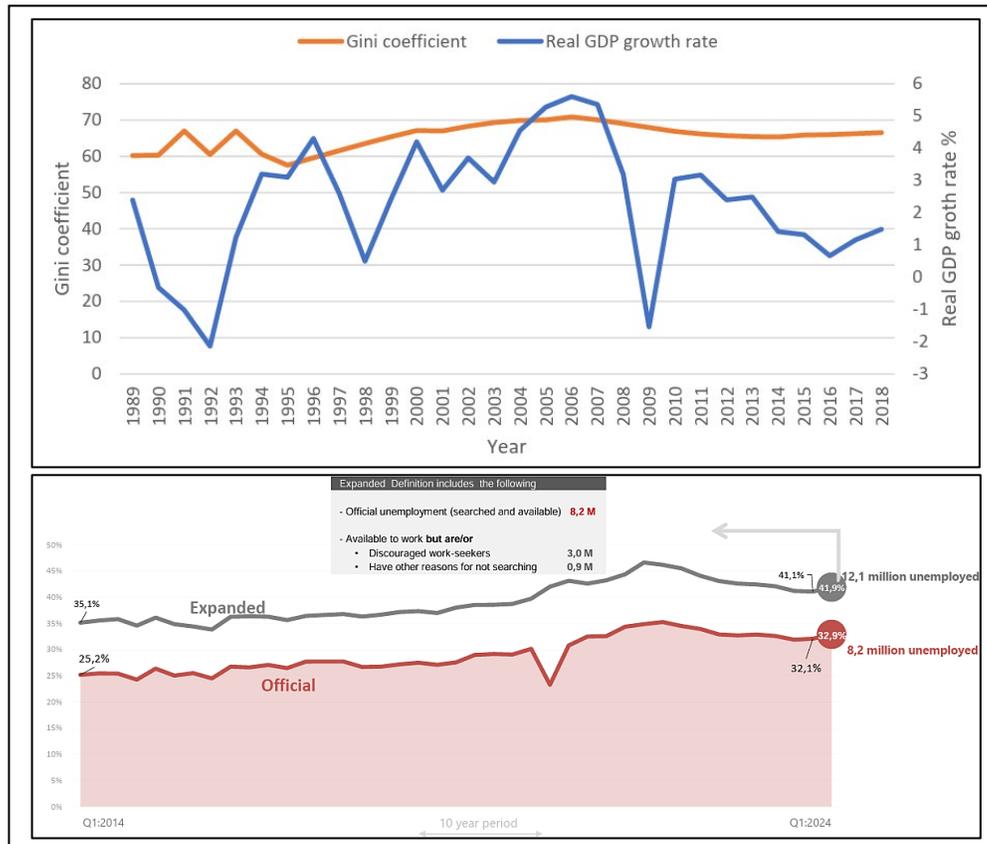


Source: World Bank, 2023: 1–2

The data also reveals two modern and intertwined crises crippling South Africa’s economy in Figure 2: entrenched inequality and systemic unemployment (Maluleke, 2024: 8; Mdingi and Ho, 2023: 4). The top Gini coefficient graph shows persistently high income inequality (among the world’s worst) despite fluctuating Gross Domestic Product (GDP) growth, underscoring how economic gains have failed to redress disparity. Meanwhile, the unemployment figures paint a devastating picture where a staggering 8.2 million people are officially jobless, with an additional 3.9 million discouraged or unable to seek work, pushing the real unemployment rate toward 35.1%. The decade-long comparison (2014–2024) suggests these issues are structural, not cyclical, with ‘growth’ benefiting a narrow elite while leaving millions behind. Together, these charts expose the paradox of an economy that grows while excluding its majority.

Next page

Figure 2: South Africa's Gini Coefficient with the Growth Rate of real GDP (1989–2018) and the Expanded and Official Unemployment Rates (Q1 2024)



Source: Maluleke, 2024: 8; Mdingi and Ho, 2023: 4

Furthermore, in 2020, women earned roughly 30% less than men on average, reflecting systemic disparities in employment access and wage distribution (*Inequality Trends in South Africa: A Multidimensional Diagnostic of Inequality*, 2019: 61–62; *Statistics South Africa*, 2020). Racial inequalities are even more stark: while Black Africans face the highest unemployment rates, even those employed earn the lowest wages, just R6,899 per month (2011–2015 average) (also see Table 1). In contrast, White workers earned over three times more (R24,646), with Coloured (R9,339) and Indian/Asian (R14,235) workers occupying an intermediate but still unequal position. Geographically, inequality follows a clear pattern. The most recent data (Q2 2024) shows Black Africans face an unemployment rate as high as 36.9%, almost five times more than their White counterparts (7.9%). This racial disparity has worsened slightly year-on-year (+0.8% for Black Africans vs +0.5% for Whites), demonstrating persistent structural barriers (Statista Research Department, 2025). These racial inequalities are further compounded by gender and age disparities. For example, women consistently experience higher unemployment than men (36% vs 30% in 2023), while the youth (aged 15 to 24 years) face disastrous unemployment levels of 60.7% (Statista Research Department, 2025).

When it comes to the provinces, the Eastern Cape was the most unequal in 2015, followed by the Western Cape and Mpumalanga (*Inequality Trends in South Africa: A Multidimensional Diagnostic of Inequality*, 2019: 53–54). While most provinces saw declining inequality from 2006–2015, Limpopo and the Eastern Cape stagnated. Household expenditure data reinforces this divide: Gauteng and the Western Cape had significantly higher mean and median incomes, while Limpopo and the Eastern Cape remained the poorest—a stark reminder of South Africa's entrenched spatial and economic disparities (*Statistics South Africa*, 2020).

