



Labor and Globalization

Luciana Hachmann

**Pursuing a Developmental
State Trade Agenda in a
Neo-Liberal Context:
*Brazil and South Africa in
Comparison***



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Pursuing a Developmental State Trade Agenda in a Neo-Liberal Context

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List of Abbreviations

ANC	African National Congress
ANCYL	African National Congress Youth League
AsgiSA	Accelerated Shared Growth Initiative for South Africa
BBA	Black Business Associations
BBEE	Broad Based Black Economic Empowerment
BNDES	Brazilian National Developmental Bank
BRICS	Brazil, Russia, India, China and South Africa
BUSA	Business Unity South Africa
CDES	Economic and Social Development Council
CEB	Brazilian Business Coalition
CGT	Confederação Geral dos Trabalhadores
CHAMSA	Chambers of Commerce South Africa
CNI	Brazilian National Confederation of Industries
CNI	National Confederation of Industries
COECE	Mexican Coordinator for Foreign Trade Business Organizations
COSATU	Congress of South African Trade Unions
CUT	Centra Única dos Trabalhadores
DIRCO	Department of International Relations and Cooperation
DS	Developmental States
DTI	Department of Trade and Industry
ECLAC	Economic Commission for Latin America and the Caribbean
EDD	Economic Development Department
FS	Força Sindical
FTAA	Free Trade Area of the Americas
GEAR	Growth, Employment and Redistribution
IBSA	India, Brazil, and South Africa
IDC	Industrial Development Corporation
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
ISI	Import Substitution Industrialization
ITAC	International Trade Administration Commission of South Africa

MEC	Mineral-Energy Complex
MIDGETT	Mining Industry Growth Development and Employment Task Team
MIDIC	Ministry of Industry, Development and Commerce
MITI	Ministry of International Trade and Industry
MRE	Ministry of Foreign Relations
NALEDI	National Labor and Economic Development Institute
ND	New Developmentalism
NDR	National Democratic Revolution
NEC	National Executive Committee
NGO	Non-Governmental Organization
NIC	Newly Industrializing Countries
NIPF	National Industrial Policy Framework
NUTW	National Union of Textile Workers
NWC	National Working Committee
PGIR	Parliamentary Group on International Relations
PL	Liberal Party
PMBD	Partido do Movimento Democrático Brasileiro
PSB	Partido Socialista Brasileiro
PSDB	Partido da Social Democracia Brasileira
PT	Worker's Party
RDP	Reconstruction and Development Programme
REBRIP	Brazilian Network for People's Integration
SA	South Africa
SACP	South African Communist Party
SACTU	South African Congress of Trade Unions
SACTWU	Southern African Clothing and Textile Workers' Union
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
SPD	German Social Democratic Party
TIPS	Trade and Industrial Policy Strategies
TRALAC	Trade Law Centre for South Africa
UNSC	United Nations Security Council
US	United States
USTR	United States Trade Representative
WTO	World Trade Organization

Chapter I. Introduction to the Research

The neoliberal paradigm is well known for its assumptions on privatization, deregulation, tight macroeconomic policy, opening-up of goods, and capital markets. In the 1990s, the neoliberal reform programmes implemented in developing countries were pushed even deeper and wider. Given the dominance of the neoliberal doctrine, there has been a remarkable degree of intolerance of heterodox thinking in academia and consequently its promotion has been difficult (H.-J. Chang, 2006, pp. 1-3). Moreover, while national development was a distinct concern in political science, sociology, and political economy as well as development economics, the global neoliberal hegemony critically challenged its ideology, politics and scholarship under the “Washington Consensus” conceptual umbrella (Fine, Weiss, & Kyung-Sup, 2012, p. 1).

Despite the apparent intellectual and political dominance of neoliberalism, it has certainly been a contested issue. The 2007-2008 global economic and social crisis has once again pointed to the unsustainability of unregulated markets beyond the financial sector to threaten the improvement of working and living conditions. Further, the new constituencies of developmentalism emerging across the globe with the election of politicians opposed to neoliberal reforms (e.g. in Latin America) brought much more complexity than the homogenizing umbrella of neoliberalism and globalization (Fine et al., 2012, p. 5). A fundamental reason behind the increasing discontent of neoliberalism is not only due to poor economic performance but also that economic growth has come at the cost of growing inequality, intensified social tension, weakening of democratic institutions, and environmental degradation (H.-J. Chang, 2006, p. 5).

Economic neoliberalism has indeed interacted in many parts of the world with national developmentalism, such as in the developmental political economy in East Asia (Fine et al., 2012, p. 5). Many of these experiences have been explained in the Developmental States literature, which focuses on the crucial role played by the state in economic development (Chapter II). The Developmental State literature was used by progressive scholars in the 1990s, in a context of a marginalization of Marxism and dependency theory, to challenge neoliberal Washington Consensus propositions for economic

development in the Global South (Radice, 2008, pp. 1153-1154). The emergence of this literature in the late 1970s is part of a postwar revival of the theoretical interest in the state. There was an interest in challenging the dominant “society-centered” postwar approaches and to “bring the state back in” (Evans, Skocpol, & Rueschemeyer, 1985).

Beyond the East Asian debate, other regions of the world have also embarked on development endeavors of their own. In the 1960s and 1970s, which were the early years of African independence, many countries in the region pursued state-led developmentalism but ultimately failed to provide sustainable progress. Because of their economic demise, many African countries faced debt crisis and went on structural adjustment programmes. It meant a complete turnaround of economic policies from the statist approaches of the post-colonial period to the market-oriented reforms of the 1980s and 1990s. As the outcome of these policies did not meet the expectations, many countries began to look east for alternative strategies of development, particularly to the East Asian Developmental States (Meyns & Musamba, 2010, p. 7).

In South Africa, not only has the economic development of East Asian attracted the attention of state elites and party leaders, but the commitment to constructing a democratic Developmental State also occupies a prominent position in the government policy documents (Qobo, 2009, p. 55). Broadly, the government defines the Developmental State as a state-led development strategy, focused on improving the living conditions of the poor. The academic literature, however, often presents a contrasting view of the government’s discourse. Predominantly based on the “impossibility thesis” (Mkandawire, 2001), scholars tend to focus either on the challenges and failures of the government led by the African National Congress (ANC) to establish a Developmental State, or on what should be done in order to achieve it. The lack of feasibility is usually attributed to state capacity, and to the ability of the government to create a competent administrative apparatus to ensure policy implementation, particularly at local levels (Daniel, Southall, & Lutchman, 2005; Southall, 2006a; von Holdt, 2010a, 2010b). Some authors, however, oppose these views. It is argued that despite the policy implementation challenges, there are some developed bureaucratic administrations offering the necessary conditions, such as the Treasury Ministry. In this sense, the South African state

resembles the description by Evans (1989) of the “intermediate states” (e.g. Brazil and India) with predatory, clientilistic features as well as Weberian features, rather than with the Developmental States of Japan, South Korea and Taiwan (Von Holdt, 2010b, p. 257).

In the context of the failure of the Import Substitution Model (ISS) and later of Structural Adjustment Programmes, Latin America has also been searching for alternative developmental models. With the election in the last decade of many nationalist and leftist governments in the region, there has been an increasingly debate in society about establishing a new national strategy for development (Bresser-Pereira, 2010, pp. 41-43). In Brazil, some scholars argue that the PT-led government has pursued a Developmental State agenda in the last decade (Carneiro et al., 2012; Cervo, 2009; Herrlein Jr., 2011). While a highly contested terrain, it is argued that the Developmental State agenda has been pursued by the state in: (a) assisting production via finance of capital and public investment in infra-structure; (b) expanding mass consumption market through social programs, and the increase of minimum wage and credit for consumption; (c) supporting big Brazilian companies, transforming them into key competitive agents both at domestic and international markets; (d) strengthening South-South relations (Morais & Saad-Filho, 2011, p. 520). Nevertheless, Brazil may be considered, similarly to South Africa, as an “intermediary Developmental State” (between predatory and developmental). One of the factors that differentiates Brazil from the ideal type of Developmental State refers to recruitment procedures. The Brazilian state is known as a massive source of jobs based on interpersonal connections, closely related to the change in political leadership. The lack of a stable bureaucratic structure pushes public-private interaction into individualized channels (Evans, 1995, pp. 61-65).

The characterization of South Africa and Brazil as “intermediary states” in this study is centered on a Poulantzian conceptualization of the state as the “relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions” (Poulantzas, 2000 [1978] p. 128). Contrary to much of the literature on the Developmental State, which tends to overlook the divisions within the state apparatus, the state is understood as a strategic terrain for organization and representation of the long-term political interest dominant class or class fraction: the “power bloc”. In a

political terrain occupied by several classes and class fractions, the capitalist state “organizes and unifies the bourgeoisie because it enjoys relative autonomy of given factions and components, and of various particular interests” (Poulantzas, 2000 [1978] p. 127). Thus, the contradictions within the state expressed by the relationship of forces provide interesting theoretical insights for explaining the differential organization within the state apparatus.

In broader terms, this research aims at critically engaging with various national configurations of developmental strategies in the neoliberal era. Furthermore, to study the increasing interdependence of the international political economy particularly expressed in the trade regime; given that trade has “clearly emerged as the main instrument of re-commodification, of deepening the subjection of the South to the dominant capitalist order” (Graf, 1995, p. 143).

There is a wide literature on the relationship between trade policy and broader development strategies (e.g. poverty alleviation, job creation etc.) with a conservative (Krueger, 1990) or critical perspective (Rodrik, 2001). Since the 1980s, neoliberal belief in free trade comes to be the orthodoxy in international economics and in turn has been translated into policy advice, particularly for developing countries. The neoliberal perspective, although dominant, has been challenged.

The criticism of neoliberal approach in the trade and development debate goes at least on two major fronts: definition of development, and free trade as a policy objective for efficiency and equity. In this line of thinking, development is understood as the outcome of the action of market forces. Therefore, development is narrowly defined in relation to economic growth which is achieved by deregulation, liberalization and privatization. The neoliberal belief of free trade is that it improves the efficiency of resource allocation and prosperous international division of labor. In contrast government intervention in trade policy is generally presented as distortionary, reducing welfare and growth. As trade liberalization promoted economic growth, it helps to alleviate poverty (“trickle-down effect”).

The criticism of neoliberal assumption on trade and development highlights the need to broaden the concept of development from a narrow economic perspective to include a social development and human security dimension. Moreover, the notion of development as human development reemphasizes

“the importance of the state as a major role in protecting and advancing sustainable human well-being” (Halperin, 2013). With regard to the neoliberal proposition on efficiency and equity of trade liberalization, criticism arises from the flaws on neoliberal propositions based on unrealistic assumption of perfect competition, full employment among others. Therefore, the argument that poverty alleviation is enhanced by trade liberalization remains simply unproven (Fine & Deraniyagala, 2006).

While this research conceptualizes development to include “the satisfaction of basic needs of the population and the achievement of objectives aimed by dominant groups of society” (Furtado, 2000, p. 22), trade policy is considered from a political perspective and moves away from the narrow orthodox debate in international economics. Trade policy is therefore understood as a product of political competition, in a redistributive game governed by electoral considerations. Trade policy as public policy means that it is open to public scrutiny in the electoral polls with priorities and agendas shifting according to the interpretations and preferences of the coalition government and contingencies. By emphasizing on the policy decisions from a political standing it aims to explain why developing countries managed to prioritize certain policy programmes, at times disconnected from core neoliberal principles. Indeed mainstream literature suggests that economic dynamism are strongly linked to more liberal trade policies (Rodrik, 2001, p. 24). This research shows, however, that trade policy agenda in Brazil and South Africa are following such prescriptions and that government remains with some policy space for setting heterodox policy preferences.

Whilst there are obviously different facets for engaging with such a research interest, it is here assumed that the determination of structural economic policies depends on the partisan coalition in power (Boix, 1998, p. 223). This research considers as a basic premise that parties and institutions matter, not only domestically but also with respect to broad foreign policy, more specifically trade policy. Furthermore, political parties are not considered as a unitary actor, as if the organization acted as one single mind. On the contrary, political parties are not monolithic structures but composed of various individuals and sub-party groups marked by a heterogeneity of ambitions and interests. To consider parties as unitary actors is to neglect the forces which compete for the

acquisition of influence internally, often triggering the formation of factions which have repercussions in terms of party policy and the selection of party leaders for public office (Boucek, 2009, p. 455; Zariski, 1960, p. 29) (Chapter V).

Thus the research accounts for the African National Congress (ANC) in South Africa and the Worker's Party (PT) in Brazil as unit of analysis. It attempts to explain why it has been possible for parties in Brazil and South Africa to pursue a developmental trade agenda given neoliberal constraints, particularly during 2003-2011 in Brazil and 1999-2011 in South Africa. For the Brazilian analysis, the aim is to cover mainly Lula's administration. In the South African case, the focus is on Mbeki's administration and it also highlights some policy shifts during Zuma's term.

The focus is on agenda setting of trade policy. Whilst policy implementation is considered more than the technical execution of political orders from above but as a political process which is interdependent from policy formulation (Pülzl & Treib, 2007, pp. 100-101), policy implementation is not at the center of the analysis as it requires a different research design including further field work and a longer timeframe of study. These are beyond the reach of the research.

From a classical view, trade policy is the set of rules and procedures for exchange of goods and services between countries. The classical trade policy instruments range from tariffs, to trade remedies (safeguards, anti-dumping), export restrictions or distorting incentives (subsidies), quantitative non-tariff barriers (quotas, bans, licensing) and other regulations (OECD, 2010, p. 38). This study, however, broadens the scope of trade policy by analytically dividing into internal and external conditional factors. They are not necessarily detached from each other and one dimension does not precede the other. External factors in trade policy result from multilateral negotiations, regional or sub-regional, in which countries may be directly or indirectly involved. Internal factors relate to the "political economy of protection", to macroeconomic aspects and structural factors relate to business competitiveness, whether internal (e.g. innovation) or external (e.g. infra-structure) (Abreu, 2002, p. 1;30). For the purpose of this research, the external factors of trade policy in Brazil and South Africa are the South-South and regional political and economic agenda. The

internal factors of trade policy relate to the government strategies for improving competitiveness.

Given the increasingly political and economic relevance of emerging economies of the BRICS in the global spectrum, this study focuses on the Brazilian and South African cases. In the pursuit of a developmental path, they share similar trade policy agendas at both national and external fronts. Externally, they share similar agendas in centering on multilateralism as well as in strengthening the political and economic South-South relations and in focusing on regional political and economic alliances. Domestically, they have been promoting industrial policy aligned with trade policy and in the support of an active role of the state in guiding national developmental strategies. The industrial policy is important in this context because it has been a central strategy in the countries that successfully experienced high economic growth to promote productivity, and to boost aggregate value in productive chains (Herrlein Jr., 2011, p. 13). Despite these policies following a path-dependent trajectory, they were significantly strengthened in the African National Congress (ANC) and the Worker's Party (PT) ruling governments.

With regards to the rationale for studying political parties, it is argued that while parties can make a difference in policy outcome, "they are likely to be more influential in the general direction that public policy takes than in the development of distinct, detailed, policies" (Ware, 1996, p. 357). In the party and government policy relationship, party influences on government policy may be further visible in government formation and in the reallocation of ministries and the distribution of power among partners which in turn, determine who is decisive in policy-planning (Budge & Keman, 1990, p. 32;89;42). Furthermore, apart from political parties being central intermediate structures in the expression, channeling and communication of civil society to the government (Sartori, 1976, p. 27), party ideological preferences may also be relevant in shaping the character and urgency of political demands (Keman, 2006, p. 161). While socialist governments are expected to intervene extensively in the economy and to focus on the redistribute of wealth, conservative parties are generally assumed to develop less interventionist policies and protect individual liberties (Boix, 1998, p. 4).