Discourse Analysis: Empowerment as a Disguise

The language built into B-BBEE policy frameworks leans heavily on slogans like *upliftment*, *access*, *participation*, and *broad-based empowerment*. However, closer inspection shows these terms often serve a mere ideological function, masking the consolidation of a Black elite closely tied to established White economic power (Southall, 2007; Habib, 2013). Despite a surface-level promise of transformation, the realities point to stagnation and rising inequality. In this way, the language becomes a tool to legitimise elite accumulation rather than driving structural change.

A corpus linguistic review of 2,784 parliamentary debates between 1996 and 2022 – analysing the frequency and framing of phrases like *radical economic transformation* and *inclusive growth*, reveals a widening disconnect between political talk and actual institutional action. Between 2010 and 2020, *radical economic transformation* was mentioned over 5,300 times, yet there is almost no concrete evidence of corresponding shifts in fiscal policy, sectoral investment, or land reform (Parliamentary Monitoring Group, 2023). Here, language stands in for redistribution. As Escobar (1995) suggests in post-development theory, development discourse often produces managed subjects instead of empowering them.

In its current design, B-BBEE reflects what Mbeki (2009) termed *black managerial capitalism*: a handover of rentier privileges that does not spark productive transformation. This validates the institutional critiques of Acemoglu and Robinson (2012), who argue that post-colonial elites replicate exclusionary systems under new racial identities. A focus on ownership transfer, instead of building real capabilities, has left deep youth marginalisation and structural unemployment largely intact.

Between 2001 and 2023, BEE shareholding transactions shifted an estimated R1.5 trillion (Empowerdex, 2023), yet youth unemployment among Black South Africans remains above 60% (StatsSA, 2023). Worse, fewer than 3% of BEE beneficiaries captured more than 80% of deal value, showing a tight concentration of wealth among a politically connected minority (Intellidex, 2019). This pattern echoes Piketty's (2014) warning: asset-based interventions that lack deep institutional reform simply intensify inequality.

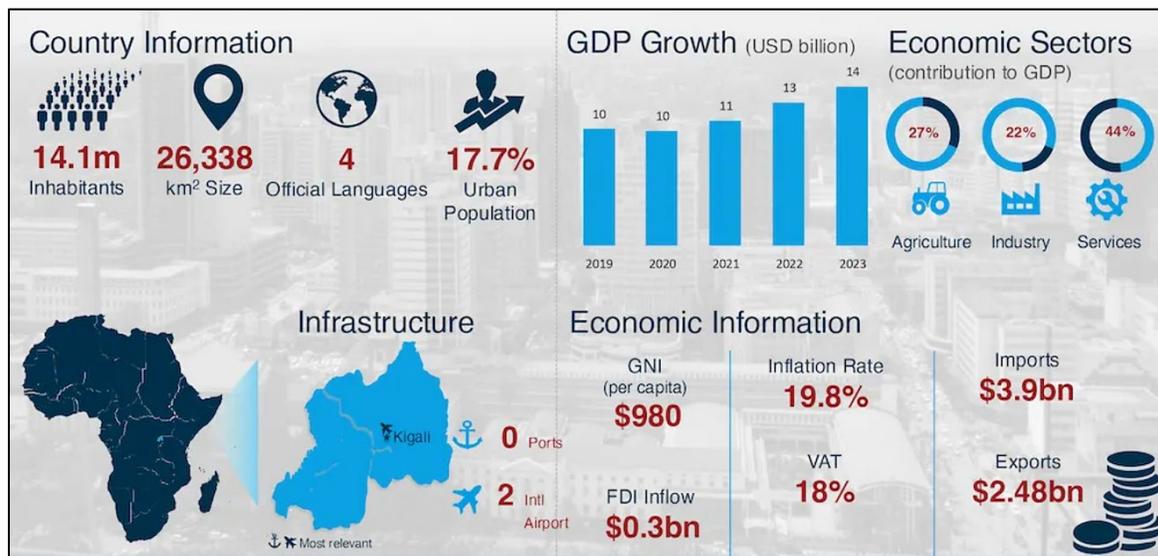
Today, South Africa sits at the extractive end of the inclusive–extractive institutional spectrum, with no catalytic state capacity to pivot its development logic. As Mamdani (1996) points out, the legacy of bifurcated power – dividing elite citizens from marginalised subjects – endures in modern forms. This challenge is more than technocratic; it is fundamentally about who defines development, who benefits, and whose version of inclusion policy ultimately serves.

A Comparative Case Study: South Africa vs. Rwanda

An overview of Rwanda indicates that it has attained an average GDP growth of 4.5% over the past decade despite its landlocked geography (*Amena Africa*, 2025). In 2023, the country's \$13 billion economy remained diversified, with services contributing 44% to GDP, followed by industry (22%) and agriculture (27%) (refer to Figure 3). Key infrastructure, including two international airports and ports in Kigali, supports trade, though imports (\$3.9 billion) still outweigh exports (\$2.48 billion). With a Gross National Income (GNI) per capita of \$980 and a 17.7% urban population, Rwanda balances rural and urban development while maintaining macroeconomic stability, evidenced by an 18% VAT rate and \$0.3 billion in Foreign Direct Investment (FDI) inflows. However, a high inflation rate of 19.8% in 2023 highlights ongoing challenges amid its growth narrative (*Amena Africa*, 2025).