Despite such relevance, political parties are not uncontested organizations. Indeed it would not be surprising to identify certain distrust of parties from public opinion. Many scholars rather point to a decline of political parties especially because they were not able to face societal changes from: (a) the expansion of the middle classes, (b) the greater participation of women and migrants in the labor force, and (c) citizens increasingly relying on independent channels (e.g. social media) to express their political demands (Gunther & Montero, 2003a, pp. 7-8). Importantly, if parties have recently declined, it has not occurred in their formal organizations given that parties are increasingly better financed, and more professional (Aldrich, 1995, p. 15). Far from declining in importance, it is argued that the re-examination of both the prevailing theories of political parties remains as a crucial concern in the research agenda of political science. Indeed recent studies have reaffirmed the influence of partisan orientations on domestic public policy (Boix, 1998; Budge & Keman, 1990; Budge, Klingemann, Volkerns, Bara, & Tanenbaum, 2006; Garrett, 1998). There remains, however, much space for further inquiry, especially in areas related to foreign affairs. In fact, few studies of the domestic sources of foreign policy have dealt with political parties in a systematic, comparative manner (See Verdier, 1994).

Beyond the rationale for studying political parties and trade policy, it is also important to clarify the theoretical perspectives that guide the study. While it is argued that parties play important roles in public policy, they are, however, constrained by the domestic institutional setting within which they operate (Boix, 1998, p. 2). Therefore, policy network analysis is considered as a useful conceptual tool. Policy network is understood as a meso-level concept that emphasizes continuous relations between interest groups and government departments as a process of “interest of intermediation” (Schmitter, 1974). It provides a “link between the micro-level of analysis, which deals with the role of interests in government in relation to particular policy decisions, and the macro-level of analysis, which is concerned with broader questions concerning the distribution of power within contemporary society” (Marsh & Rhodes, 1992, p. 1). As an attempt to distance from a uni-dimensional view of policy network and policy outcome, this study proposes a dialectical model inspired by the work of Marsh and Smith (2000) and Marsh (1998b). They suggest that in the relationship between networks and outcome, there are three interactive or

dialectical relationships involved between the structure of the network and the agents operating within them, the network and the context within which it operates, and the network and the policy outcome (Marsh & Smith, 2000, p. 5) (Chapter IV).

Policy networks, as structures, however, do not exercise power but constrain and facilitate agents (Marsh & Smith, 2001, pp. 536-537). Power is conceptualized in this study from a power-dependence perspective. It is assumed that any organization is dependent on other organizations for resources, whether constitutional-legal, organizational, financial, political or informational. To achieve the organizations' goals, there is an exchange of resources within known rules of the game (R.A.W Rhodes, 2006, p. 431). In short, power resides implicitly in the other's dependency: "A depends upon B if he aspires to goals or gratifications whose achievement is facilitated by appropriate actions on B's part" (Emerson, 1962, p. 32). Therefore, it is important to account not only for how the broader social structure shapes the network but also for the resources which members of that network exchange. The focus of this study is on the resources of political parties and how the exchange among the members of the network affects policy outcomes.

Policy network has been conceptualized as a meso-level concept dealing with the pattern of interest group intermediation. However, for the policy network to be an explanatory concept of the policy process and outcome, it needs to be linked with the macro and micro levels of analysis. Therefore, a combination of theoretical perspectives is provided. While the Poulantzian conceptualization of the state provides the theoretical guiding for the macro-level of analysis, the institutional approach of political parties developed Panebianco (1988) centered on intra-party power relations is accounted for the micro-level of analysis. Within the intra-party discussion, the literature on party factionalism is explored.

This study is structured as follows. The first part (from Chapter II to VI) grounds the theoretical foundation of the study. It introduces the experiences of Developmental States "governing the market" (Wade, 2004 [1990]) and its reception in Brazil and South Africa. The following chapters deal with the three distinctive analytical levels: the macro-level (state), meso-level (policy network) and micro-level (political party's factionalism). At the end of the first part, a summary is provided of the theoretical propositions, followed by a re-statement

of the research question and the hypotheses. With the research question and hypotheses explained, the research methodology and research methods are introduced to describe the steps undertaken to address the research question. The second part provides the empirical analysis. Chapter VIII describes the relevant issues in trade policy in Brazil and South Africa and their shifts in priorities and approaches. The main argument is that despite external political and economic constraints, both governments have managed to shift the orientation of their trade policy. Thus this chapter attempts to strengthen the argument that government remains with policy space to implement their own strategic national agenda. Chapter IX introduces both political parties in relation to trade policy making. In order to make visible the channels of influence in policymaking, some key push factors for parties to influence policy are explored. Moreover, this chapter engages with parties' internal power relations and how these have been determinant for coming to power and/or maintaining in power. Chapter X describes the most relevant domestic actors and their major positions on trade policy in a three-fold political dimension: the executive, legislative, and other civil society organized representations such as business, and non-governmental organizations followed by labor. The mapping of trade policy of both countries is crucial for the policy network analysis developed in the following chapter. Chapter XI combines in a systematic way the theoretical and empirical analysis through a dialectical analysis of the trade policy network in Brazil and South Africa. The concluding chapter provides the findings, contributions of the research.

Chapter II. The Developmental State and its Reception in Brazil and South Africa

This chapter introduces the debate on the relevance of the state by exploring the experiences of the East Asian states in “governing the market” (Wade, 2004 [1990]). Considering that the Developmental State literature provides the theoretical underpinning for analyzing these states, this chapter is organized as follows. Firstly, it provides a brief literature review on Developmental State literature outlining the institutional and political factors for the states’ success in promoting industrialization. Secondly, it introduces a broader discussion of the relevance the Developmental State in democratic regimes. With this background, the reception of the concept in Brazil and South Africa is analyzed. It is observed that engagement at academic and policy levels in the countries differs. From the review of the literature, the discussions of developmental projects in Brazil are often driven by economists, many influenced by the work of the Economic Commission for Latin America and the Caribbean (ECLAC). The discussions at both theoretical and policy levels are much more grounded on the body of literature arising from the Latin American experiences than on the East Asian cases. The literature on “national-developmentalism” and “dependencia” are some of the guiding theoretical perspectives. In comparison to the Brazilian case, the Developmental State literature on South Africa tends to focus more on a sociological perspective, with racial inequalities and democracy as important background issues. At the policy and theoretical level, the experiences of the East Asian countries are more visibly entrenched in the analyses.

The aim of this chapter is not to provide a rigid comparison of the reception of the Developmental State but rather to engage with the issues in the spotlight of scholars and policy makers. Thus, it is observed that while skepticism of South African scholars of the feasibility of constructing a Developmental State prevails, in Brazil, there is wider literature (mainly progressive) stressing the positive policy shifts from 2000 onwards which has placed the state once again at the forefront of development. Despite such disparities of interpretation, both countries are classified in this study as “intermediate states” (Evans, 1989), with

clientelistic features of predatory states as well as Weberian features of the Developmental State.

Literature Review of Developmental State in a Neo-Liberal Era

The Developmental State (DS) concept is grounded in the argument that the state plays a central role in promoting economic development. This is, however, not a recent discussion. State intervention stretches back to the mercantilist period of the 19th century, as evidenced by critiques of free trade by List (1885) to the period of 'late development' as analyzed by Gerschenkron (1962). More recently, Ha-Joon Chang (2002) explains that currently industrialized economies used a combination of interventionist industrial, trade, and technology policies to foster their incipient industries in earlier stage of the catch-up processes. Caldentey (2008, pp. 27-28) adds that a similar type of model aimed at promoting industrialization, albeit a more restrictive one, was also implemented in Latin America from the end of World War II to the beginning of the 1960s (in some cases, the 1970s). While important aspects of these earlier debates remain present, the dominant focus of modern DS studies has been associated with the type of economic policies followed by East Asian governments, particularly with the post World War II Japanese economic model (Caldentey, 2008, p. 28). Some argue that the developmental state is *sui generis* to East Asia, a product of "its unique historical circumstances" (Öniş, 1991, p. 13).

The very definition of "East Asia" is a matter of controversy. The most accepted definition incorporates Japan and the so-called first tier of the Newly Industrializing Countries (NIC) of South Korea, Taiwan, Hong Kong, and Singapore. However, since the early 1990s, it has become increasingly common to include the second tier NICs of South East Asia. More recently, some have come to believe that China and Vietnam should also be included, given their rapid growth since the 1980s. This definition issue has some practical implications. For example, if only the "original five" (Ha-Joon Chang, 2003, pp. 107-108) composed by Japan and the first-tier NICS are considered, it is possible to conclude that active state intervention is beneficial for economic

development¹. On the other hand, the inclusion of the South East Asian second tier-NICs, which developed on the basis of far less state activism than the “original four” (excluding Hong Kong), points to the conclusion that a high degree of state activism may not be necessary for rapid development. The South East Asian countries differ in terms of state structures, the absence of strategic industrial policy (Weiss, 2000, p. 24) and albeit with impressive economic performances, still fall behind the “original five” (Ha-Joon Chang, 2003, pp. 107-108). Thus, the introduction of the South East countries distorts the focus of many existing debates and is often exploited in an attempt to discredit the “East Asian model”.

Considering that the DS paradigm has emerged to deal with the causal nexus between political institution and economic performance, this paper focuses on the literature mainly on the “original five”. However, given space restrictions and the prominent attention in literature to the cases of Japan, South Korea and Taiwan, the paper limits the scope of investigation to these three experiences.

The DS literature can be broadly divided into the political and the economic schools (Fine, 2009, p. 18). For the political school, the focus has been concentrated on the nature and capacity of the state to adopt developmental policies. In this context, Johnson (1982) founding contribution to the literature of Japanese late development is a point in reference. The literature often mentions Johnson’s argument about the importance of the Japanese independent and technocratic bureaucratic elite in establishing a developmental state. In this sense, the implicit political division of labor in which the “politicians reign and the bureaucrats rule” turns out to be most the striking structural characteristic of the capitalist developmental state (Johnson, 1982, p. 154). Within the bureaucracy, a pilot agency centered in key ministries such as the Ministry of Finance and the Ministry of International Trade and Industry (MITI) plays a key role in policy formulation and implementation.

For the economic school, the DS is considered to be committed to state intervention, especially in industrial and trade policy and state control of finance. Although Amsden (1989) and Wade (2004 [1990]) work on South Korea and Taiwan, respectively, as the leading representatives of the economic school,

¹ Hong Kong is the exception.

Ha-Joon Chang (2002) has been very persuasive in recent times in arguing for the state to intervene and correct market imperfections.

Amsden's account provides an illustration of the South Korean DS and explores the reasons for the country's success. Contrary to the conventional explanations that Korea, Japan and Taiwan have grown relatively fast because of free-market principles conformation², Amsden argues that South Korea's growth is due to an interventionist state, large diversified (and disciplined) business groups (the chaebol) and abundant supply of competent salaried managers and of low-cost and well-educated labor (Amsden, 1989, pp. 8-15). In South Korea, one of the government's pivotal investment decisions refers to the distortion of prices in both export and import directions. The deliberate act of the state for getting the "prices wrong" has played a positive role in assuring South Korean economic growth (Amsden, 1989, p. 139).

Wade reviews the different neoclassical interpretations for the East Asian economic development using Free Market theory (FM) and Simulated Free Market theory (SM). Whilst the former theory portrays economic development as the result of almost no market interference, the latter recognizes the existence of market distortions and industrial policies in East Asia, but claims that "industrial policies merely offset existing market distortions, creating overall neutrality in resource allocation" (Wade, 2004 [1990] p. 297). The author focuses instead on political arrangements and proposes the Governed Market theory (GM) to explain the superiority of East Asian economic performance. The author indicates the similarities of GM in relation to central planning involving "public authorities intervening to alter the composition of economic activity within their borders, in line with an economy-wide exercise in foresight about the economy's future growth, in the context of a capitalist economy". Given the resistance to the application of central planning, "governing the market" appears to be more a more acceptable term (Wade, 2005, p. 99). Wade interprets East Asian success as a result of high levels of productive investment, more investment in certain key industries than would have occurred in the absence of

² The success of Japan, South Korea, and Taiwan has been attributed by many economists to "liberalization", or the freeing of markets from government control. Liberalization did indeed occur in Korea around 1965. However, to ignore the government's dual policy of discipline and support is to misrepresent a basic characteristic of late industrialization cases (Amsden, 1989, pp. 76-78).

government intervention and exposure of many industries to international competition. At the third level of explanation, the policies have been permitted or supported by a certain kind of organization of the state in the private sector (Wade, 2004 [1990] pp. 22-23;26-28;297-298).

Finally, one of the many important contributions of Chang, Ha-Joon relates to his study on the historical evolution of the theory and practice of state intervention. It is suggested that since the 1980s, developing countries have been put under great pressure to foster their economic development through liberalization of trade and investment and privatization of state-owned enterprises among others. Contrary to the conventional wisdom, the historical analysis points out that rich countries did not develop on the basis of the policies and institutions they now recommend to the developing countries. Almost all of today's rich countries (especially Britain and the United States) used protection and subsidies in the earlier stages of development. The story is similar in relation to institutional development. Contrary to what is assumed by today's orthodoxy, most of the institutions that are regarded as prerequisites for economic development emerged after, not before, a significant degree of economic development in the now-developed countries. Therefore, the preaching of free trade and the institutional prerequisites for development to less advanced countries is to "kick away the ladder" with which they had climbed to the top (Ha-Joon Chang, 2012, pp. 43-46). The double standard of the rich countries has become even more evident since the outbreak of the 2007-2008 global financial crisis. In this period, the rich countries deployed policies that were the exact opposite of what they have preached to - and often imposed upon - developing countries in similar situations. Instead of shutting down failed industrial firms and financial institutions, as major developing countries in crises did, they have bailed out or even nationalized key firms and banks. Rather than to cut subsidies – a standard recommendation to crisis-stricken developing countries - they have increased them, especially to the automobile industry, under the pretext of "green subsidies" (Ha-Joon Chang, 2012, p. 48).

The Institutional and Political Bases of the East Asian Developmental State “Success”

The Developmental State paradigm arises from interest in explaining why particular countries such as Japan, Taiwan and South Korea experienced distinctively levels of economic growth from the 1960s. Much of the debate driven by heterodox scholars places state intervention as a fundamental explanatory factor for such a “success” (Amsden, 1989; Ha-Joon Chang, 2003; Wade, 2004 [1990]). Yet state intervention per se needs to be qualified. The focus on industrialization as opposed to maximizing profitability on the basis of current comparative advantage has been fundamental for East Asian development (Öniş, 1991, p. 110). Moreover, the “strategic” industrial policy involves a system of “producer economics” in which public policy emphasizes saving and investment in preference to certain types of consumption (Weiss, 2000, p. 26). Specifically, the government engages in policies aimed at governing market allocation of resources to a small number of industries – especially focused on exports (Wade, 2004 [1990]). Thus comparative advantage does not evolve naturally but successful industries are made, particularly through protection via the utilization of tariffs, quotas, and indirect means of subsidy and support. In fact, industrial upgrading was, at the core, economic policy instead of macroeconomic stability (Ha-Joon Chang, 2003, p. 114). Equally important, the strong commitment to production-enhancing, growth-oriented priorities has not been associated with the logic of income redistribution and the creation of the welfare state (Öniş, 1991, p. 120).

The first question that arises in this debate is why was there such a prominent role of the state instead of following the premises of the “market-friendly” paradigm. The notion of “guided-market” applied in Japan and “transferred” to South Korea and Taiwan is especially important for understanding the appraisal for state intervention in the context of neoliberal hegemony. Japan, the most dynamic economy of the postwar era, had special ties with Taiwan and Korea derived from proximity and colonial history (Wade, 2004 [1990] p. 346). Thus it is misleading to assess the industrialization pattern in any one of these countries without placing it into the context of regional Japanese hegemony - which provided a base for subsequent similar industrial and infrastructural

investment trajectories in Korea and Taiwan (Cumings, 1984, p. 3). Additionally, the focus of East Asian countries on developmental policies is also attributed to the survivalist strategy derived from the strong external geopolitical-military threats. These may have made governments in the regions more inclined to promote overall economic growth (Grabowski, 1994, p. 415).