Next page

Figure 3: Rwanda at a Glance - 2023



Source: *Amena Africa*, 2025

While Rwanda has emerged as one of Africa's fastest-growing economies, South Africa continues to face persistent stagnation (*African Development Bank Group*, 2024; *Inequality in Southern Africa: An assessment of the Southern African Customs Union - Country Brief: South Africa*, 2022; *The World Bank Group*, 2025a). Rwanda's real GDP grew by an impressive 9.7% in the first half of 2024, building on an average growth rate of 8.2% between 2022 and 2023. This robust performance has been driven by a resurgence in tourism, expanded construction projects, and increased manufacturing output, with the World Bank projecting sustained momentum into 2025-26. In stark contrast, South Africa's growth decelerated sharply from 1.9% in 2022 to just 0.6% in 2023, according to the African Development Bank. Structural constraints, including chronic electricity shortages, transport inefficiencies, and declining commodity prices, weighed heavily on key sectors, with agriculture contracting by 3.2% and mining output falling by 1.6%. This divergence underscores how policy and infrastructural challenges have stifled South Africa's economic potential, even as other African nations capitalise on strategic investments and global recovery trends (*African Development Bank Group*, 2024; *The World Bank Group*, 2025a).

This comparison with Rwanda underlines South Africa's institutional shortcomings. Although Rwanda cannot be called a model democracy, it illustrates what a "mission-oriented developmental state" can achieve (Mazzucato, 2021). With tight bureaucratic coordination and clear policy direction, Rwanda has funnelled public investment into agro-processing hubs, innovation incubators, and renewable energy projects (Booth et al., 2018; Government of Rwanda, 2023). South Africa, by contrast, remains tangled in rent-seeking alliances described by Acemoglu and Robinson (2012), which extract resources instead of redistributing them.

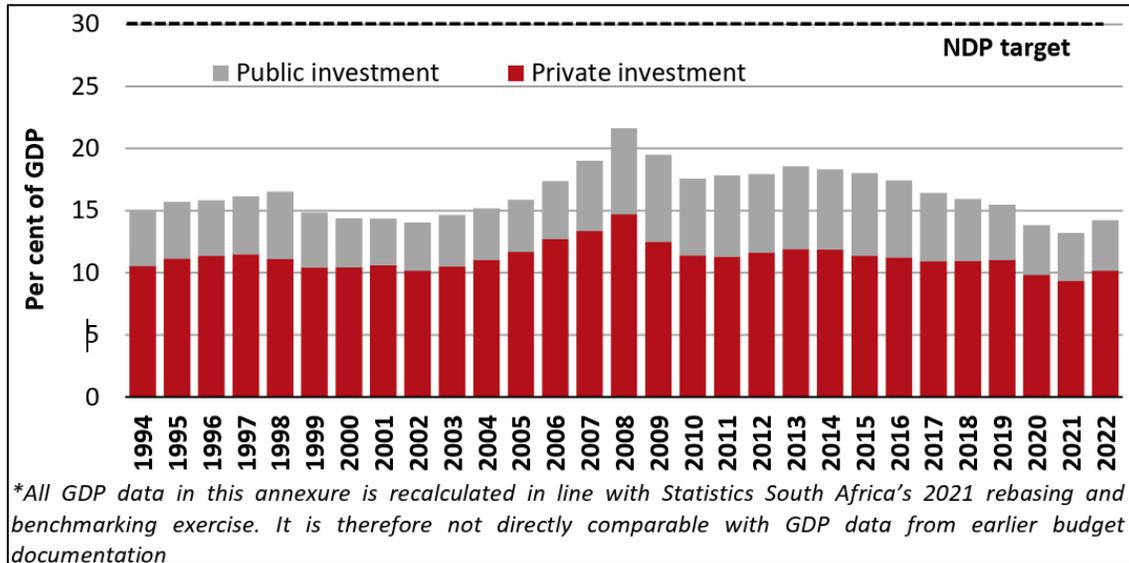
South Africa's Public Investment Corporation (PIC), for example, manages assets exceeding R3.4 trillion but largely sticks to low-risk holdings and politically connected investments rather than driving industrial change or job creation (PIC Annual Report, 2023). Likewise, the South African Reserve Bank (SARB), with over \$61 billion in reserves, remains institutionally boxed in by an inflation-targeting mindset, leaving little room to align monetary policy with inclusive development goals.

South Africa's Medium-Term Expenditure Framework (MTEF) Shortcomings and the Potential of Renewed Public-Private Sector Relations

Illustrated in Figure 4 is South Africa's Medium-Term Expenditure Framework (MTEF) for 2024, which allocates a total of R943.8 billion toward infrastructure development over the next three years (National Treasury, 2024: 146). The largest share of this expenditure (R374.7 billion) is designated for State-Owned Enterprises (SOEs), reflecting their fundamental stake in national infrastructure expenditure. Municipalities and provincial governments follow with projected investments of R213.8 billion and R183.7 billion, respectively. Within this budgetary framework, R43.7 billion is allocated to public housing initiatives, while economic infrastructure, encompassing energy, transport, and

water systems, accounts for the most (81.4%) of total expenditure. Social infrastructure, notably health (4.3%) and education (6.0%), comprises the remaining mere 15.7% of the budget. Collectively, these allocations are thus designed to address critical infrastructure deficits and catalyse sustainable economic growth as part of South Africa’s broader recovery agenda (National Treasury, 2024: 146).

Figure 4. Public and Private Sector Capital Investment as Share of GDP (1994–2021)*



Source: National Treasury, 2024: 146

However, this recovery strategy’s efficacy is questionable. First, the MTEF allocates the largest share toward infrastructure and development, with SOEs receiving nearly a 40% share (R374.7 billion) (National Treasury, 2024: 146). This is decidedly problematic, given these SOEs’ well-documented and chronic mismanagement, draining the country’s economy of approximately R2 trillion in lost output since 2010 (Bernstein, 2024). Such a loss meant the government had to divert over R400 billion in taxpayer funds for bailouts, an unsustainable fiscal burden that has significantly exacerbated pressure on already strained public finances. Thus, the disproportionate allocation raises serious concerns, and reminds the author of Japan’s *zaibatsu*: South Africa’s SOEs also dominate strategic sectors such as energy, transport and logistics and were conceived as engines of national development (Addicott, 2017; The Editors of Encyclopaedia Britannica, 2025b). However, where *zaibatsu* drove Japan’s industrialisation through private capital and ruthless efficiency, South Africa’s SOEs, such as Eskom and Transnet, have become parasitic entities, haemorrhaging public funds while dismally failing to deliver services (Bernstein, 2024).

Second, and equally troubling, is the total allocation to social infrastructure, which only equates to 15.7% of the total amount spent on this sector (National Treasury, 2024: 146). In this allocation, health (4.3%) and education (6.0%) receive only marginal shares, two sectors which have experienced significant challenges. For example, recent data from an international assessment reveals that over 75% of nine-year-olds in South Africa lack basic reading comprehension skills, with disparities across regions, reaching as high as 91% in the Limpopo province and 85% in the Eastern Cape (Amnesty International South Africa, 2020). Furthermore, systemic inefficiencies persist throughout education levels: of every 100 learners who enrol in school, a meagre 50 to 60 reach their final matriculation year, of which only 40 to 50 successfully pass, and only 14 progress to university if they can afford it. Healthcare in the country is equally problematic.

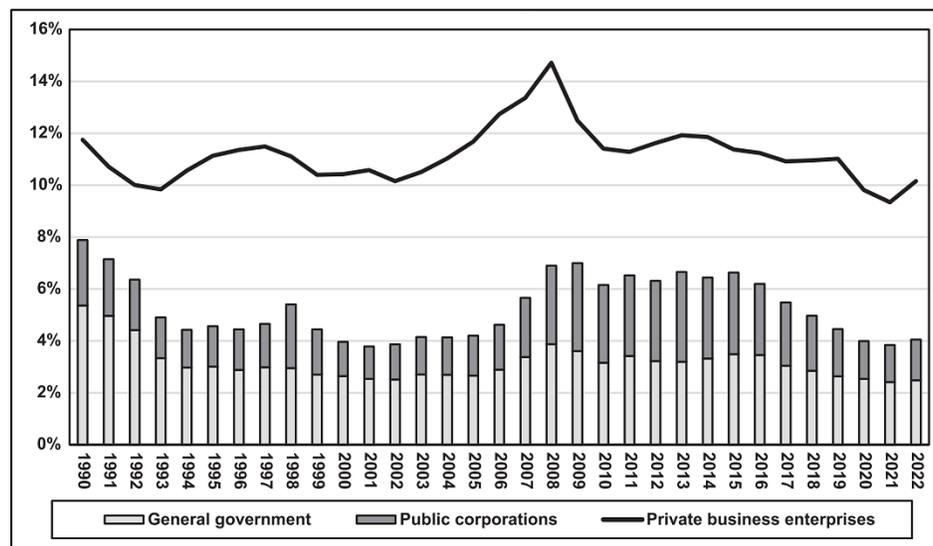
South Africa faces a severe health crisis due to its quadruple burden of disease, namely: HIV/AIDS, infectious diseases, non-communicable diseases (NCDs), and injuries. These burdens all lead to high mortality and morbidity, according to de Villiers (2021: 3). Furthermore, with the world’s highest HIV-positive population of around 7.1 million people and rising (accounting for 57.4% of deaths), the overstretched public health system struggles with inefficiencies, quality of treatment/facilities, staff shortages, and disparities between rural and urban care. Despite serving 84% of the population, the underfunded and mismanaged public sector is only able to spend \$140 per capita annually on healthcare as compared to the \$1,400 spent in the private sector. These levels serve to further exacerbate

inequities and leave the state to bear the healthcare burden amid widespread poverty and unemployment (de Villiers, 2021).

South Africa's Post Apartheid Capital Formation

Another area of concern is the nation's capital formation tendencies after apartheid ended. The expansion of real gross fixed capital formation is crucial in driving growth in real gross domestic expenditure, and it significantly contributes to overall GDP growth and poverty alleviation (Akobeng, 2017: 153–154; South African Reserve Bank (SARB), 2020). A deeper analysis of Figure 5 indicates that South Africa has struggled with persistently low gross fixed capital formation (GFCF), averaging just 16.5% of GDP between 1990 and 2021. These levels are far below global (24.2%), middle-income (27.3%), and upper-middle-income (27.7%) country benchmarks (Mohamed and Fine, 2025: 149–150). This underinvestment reflects deeper structural issues evident when analysing investment distribution across general government, public corporations, and private enterprises.

Figure 5: Gross Fixed Capital Formation by Government, Public Corporations and Private Business Enterprises (% of GDP)



Source: Mohamed and Fine, 2025: 150

Mohamed and Fine's (2025) analysis of investment patterns through the Monitoring of Entity Financial Commitments (MEFC) framework reveals fundamental flaws in South Africa's economy, where the financialisation and restructuring of both private and state-owned corporations have distorted capital allocation (Mohamed and Fine, 2025: 150). Contrary to conventional assumptions, corporate profitability has remained robust, suggesting that low investment levels stem not from poor returns but from skewed sectoral incentives. Thus, the post-1994 period demonstrates how capital consistently favoured non-tradable service sectors with high markups and resource-dependent heavy industries during commodity booms, while systematically neglecting higher-value manufacturing, a misallocation that has entrenched the economy's reliance on low-productivity sectors and undermined its diversification potential (Mohamed and Fine, 2025: 150).