In the DS context, prosperous state intervention was accompanied by a strong state capacity to formulate policies and to assure compliance of business to the pre-established goals. If strong state capacity is pointed to as a fundamental aspect in the developmental state paradigm, the immediate question relates to how the states have built such capacity. One of the prominent explanations for assuring state capacity in these countries relates to Weberian state bureaucracy. The long tradition of education and the evolution of a competent bureaucracy (Grabowski, 1994, p. 415) followed by highly selective meritocratic recruitment and long-term career rewards creates commitment and a sense of corporate coherence (Moon & Prasad, 1994, p. 363). As result, corporate coherence has given to these apparatuses a certain kind of “autonomy”. Particularly important was the autonomy guaranteed to pilot agencies such as the Ministry of International Trade and Industry in Japan and the Economic Planning Board in South Korea. Despite bureaucratic autonomy, bureaucrats are not insulated from society but embedded in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies (Evans, 1995, p. 12).

The state elites in South Korea, Taiwan and Japan have consciously sought to create cooperative relationships with private business. The business conglomerates, the Keiretsu of postwar Japan and the chaebols in Korea, owed their high growth to the special incentives provided by the state. However, the public-private cooperation shall not be seen as a voluntary compliance by the business elites. Instead, the extraordinary degrees of monopoly and control exercised by East Asian developmental states over the financial system have guaranteed coordination of the private sector³ (Johnson, 1982; Woo, 1991) and

³ In the Korean case, Ha-Joon Chang (1994, p. 127) also points to the relevance of material sources beyond financial resources. The Korean state has owned various strategic industries,

has helped to divert the attention of business towards capital accumulation (Öniş, 1991, p. 113) especially through the reward of finance on the basis of performance (Amsden, 1989).

Another important factor that has helped the state to exercise strong influence in setting policy direction and to discipline business was the lack of powerful social classes (Ha-Joon Chang, 1994, p. 124; Grabowski, 1994, pp. 415-416). The landed class was eliminated through land reforms during the Korean War, and the incipient political organizations of the working class and farmers were undermined during the Cold War. The impact of the land reforms was such that, not only was there a relatively egalitarian distribution of income prior to the process of rapid industrialization, but also competition from potentially troublesome social groups such as large landlords was eliminated (Öniş, 1991, pp. 116-117) leaving behind a weak and subordinated civil society (Leftwich, 1995, p. 405) followed by the destruction of the left and organized labor (Öniş, 1991, p. 114). These events, therefore, left an open field for the development of strong state politics (Ha-Joon Chang, 1994, p. 124). Moreover, Developmental State advocates have recognized that culturally specific factors such as Confucianism have predisposed the societies to conformity and compromise to state commands (Radice, 2008, p. 1154).

The arguments so far presented, albeit providing a relevant account for the success of government policy in promoting economic development, lack consideration of the international context within which East Asian growth materialized in the postwar period. Korea and Taiwan benefited from heavy interaction with the United States and Japan. Moreover, East Asian countries received a large share of Western aid during the Cold War years which helped to strengthen state capacity (Grabowski, 1994, p. 415). The United States not only supported its Asian allies through economic aid and technology transfer, but also guaranteed these countries preferential conditions for exports to its market. In the 1960s this created opportunities for the low-cost industrial production sites to be integrated into the world economy (Wade, 2004 [1990] p. 346). The timing of incorporation into the world economy (Öniş, 1991, pp. 116-117) and the geopolitical factors are crucial for the subsequent success of the

such as oil, gas and others. The ownership of such industries has helped to strengthen state's power.

East Asian states. The preoccupation of the United States with containing communism and boosting capitalist democracies meant some tolerance of their authorities to domestic reform in Japan along with aid offers. However, even before the Cold War, this situation had rapidly overturned as the United States was increasingly concerned about economic competition from East Asia (Beeson, 2004).

A final point is worth stressing. Despite substantial similarities among the Korean, Taiwanese, and Japanese cases, some important differences remain. For example, contrary to South Korea and Taiwan, the postwar Japanese DS state was able to coexist with democratic political institutions. Additionally, Taiwan failed to conform to public-private cooperation conditions differing from Japan and Korea. The relative absence of large conglomerates in Taiwan can explain why the public-private cooperation condition was different. Therefore, the analysis of the DS from the unitary perspective also has some limitations (Öniş, 1991, p. 118).

The East Asian Miracle Report

In the early 1990s, the increasing debate on the DS prompted the World Bank to respond with the famous East Asian Miracle Report. As a leading proponent of the orthodox interpretation of the East Asian experience, the report finds that high-performing Asian economies have been largely achieved by market-friendly policies of “getting the basics right” and heavy and sustained public investment in social infrastructure, particularly in education. Despite acknowledging some beneficial state interventions in the East Asian economies, the report argued that industrial policy in these economies had been largely unsuccessful, with the partial exception of Japan. It also emphasizes the second tier of NIC of South East Asia and its absence of industrial policy, thus suggesting that East-Asian-style industrial policy is not necessary for successful economic development. The report was also skeptical about the capacity of replicating the East Asian-style industrial policy in the 1960s or 1970s in other developing countries with less developed bureaucracies and operating in a much more less tolerant international environment for interventionist industrial and trade policies (World Bank, 1993).

Importantly, the release of the report must be placed into the context of Japan's interest to assert itself on the world stage and promote guided-market principles beyond the United States dominant interests on free market. Through the 1980s, the Japanese state strengthened its external reach through aid and investment in South East Asia along with greater participation in international organizations, such as the International Monetary Fund (IMF) and World Bank. In this context, the Japanese government persuaded the Bank to make a special study of the East and Southeast Asian experience and its relation to the role of the state in development strategy. The idea was to provide more policy space for guided-market ideas and enhance Japan's role as a leader in development thinking (Wade, 1996, pp. 4-6). However, as the World Bank had top management control over the final product, Amsden (1994, p. 628) points out that "all the Bank was capable of doing in its report was seeing the image of its own "market-friendly policies in East Asia fortunes".

Shortly following the release of the World Bank report, the so-called "productivity debate" took place (Ha-Joon Chang, 2003, p. 113). The MIT economist Krugman (1994) contested the previous analysis. The author argues that East Asian economic growth (except Japan) was produced by an increase in input into the productive systems through the transition from agricultural to industrial economies rather than productivity growth. Therefore, East Asia could not sustain high growth rates for an extended period and predicted a deceleration in growth rates. Contrary to this idea, Ha-Joon Chang (2003, pp. 113-114) argues that - from an economic history perspective - economies in earlier stages of development are bound to rely more on factor accumulation than innovation and productivity growth regime.

The Developmental State Debate after the Asian Financial Crisis: Towards a Democratic Developmental State?

The Developmental State concept came under strong criticism with the debt crisis in the 1980s in Latin America, Japan's economic stagnation of the 1990s, and the 1997 Asian financial crisis. Some argue that the financial crisis did not represent a demise of state involvement in industrial restructuring but rather a redefinition of the Developmental State role (Dent, 2004; Low, 2004, p. 10; Weiss, 2003a, p. 251).

While a detailed analysis of the causes of the Asian financial crisis is beyond the scope of this research⁴, an important consequence of the crisis was to subject the East Asian development experience to an unfavorable review. The collective obsession with "what went wrong" has almost put an end to the efforts of understanding the reasons for the region's high growth rates (Evans, 1998, p. 66).

The Developmental States prior to the 1997 Asian financial crisis indeed embraced the neoliberal paradigm, most evidently in South Korea. While the financial control and state-guided investment established in the 1960s and 1970s was loosened by the 1990s largely for domestic political reasons, the deepening participation in multilateral economic organizations further conditioned East Asian economies to neoliberal principles (Weiss, 2000, pp. 24-28). Furthermore, the "ideological osmosis" whereby domination of Japanese-trained technocrats in northeast Asian economic bureaucracies have been gradually replaced by neoliberal United States trained graduates, has been particularly relevant (Woo, 1991).

The Asian financial crisis prompted many to argue that East Asian economies were in trouble because of structural inefficiencies related to excessive state intervention. Yet this perspective is challenged. First, none of the market-oriented Southeast Asian economies in crisis (Thailand, Malaysia and Indonesia) could be seen as DS because state intervention was not prominent. The economies of Taiwan and Singapore were somewhat affected by the crises in the region but survived more or less unhurt. Furthermore, the Japanese banking crisis pre-dated the events of 1997. Second, South Korea was the only

⁴ For a detailed overview see: Ha-Joon Chang (2000), Masina (2002), Wade (1998).