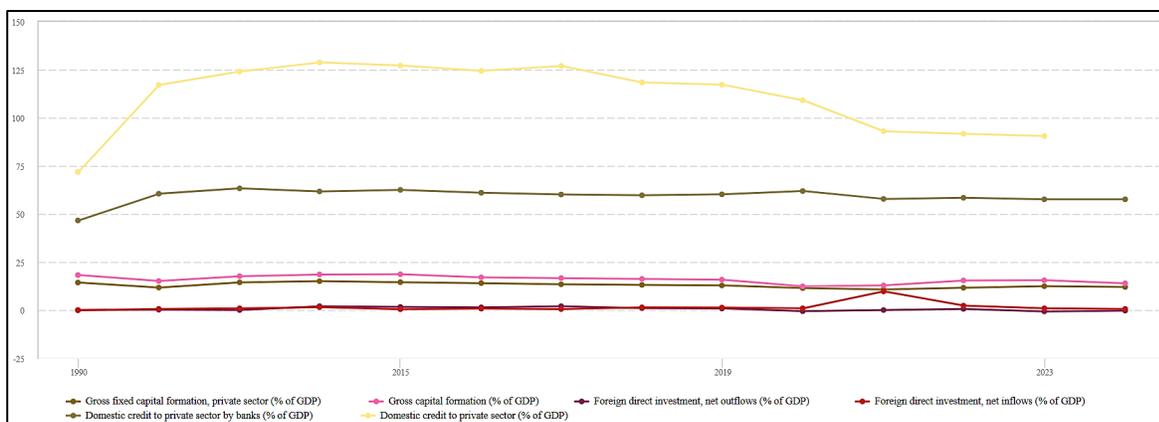
South Africa's Post-Apartheid Investment Dynamics

In the first ten years after apartheid was abolished, South Africa achieved notable economic progress, with real GDP growth averaging nearly 3% between 1995 and 2003, double the rate of the preceding 15 years (Nowak and Ricci, 2006: 1–2). This improvement stemmed from two key factors: fiscal consolidation, which stabilised public finances and enhanced macroeconomic predictability, and a surge in productivity driven by global reintegration after the lifting of trade sanctions and subsequent liberalisation reforms. These changes contributed to poverty reduction, expanded access to housing, healthcare, and utilities, and improved education outcomes. However, persistent challenges hinder sustained growth, including chronically low fixed investment (remaining at 15–17% of GDP for over a decade) and inadequate job creation, leaving unemployment stubbornly high. Additionally, while inflation was successfully reduced from 10–15% in the early 1990s to around 3% by 2005, the HIV/AIDS crisis has imposed severe strain on

public health, reversing gains in life expectancy and infant mortality. These structural constraints, even back then, underscored the need for targeted reforms to stimulate investment, employment, and inclusive development (Nowak and Ricci, 2006: 1–2).

In line with this, Figure 6 by the World Bank Group corroborates the stagnation of private sector gross fixed capital formation (GFCF) in South Africa, which fluctuates between 11% and 17% of GDP from 2008 to 2024 (DeepSeek Chat, 2025; *World Bank Group: DataBank*, 2025). Although the GFCF peaked at 17.7% in 2008, it declined again to 11.9% by the end of the period. This trend is important because it aligns with the global post-financial crisis retrenchment and domestic policy uncertainty, highlighting a persistent shortfall in productive investment. However, for South Africa, it also clearly shows its failure to approach the NDP 30% GFCF target due to structural constraints, including regulatory inefficiencies and subdued business confidence (*Macroeconomic Policy: A Review of Trends and Choices*, 2024: 17). Also, the post-2015 volatility reflects compounding pressures from deteriorating SOE performance and fiscal constraints. This dual decline in public and private investment signals systemic undercapitalisation, with broader implications for infrastructure maintenance and industrial capacity (DeepSeek Chat, 2025; *World Bank Group: DataBank*, 2025).

Figure 6: World Development Indicators – Investment and Credit Dynamics (1995–2024)



Source: *World Bank Group: DataBank*, 2025

A further concern highlighted in the figure is the erratic nature of South Africa's Foreign Direct Investment (FDI) flows and the accompanying decline in investor confidence (DeepSeek Chat, 2025; *World Bank Group: DataBank*, 2025). This issue was evident at a recent London investment conference, attended predominantly by South African financial advisors, where global fund managers displayed minimal interest in the Johannesburg Stock Exchange (JSE), preferring more stable opportunities abroad (Editor BizNews, 2025). This trend has intensified amid the country's domestic economic instability and the rand's persistent depreciation, according to BizNews (2025).

Such reticence among investors is unsurprising given the country's volatile FDI trajectory. Figure 6 and the data gathered from it illustrate a significant contraction in net FDI inflows from 3.1% of GDP in 2008 to just 0.6% by 2024, with the most pronounced deterioration occurring post-2010 (DeepSeek Chat, 2025; *World Bank Group: DataBank*, 2025). This decline substantiates the deteriorating investor trust and is exacerbated by inconsistent policymaking and sluggish economic growth prospects. Moreover, the economy's dependence on unpredictable portfolio flows, evident in FDI inflows remaining below 1%, heightens vulnerability to external shocks such as the COVID-19 pandemic and the coming 30% import duty on South African products entering the United States, effective August 1, 2025 (DeepSeek Chat, 2025; *Macroeconomic Policy: A Review of Trends and Choices*, 2024: 34; *World Bank Group: DataBank*, 2025; Steenhuisen, 2025).