DS which substantially suffered from the financial crisis. However, as the country had undergone important institutional change since the 1990s, it is more plausible to attribute its crisis to Korea's demise of the "East Asian model" than its overuse (Ha-Joon Chang, 2003, p. 117; Weiss, 2000, p. 38). The external pressures of financial liberalization as well as market-opening measures might have limited some developmental ambitions in the domestic arena. Nonetheless, enough evidence to date indicates that there continues to be considerable scope for state guidance in national economic management and for government-business cooperation in countries such as Taiwan and South Korea (Wade, 2005, p. 110; Weiss, 2003a, pp. 246-247).

The 2007-2008 global financial crisis has led to some degree to renewal of interest in the states' capacity to manage economic affairs (Radice, 2008, p. 1155). It is therefore pertinent to re-examine the conceptual underpinnings of the DS and how the model can be understood in today's realities. Whereas the DS count on authoritarian forms of ruling, a re-thinking of the model must certainly address the "third wave" (Huntington, 1993) of developing country democratization. While East Asian developmental states experience impressive economic performance, the social and political aspects have not followed the same pace (Low, 2004, p. 3). Political authoritarianism, human violations, corruption, union repression, gender discrimination, and mistreatment of ethnic minorities have been part of DS reality (Ha-Joon Chang, 2003, p. 109). Democratic politics were considered to be a barrier to sustain development because competing interests based on class, class fraction or sector could generate demands which could not be accommodated within existing political institutions and prevailing resource constraints (White & Robinson, 1998, p. 1). The authoritarian character of the state ensures that competing interests are subordinated to state goals largely concentrated on the ideals of industrialization and technological change (Radice, 2008, p. 1154). However, with the end of the Cold War and the upheavals in East Europe and the former Soviet Union, the rise of social movements pressuring for democratic reforms in many parts of the developing world brought the authoritarian regimes on the defensive. These political developments have made democracy and development not only compatible, but also mutually reinforcing.

In this study, the democratic DS is operationalized as a strategic terrain where the interest of the dominant class or fraction of classes is based on a developmental project founded on growth and equality but at the same time with democratic political foundations. Although the precise form of the democratic DS varies according to its own developmental project, they prioritize the needs of the poor and marginalize social groups. Indeed the democratic DS has affinities with the basic tenets of social democracy, in which equitable and sustained development outcomes are achievable through the creation of durable and inclusive political institutions (White & Robinson, 1998, pp. 5-7). Democracy is understood as a set of institutional redistributive and inclusive procedures to guarantee basic civil and political rights in a pervasive and participatory manner. This interpretation is related to the “participatory development” concept which considers democratization as opening spaces for socio-economic forms of popular mobilization (White, 1998, p. 21). As for the definition of development, this research draws on the ideas of Furtado (2000), who considers the concept in at least three different dimensions:

“Development is [...] to increase the effectiveness of the system of social production, the satisfaction of basic needs of the population and the achievement of objectives aimed by dominant groups of society, which compete for the use of scarce resources. The third dimension is certainly the most ambiguous, because what we aspire to a social group may look to others as a simple waste of resources. Hence this third dimension only comes to be perceived as such when included in an ideological discourse. Thus, the concept of development of a society is not oblivious to their social structure, neither the formulation of development policy nor its implementation are conceivable without ideological preparation” (Furtado, 2000, p. 22).

Two crucial aspects are important to note in Furtado’s work: the value attributed to democracy (Furtado, 1962) and the understanding that the conditions for development must be seen in a historical dimension (Furtado, 1994).

Reception of the Developmental State in Brazil and South Africa

The theoretical underpinning for explaining the East Asian high economic growth after World War II is found in the Developmental States literature, which suggests that the success in economic growth was achieved by states allocating financial resources to strategic industrial sectors in combination with high bureaucratic capacity and its significant autonomy from society. Although this attribute is most commonly used for East Asian countries, the debate on the Developmental State has been particularly prominent in other developing countries at both academic and policy levels. Here it is important to evaluate the extent of its reception in Brazil and South Africa in the context of the Import Substitution Industrialization (ISI) dismantling as a development strategy and the pursuit of new developmental paradigms in a democratic political and institutional framework.

From 2000 onwards, in both countries, there has been an increasing interest from scholars and policy makers in developmental strategies, especially those that point to alternatives to neoliberal orthodoxy. This process has been strengthened especially since the South East Asian financial crisis which increasingly provided a political momentum for re-thinking and articulating different developmental paths (Morais & Saad-Filho, 2011, p. 520). In both countries, some scholars coined the term Developmental State to express a shift, at least in rhetoric, towards a state-led developmentalism. This debate is however a controversial one.

From a review of the literature, the dominance of an economic agenda in analyzing the Developmental State can be observed in Brazil and a sociological perspective in the South African case. This might be related to the strong influence of the Economic Commission for Latin America (ECLAC) developmental strategies for developing countries in the formation of the developmental thinking in Latin America (Sicsú, De Paula, & Michel, 2007, p. 514). In South Africa, government officials and policy makers use the term as an ideological guidance to keep together the broader ruling alliance, especially the partners with stronger leftist political demands. Furthermore, there is a large

amount of literature on the challenges for the state to achieve such a status which places the East Asian experience as a background.

Although the Developmental States literature in English has been mainly the theoretical underpinning for explaining the East Asian economic performance, Evans (1995) argues that Brazil also possessed developmental qualities between 1930 and 1980 which can characterize it as an “intermediate state” (between predatory and developmental). One of the factors that differentiates Brazil from the ideal type of Developmental State refers to recruitment procedures. The Brazilian state is known as a massive source of jobs populated based on interpersonal connections rather than competence, and is thus correspondingly inept in its developmental efforts. The lack of a stable bureaucratic structure makes it harder to establish regularized ties with the private sector of the “administrative guidance” sort and pushes public-private interaction into individualized channels (Evans, 1995, pp. 61-65). The South African state also resembles the description by Evans (1989) of the “intermediate states”. While the state has developed bureaucratic administrations, especially at the national level (e.g. South African Revenue Service and National Treasury), it reveals at the same time some state dysfunctionality, particularly at local and provincial levels (Von Holdt, 2010b, p. 257).

Brazil

Between 1930 and 1980, Brazil adopted the Import Substitution Industrialization (ISI) as a development strategy. It was widely accepted that, in order to achieve higher industrialization levels, extensive state intervention was required. However, as the ISI became more mature, the Brazilian state was institutionally disarticulated and unable to impose priorities over conflicting interests, especially in the dominant bloc, between agrarian and urban interests, between manufacturing capital and finance, and between the elite and other social groups, particularly the marginalized but increasingly militant urban workers and the emerging middle classes (Saad-Filho, 2012, p. 121;124). Eventually, a combination of domestic and international factors made these elites believe that political changes to a different development path were imperative (Palma, 2003, p. 128).

In Brazil, the attributed inefficiencies associated with ISI converged with the triumph of neoliberal economic policies and globalization in the region. In the 1990s, the old paradigm of development through ISI was discarded in favor of a more open market economy and thus under unprecedented pressure to accept the Washington Consensus policy orientation. Two of the most striking disappointments of the 1990s refer to weak economic growth (especially the weak performance of the industrial sector) and limited impact on improving income distribution and reducing levels of poverty (Amann & Baer, 2002, pp. 945-951).

Schneider (1999) argues that Brazil had a developmental state for most of the postwar period, albeit with some fluctuations and detours. He points to four essential characteristics of the state and its relations with the economy and the polity from the 1930s to the 1980s: (1) profits and investment depended on decisions made in the state (“political capitalism”); (2) discursive prevalence of industrialization and of state intervention to promote it; (3) political exclusion of the majority of the adult population; (4) weakly institutionalized bureaucracy in which appointments structured power and representation (Schneider, 1999, p. 278).

In the comparison between the East Asian and the Latin American development strategies, the nationalism underlying the developmental state discourse is present in both regions. However, in contrast with a relatively homogenous society in East Asia, the deeply divided social structure in Brazil makes the pursuit of any collective agenda extremely difficult (Evans, 1995, p. 66). Thus, nationalism was never consensual enough among non-elite groups or urgent enough among elites to provide the same impetus to developmentalism (Schneider, 1999, pp. 303-304).