Thus, the concurrent decline in GFCF, FDI, and credit availability post-2015 discussed in this section suggests a cyclical low-growth trap (DeepSeek Chat, 2025; *World Bank Group: DataBank*, 2025). Breaking this cycle demands immediate structural reforms mentioned in this paper, including:

1. Urgent SOE restructuring to curb fiscal inefficiencies and to rebuild investor confidence in public-sector projects (refer to Section 6.2).
2. Drastically expanding PPPs to leverage private capital for critical infrastructure development, overcoming budgetary constraints and operational inefficiencies.

3. Investing in skills development and innovation to improve productivity and attract high-value investment in cutting-edge/high-impact sectors (e.g., renewable energy, industrial policy), as Mazzucato suggests (Bedoya-Parra et al., 2024; DeepSeek Chat, 2025; *Macroeconomic Policy: A Review of Trends and Choices*, 2024: 17–18; *World Bank Group: DataBank*, 2025; Mazzucato, 2015; Ramolobe and Khandanisa, 2024: 1–3).

Possible Solutions: Reimagining Capitalism Through Institutional Reform and Inclusive Development

The analysis in this paper reveals a significant contradiction in South Africa's political economy: despite ambitious policy frameworks like the NDP, the country's elite-oriented rent-seeking behaviour (B-BBEE enriching a connected few who make up as little as 3% of the population), investment stagnation (GFCF stuck at ~16.5% of GDP), low or stagnant growth (0.6% GDP growth in 2023), financialisation without industrial deepening (high private credit fueling speculation, not production), and catastrophic unemployment (32.1% official, 62.1% youth) have entrenched inequality rather than dismantling it. To bridge this gap, the following solutions integrate institutional reform, mission-oriented public investment, and inclusive financial restructuring.

Dismantling Elite-Oriented Rent-Seeking Behaviour: Reforming B-BBEE for Broader-Based and More Equitable Inclusion

As discussed, Moeletsi Mbeki has been a persistent critic of BEE policies (Staff Reporter, 2013). In his 2009 work *Architects of Poverty: Why African Capitalism Needs Changing*, he argues that BEE has fundamentally undermined black entrepreneurship by fostering a narrow elite of politically-connected beneficiaries who lack productive capacity, while depriving South Africa of a genuine entrepreneurial bourgeoisie (the business innovators, industrialists and risk-takers essential for creating a modern developed economy). His critique also suggests BEE has prioritised the creation of a wealthy political elite over the development of a broad-based, productive business class capable of driving sustainable economic transformation (Staff Reporter, 2013).

Expanding on this, the study by Shai et al. (2019: 9–21) finds that B-BBEE implementation faces multiple systemic challenges, including inconsistent verification processes that undermine scorecard reliability due to disparate agency interpretations, limited private sector engagement evidenced by only 30% JSE compliance in 2017 as firms treat empowerment as a cost burden, widespread fronting practices and corruption distorting outcomes despite 2013 legislative reforms, exclusionary mechanisms disadvantaging black Small, Medium and Micro Enterprises (SMMEs) through complex regulations and procurement formalisation, and elite capture that has primarily benefited a politically-connected minority rather than fostering broad-based economic participation as discussed in this paper. However, Shai et al. (2019: 9–21) also advocate for strategic interventions to strengthen B-BBEE, including:

1. Developing a Theory of Change Framework: Establishing clear causal pathways between B-BBEE policy inputs and socioeconomic outcomes to improve policy coherence and measurable impact.
2. Enhancing Central Supplier Database (CSD) Integration: Improving transparency and monitoring by fully integrating the CSD with procurement systems across all government spheres.
3. Revising Sector-Specific Codes: Aligning industry-specific charters with generic B-BBEE codes to ensure consistent empowerment standards while accommodating sectoral differences.
4. Introducing Flexible Procurement Regulations: Balancing sector-specific needs with policy coherence through adaptable procurement rules that maintain empowerment objectives.
5. Strengthening B-BBEE Commission Oversight: Expanding monitoring capacity to rigorously enforce compliance while reducing fronting practices, and ensuring much-needed and meaningful transformation and inclusion (Shai et al., 2019: 9–21).

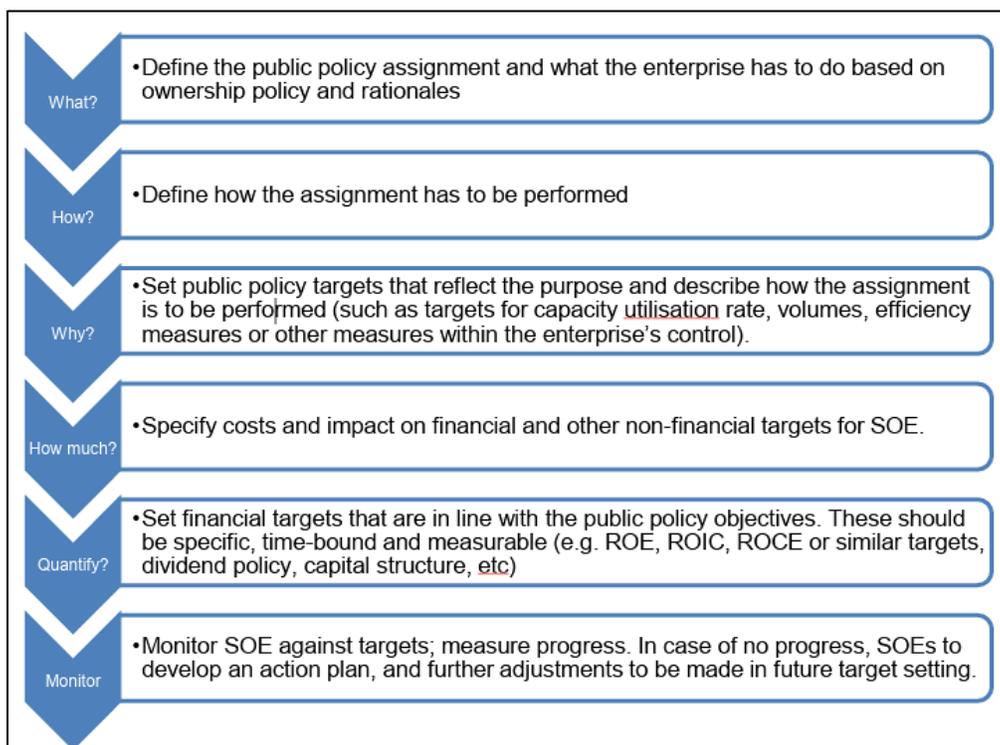
However, these reforms must coincide with standardising empowerment definitions, improving financial access for authentic black enterprises, rigorous impact assessments, and stamping out tender corruption, according to the authors. Despite legislative refinements since 2003, B-BBEE's transformative potential remains limited by structural flaws, fragmented implementation, elite capture, and weak monitoring. Addressing these gaps could realign the policy with its broad-based empowerment goals to promote real economic participation, not elite enrichment (Shai et al., 2019: 6, 8–21).