After War World II, Latin American and East Asian countries have differently integrated into the world division of labor. The commonality relates to refusal of countries in both regions to accept a traditional “Ricardian” comparative-advantage position to concentrate on an “endogenously-created” developmental path (Palma, 2003, pp. 143-144). While in East Asia the social pact was especially between bureaucracy and business, leaving aside labor, there is no hegemonic national project in Brazil. More differences are seen in the social structure, which in Brazil was absent of a war threat or foreign invasion as seen

in the East Asian case (Herrlein Jr., 2011, pp. 4-5). Moreover, contrary to the Brazilian situation, given the scarcity in East Asian countries of natural resources, the export of industrial products is a crucial aspect for industrialization (de Medeiros, 2011, p. 292). Therefore, when contextualizing with the East Asia case, a significant “transfer” of the Asian policy programmes is not visible in Brazil. The similarities may be identified in specific cases, such as a greater emphasis from 2000 onwards on establishing leading national firms and a more active presence of the state in assisting production via finance of capital and public investment in infra-structure, for example (Morais & Saad-Filho, 2011, p. 521).

A “New Developmentalism” in Brazil?

From 1930 to the end of 1970, Brazil witnessed a great period of economic growth which is commonly labeled as the “national-developmental era” (Carneiro et al., 2012, p. 2). From the beginning of 2000, there has been a controversy among policy makers and scholars as to whether Brazil has returned to the developmentalist path (“Desenvolvimentismo”), albeit adapted to the current political and economic context. From the review of the literature, Brazilian scholars that are either supportive (Carneiro et al., 2012; Cervo, 2009; Herrlein Jr., 2011) or contrary (Gonçalves, 2012) to the view of the Brazilian state as developmental often concentrate the analysis on the economic level neglecting issues related to role democracy, and often focus on the structure while leaving aside the role of social groups, such as interest groups of class (Colistete, 2001, p. 29).

The debate as to whether the Brazilian state can be characterized as developmentalist is related to the broader changes particularly from 2006 in the role of the state in: (a) assisting production via finance of capital and public investment in infra-structure; (b) expanding mass consumption market through social programs, and the increase of minimum wage and credit for consumption; (c) supporting big Brazilian companies, transforming them into key competitive agents both at domestic and internal markets, and also via diplomatic support by strengthening South-South relations (Morais & Saad-Filho, 2011, p. 520). According to Herrlein Jr. (2011, pp. 5-6), the Brazilian state may be considered as developmental given the support to industrialization,

state intervention in favor of economic growth, the presence of nationalism as part of the political discourse guiding the state and a distributive political economy.

Several of these political economic measures adopted by the PT-led government, albeit without rupturing the neoliberal economic framework, share similarities with the “New-Developmentalism” (ND) literature (Morais & Saad-Filho, 2011, p. 520). The ND core assumption is also present in the so called “Old Developmentalism” of the 1950 and 1960s: the state has a central role to play in assuring economic and social development (Mollo & Fonseca, 2013, p. 223). The Old Developmentalism literature is associated with the theoretical proposition from the Economic Commission for Latin America (ECLAC). Initially guided by the work of Raúl Prebisch, the concept of *desenvolvimentismo* “tries to capture the state engagement in applying a project of long term centered on the industrialization and modernization of the primary sector, implemented with the assistance of the government policies aimed at promoting import substitution and the diversification of primary production, with focus on the domestic market” (Fonseca, Cunha, & Bichara, 2002, pp. 8-9). The proposition of ECLAC had great repercussions in Brazil among policy makers, industrial business groups and in academia. In fact, the elaboration of the ISI model in Brazil has been strongly influenced by the ideas of ECLAC (Sicsú et al., 2007, p. 514) with Celso Furtado as one of the most prominent scholars of the developmental analysis (Colistete, 2001, p. 21;26). Insertion

The ND proposes to return to the developmental strategy for Brazil, but adaptive to the current state of development in which the ISI is no longer pursued as a development strategy. Bresser-Pereira (2011), as a key proponent of the ND⁵, argues that the new developmentalism takes account of medium-income countries that have already undergone their national and capitalist revolution. New developmentalism is an alternative, on one side, to the Washington Consensus for which the solution of all problems lies in reducing the public deficit, and, on the other side, to the populist approach that views fiscal expansion as a magic solution and is not responsible in exchange rate

⁵ Oliva (2010) is another reference in this debate. He defines the Brazilian ND based on the improvement of social conditions (income distribution, reduction of poverty) in the process of economic development. The government’s pro-active style of participation in the international arena is also another characteristic of the ND.

terms as it proposes growth with foreign savings. Instead, new developmentalism proposes a “strategy based on fiscal responsibility and principally foreign exchange responsibility” (Bresser-Pereira, 2011, p. 494).

The differences between the Old Developmentalism (or National-Developmentalist) and the New Developmentalism literature are not only based on ideological disparities but also as distinct national developmental strategies. The first assumed industry to be an infant and protected it with high tariffs and focused on import substitution; it recognized the lack of the private sector's ability to perform major investments in infrastructure and basic industry and put the state in charge of them. The New Developmentalism, historically identifiable in the early 2000s, considers industry as mature and ready to compete internationally and thus manufacturing is export-oriented. While it opens more space for the private sector, the state continues to invest in strategic sectors (Bresser-Pereira & Furquim, 2012, pp. 13-14).

South Africa

In the mid-1990s, South Africa implemented a series of policy programmes to boost competitiveness and inclusion into the global market based on the neoliberal economic framework of Growth, Employment and Redistribution (GEAR). Nevertheless, the considerable dissatisfaction of domestic political groups with the limited reach of economic reforms in addressing poverty and growing social inequality has influenced the ANC to embrace the idea of a more interventionist economic strategy (Daniel et al., 2005, p. xxiii; Pillay, 2008b). Not only has the term attracted the attention of South African State elites and party leaders, but the commitment to constructing a democratic developmental state occupies a prominent position in the government policy documents (Qobo, 2009, p. 55).

In 2004, President Thabo Mbeki admitted to reconsidering some GEAR principles and to changing policy direction from the neoclassical to the revisionist stance (Daniel et al., 2005, pp. xxvi-xxix). The 2006 government's policy of Accelerated Shared Growth Initiative for South Africa (AsgiSA) is one case to illustrate the concern for a more decisive state intervention to boost growth and employment.

After the Mbeki ruling period, the focus on establishing a Developmental State is further echoed domestically as Zuma tries to connect with economically disempowered constituencies (Qobo, 2009, p. 60) and to distance its mandate from neoliberal policies (but without radical economic transformation) by bringing to the front the interventionist role of the state (Fine, Ashmann, & Newman, 2010, p. 24). Moreover, the commitment to constructing a developmental state serves also “as an ideological glue to hold the (ruling) alliance together” (Southall, 2006b, p. xxvii).

Contrary to most Developmental States, in which such attributes are often promoted or explained by academics or policy experts, the SA government is one of the few governments to assert its commitment to the construction of a DS (Edigheji, 2010, p. 2). There is, however, some confusion in the conceptualization of the term in the South African context. Marrais (2011, p. 339), Ben Fine (2007) and Makgetla (2005) argue that using the concept without proper investigation of its intellectual roots, results in such vagueness that it serves to simply mean an ideological oriented opposition to free market. Important as these arguments may be, it is clear that in the search for a developmental model, the ruling party and its trade union-allies tend to reflect the Developmental States with the achievements of East Asian experiences (Meyns & Musamba, 2010, p. 7; Pillay, 2008b; Qobo, 2009, p. 60; Southall, 2006b, p. xxi), particularly from Malaysia, “which has been influential in shaping the ANC’s ideas about how to combine growth with racial redistribution” (Daniel et al., 2005, p. iii).

Three broad and overlapping groups have engaged with the Developmental State debate in South Africa: the liberals, the Jacobins and the developmentalists. The first relates to economic liberals of the private sectors, unsupportive of state intervention into the market. Some of the concerns of this group relate to the over-regulation of the economy, and that DS ideological agenda might be to simply promote the interests of the ANC elite. The “Jacobins” ANC elite - inspired by the revolutionaries’ bourgeoisie in France – intend to promote social transformation by using the state, while at the same time defending bourgeoisie interests. Therefore, they have a radical nationalist position, which defends a radical transformation of ownership and control in favor of black capitalists. The “developmentalist” positions converges with the

“Jacobins” in the need for the state to promote a class of black capitalists but is more attentive to the pitfalls of lacking control of the new black capitalist class (Southall, 2006b, pp. xxii-xxx).