Fixing Ailing SOEs & Leveraging PPPs for State Revival

A potential solution for South Africa's ailing SOEs could involve restructuring state funding for these underperforming enterprises (*Monitoring the Performance of State-Owned Enterprises Good Practice Guide for Annual Aggregate Reporting*, 2022). Rather than further supporting cadre deployment policy in SOEs, the government should immediately replace it with merit-based appointments and performance-linked contracts (*Institute of Race*

Relations, 2025; Naidoo, 2013: 273). As part of this, Vinothan Naidoo (2013: 273) states that it is critical to establish transparent, institutionalised processes that empower elected leaders to legitimately exercise oversight and accountability over political appointments within the bureaucratic system. Furthermore, instead of providing unconditional bailouts as was done in the past, government grants could be linked to more measurable performance targets, such as reducing electricity shortages and loadshedding, improving rail network efficiency, or enhancing healthcare service delivery. This aligns with the best-practice framework for SOE reform in Figure 7, which, in combination with the report's suggestions, could help reduce ineffective management and corruption. Also, the funds saved from these improvements and more accountable approaches could be strategically reallocated in two key ways: (1) expanding investment in public-private partnerships (PPPs) to leverage private sector efficiency and capital, and (2) significantly increasing budgets for critical social services, particularly doubling allocations to health and education to address the country's severe infrastructure and capacity deficits as discussed. This dual approach would maintain essential services while driving much-needed reforms in SOE operations (Ramolobe et al., 2024: 2–3).

Figure 7: Setting, Measuring and Monitoring Public Policy Targets for SOEs



Source: *Monitoring the Performance of State-Owned Enterprises Good Practice Guide for Annual Aggregate Reporting*, 2022: 24

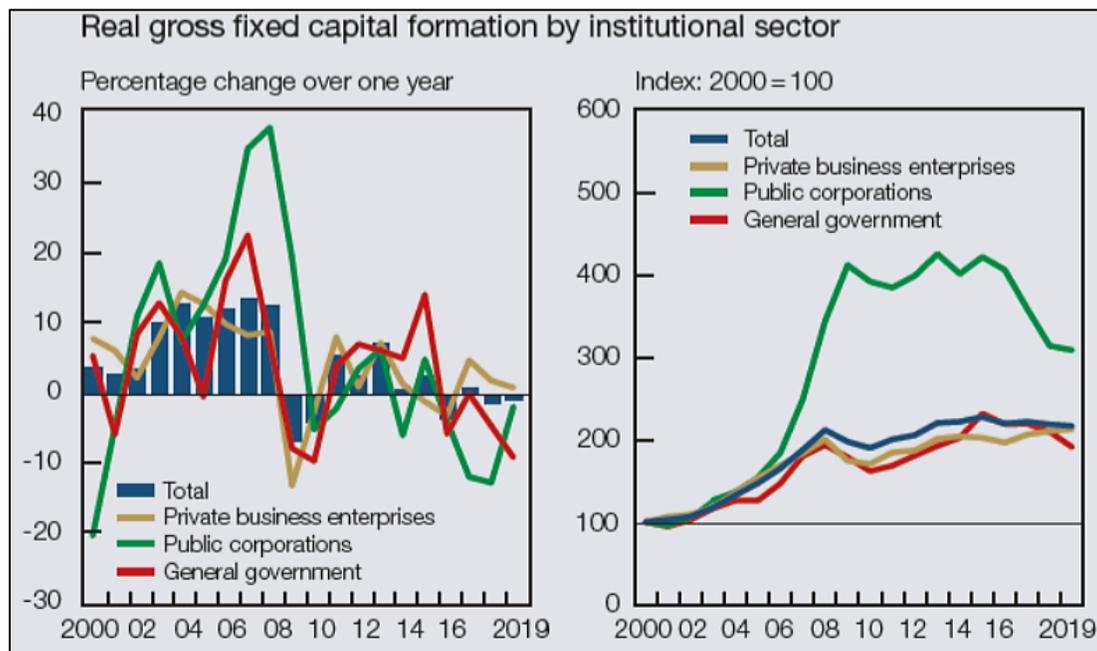
In terms of the state's public-private relations, Ramolobe et al. (2024: 2–3) expand on the potential of PPPs to significantly improve the current South African condition. For instance, these partnerships are a viable strategy to achieve the Sustainable Development Goals (SDGs) by enhancing the dismal delivery of services, lack of infrastructure, and education/health and other challenges in the nation. By combining public oversight with private sector efficiency, innovation, and financing, PPPs could drastically help municipalities overcome budgetary constraints and operational inefficiencies. This is because PPPs assist in risk-sharing, improve cost-effectiveness, and ensure accountability through performance-based measures. Another growing concern is also the promotion of environmentally sustainable projects, which PPPs are able to assist with as well, according to Ramolobe et al. (2024: 2–3). Studies even suggest that PPPs are able to accelerate project timelines, reduce costs, and foster integrated solutions, critical for equitable local development. Thus, if South Africa adopts this model, PPPs can emerge as a key mechanism for advancing SDGs and driving long-term, collaborative growth and infrastructure in the country (Ramolobe et al., 2024: 1–3).

Aligning Finance and Investment with Mission-Oriented Industrial Policy: Lessons from Rwanda

South Africa's gross fixed capital formation remains stagnant at approximately 16.5% of GDP, as illustrated in Figure 8, significantly below the 30% target outlined in the NDP (*Macroeconomic Policy: A Review of Trends and Choices*, 2024: 17; Mohamed and Fine, 2025: 149–150). The reality is that this form of investment has experienced a marked decline, further intensified by the national lockdown measures introduced to contain the spread of COVID-19 (South African Reserve Bank (SARB), 2020). Thus, these developments culminated in the most severe recorded contraction in South Africa's real gross fixed capital formation during the first half of 2020.

Furthermore, according to the South African Reserve Bank (SARB) (2020), the country has experienced weak and at times negative growth in real gross fixed capital formation since 2009 (see Figure 8). This is largely due to declining investment across all three major institutional sectors: private business enterprises, public corporations, and general government. Specifically, growth rates fell from 6.5% to 2.0% for private businesses, from 12.6% to -2.8% for public corporations, and from 6.6% to 0.7% for government (South African Reserve Bank (SARB), 2020).

Figure 8: Real Gross Fixed Capital Formation Across All Three Major Institutional Sectors



Source: South African Reserve Bank (SARB), 2020

Eric Akobeng (2017: 153–154) identifies gross fixed capital formation (GFCF) as a crucial mechanism for poverty alleviation in Sub-Saharan Africa (SSA). However, its efficacy is contingent upon several institutional factors—including democratic governance, bureaucratic efficiency, and perceptions of corruption—all of which pose significant challenges for South Africa. To ensure that GFCF translates into meaningful poverty reduction, Akobeng (2017: 153–154) argues that policy frameworks must prioritise three key areas: 1) infrastructure development, 2) expanded access to affordable finance, and 3) the mitigation of investment risks and uncertainties.

What is of value for South Africa specifically, Akobeng (2017) emphasises the necessity of strategic coordination between public and private sector investments to maximise developmental impact. Additionally, monetary policy must avoid excessively high interest rates, which could stifle investment and impede capital formation. Crucially, the study highlights that the *quantity* of investment alone is insufficient; the *quality* and *productivity* of such investment are equally vital. Productive investment not only minimises resource wastage but also enhances welfare returns. Furthermore, Akobeng (2017: 153–154) underscores the importance of complementing GFCF with investments in human capital and technical capacity, given the inextricable link between industrialisation, sustainable productivity growth, and skills development.

These findings suggest that future research and policymaking should adopt a more nuanced theoretical framework—one that evaluates not only the *volume* of GFCF but also its *quality*, *accessibility*, *affordability*, and its interplay with

broader institutional indices. Such an approach would provide a more comprehensive understanding of GFCF's actual impact on poverty reduction in SSA (Akobeng, 2017: 153–154).

Conclusion

This article set out to show that three decades after democratic transition, South Africa remains ensnared in a contradiction of political liberation without economic transformation. The analysis presented underscores that the nation's crisis is not one of policy scarcity but decidedly one of implementation failures, elite predation, and institutional inertia. Despite ambitious frameworks such as the NDP and BEE/B-BBEE, the country's political economy continues to prioritise rent-seeking behaviour over the much-needed productive investment that is needed. It also favours policies which lead to elite enrichment over true broad-based inclusion, as well as damaging short-term patronage over long-term structural change.

The key findings include: 1) the elite capture of redistributive policies, 2) the country's institutional fragility and state inefficiency, and 3) South Africa's misaligned macroeconomic priorities. First, redistributive mechanisms like B-BBEE have disproportionately enriched a politically connected minority while failing to deliver broad-based inclusion, exacerbating structural disparities. Second, state-owned enterprises, crippled by mismanagement and cadre deployment, drain public resources without delivering essential services. Third, there is stagnation of gross fixed capital formation at 16.5% of GDP reflects chronic underinvestment in productive sectors, further entrenching unemployment and spatial inequalities.

To break this impasse, South Africa has to reconfigure its political economy around inclusive institutions and mission-driven state intervention. Other vital areas include to restructure B-BBEE to prioritise entrepreneurship over elite enrichment, to reorganising SOEs through meritocratic governance, and finally, to leveraging PPPs so as to revitalise infrastructure and service delivery. Without these and other structural reforms, the nation risks irreversible economic decline.

Thus, South Africa stands at a critical juncture. Without urgent structural reforms, the nation risks irreversible economic decline, marked by deindustrialisation, capital flight, and social unrest. Yet, the comparative success of Rwanda's developmental pragmatism and Kwame Nkrumah's Pan-African industrial vision demonstrates that alternative pathways do in fact exist.

The authors noted no conflicts of interest.

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