The implementation of a DS in SA is not without challenges. In fact most of the analyses about South Africa and Africa broadly are based on a strong skepticism about the feasibility of a DS, referred to by Mkandawire (2001) as the “impossibility thesis”. This led many researches to focus on the normative aspect of what states ought to do in order to build a developmental state (Butler, 2010a; Edigheji, 2010; Fine, 2010).

Apart from a normative approach by scholars to the DS debate in South Africa, the literature often elaborates on the lack of state capacity as a relevant challenge for constructing a DS. There is some skepticism about the technical capacity of public service and the ability of the government to create a competent administrative apparatus to ensure policy implementation, particularly at local levels (Daniel et al., 2005; Southall, 2006a; von Holdt, 2010a, 2010b). The skepticism is further strengthened as the party and state positions are regarded as providing access to private wealth and contracts are awarded on the basis of political connections rather than on technical principals (Southall, 2007, pp. 8-11). Other obstacles to building a DS in South Africa State relate to the lack of national coherence (Daniel et al., 2005, p. xxxiv), the failure of finance to mobilize and prompt appropriate funding for domestic investment (Fine, 2010, p. 176), and the lack of articulation of how business-state relations can direct a common developmental path (Qobo, 2009, p. 61). Also, as South Africa is a mineral-rich country, the use of mineral resources for developmental purposes needs to be addressed as well.

Additionally, as much of the Developmental State in South Africa is inspired by the Asian experiences, there is a concern about the role of democracy in this model. Some argue that democracy and development cannot coexist because they are believed to be incompatible. In fact, the logic around the trade-off between democracy and development was used to justify authoritarian rule in much of Africa. It was often claimed 'that there was a sequencing of rights, with the right to development taking precedence' (Mkandawire, 2010, pp. 70-71). The economic growth rates achieved by authoritarian regimes were used to support the view that a subordinated civil society and political repression

guaranteed a successful implementation of DS (Butler, 2010a, p. 186). It is clear, however, that given South Africa's relatively high levels of popular mobilization, the ANC-led government would have to seek a combination of developmental goals and democracy (Southall, 2006b, p. xvii). This is one of the many obvious examples of why South Africa cannot simply replicate what other countries have done as political, economic and cultural contexts differ. Compared to East Asian states, the South African economy has pursued a distinct historical trajectory. While East Asia faced natural resource scarcity and national capital groups were key in promoting industrial growth, the South African capital was shaped by mining, financial institutions, parastatals and heavily based on imported input and capital equipment (Southall, 2006b, p. xxxiii).

Chapter III. State Theory

This chapter provides a conceptualization of the state from a Marxist approach. In particular, the work of Nicos Poulantzas on theorizing the capitalist state is found to be particularly relevant as it sheds light on the political struggles and political domination inscribed in the institutional structure of the state. Furthermore, the theoretical account on the contradiction within the state makes more visible the role and channels of influence used by political parties in shaping policy outcome. In addition to the important contributions from Poulantzas, Bob Jessop's (2008) concept of the "strategic relational approach" is also considered. He advances the theoretical view of the state as a social relation developed by Poulantzas.

The theoretical body considered for analyzing the capitalist state is mainly from theorists who refer to the modern state associated to a European experience. Some scholars, however, point out to some of the limitations of applying these approaches to the Global South (Ahluwalia, 2001; Olugbade, 1989; Pereira, 2013). While the dependency theory is best known for the contributions from Latin American scholars to analyze the State in the Global South, it is argued that it provides limited contributions to this work because the general outlook of dependency theory has been less on the internal characteristics of particular southern countries and much more within a globally defined historical context in the international system.

Conceptualization of the State as a Social Relation

While Nicos Poulantzas's work on the capitalist state is aligned with the Marxist tradition of state theory, it rejects the interpretation of the state either as a passive tool merely representing the interests of one class or fraction - without any autonomy - or that it is endowed with power of its own and a absolute autonomy of social classes (Poulantzas, 2000 [1978] p. 131). He proposes instead a relational concept of the capitalist state, as a "material condensation of a relationship of (class) forces" (Poulantzas, 2000 [1978] p. 128).

In order to grasp Poulantzas's definition of the state in its integral form, it is crucial to clarify the author's notion of "materiality" and "condensation". The

materiality of the modern state is organized in a relation of domination of four aspects: knowledge and power, individualization, law, and the nation. The first component refers to the monopolization of intellectual labor (knowledge) by state apparatuses as opposed to the manual labor concentrated in the popular masses (Poulantzas, 2000 [1978] p. 55). The second aspect relates to the state's atomization of individuals in the relations of production as an "appendage of the machine" in order to represent the "unity of a body" (people-nation) (Poulantzas, 2000 [1978] p. 65). The third component of the materiality of the capitalist state is its legal form, an integral part of the repressive order and the organization of violence. The state holds the monopoly of legitimate physical violence, and even when not directly exercised, it remains as an element of power. Moreover, law does not only have a negative "logic of rejection, obstruction, compulsory silence and the ban on public demonstration", but it dictates positive obligations. Apart from a positive and negative role in organizing repressions, law also matters in terms materializing the dominant ideology and organizing the consent of dominated classes (Poulantzas, 2000 [1978] pp. 80-83). The final materiality of the capitalist state is the dissemination of nationalist narratives, established in a relationship between history and territory, inscribed in the spatial and the temporal matrix.

On the one hand, the materiality of the capitalist state shapes social relations of forces through filtering political interests as well by its reaction against oppositional forces. On the other hand, these relations of forces retroact on state apparatuses (Jessop, 2011, p. 82). In grappling with the relationship between relations of forces and state apparatus, the concept of "condensation" is regarded by Poulantzas as the "political unification or disorganization of different class fraction through their transfer onto the terrain of the state" (Bretthauer, 2011, p. 83). In this sense, the state constitutes a strategic terrain for organization and representation of the long-term political interest of the dominant class or class fraction: the "power bloc". In a political terrain occupied by several classes and class fractions, the capitalist state "organizes and unifies the bourgeoisie because it enjoys relative autonomy of given factions and components, and of various particular interests" (Poulantzas, 2000 [1978] p. 127).

The power bloc is composed of several bourgeoisie fractions. The fractions in the power bloc include the big landowners, non-monopoly capital, or its commercial, industrial or banking fraction, monopoly capital and the internationalized bourgeoisie or the domestic bourgeoisie (Poulantzas, 2000 [1978] p. 133). Considering the different stages of class struggle, these classes and fractions form a specific alliance on the power bloc, generally functioning under the leadership of one of the dominant classes or fractions, the hegemonic class or fraction (Poulantzas, 1975, p. 93). It is important to note that in the relationship of forces, the various fractions of capital are neither in constant and uniform opposition to the popular masses, nor are the political attitudes of those within the dominant classes equal (Poulantzas, 2000 [1978] p. 143).

Poulantzas further differentiates three domestic bourgeoisie fractions in relation to foreign capital: “comprador bourgeoisie”, “national bourgeoisie”, and “interior bourgeoisie”. The comprador bourgeoisie is that fraction of the bourgeoisie, which does not have its own base for capital accumulation, and is therefore economically, politically and ideologically subordinated to foreign capital. Depending on circumstances, either the national bourgeoisie develops its own imperialist interests, or it takes part of a certain type of alliance with the popular masses. Poulantzas’s main purpose for the conceptual distinction was to analyze the relations between the capitalist centers and peripheries. However, the categorization of these bourgeoisie fractions did not capture the bourgeoisie of the imperialist metropolises in its relation to US capital. To better explain the relation of domination of American capital on the economies of other metropolises, Poulantzas introduced the “internal bourgeoisie”. Internal bourgeoisie exists alongside sectors that are comprador but “it remains with its own economic foundation and base of capital accumulation both within its own social formation and abroad” (Poulantzas, 1975, pp. 70-74). Considering that the interior bourgeoisie is neither merely externally determined bourgeoisie nor a self-centered national one, Poulantzas thus “captures the interiorization of internationalized relations of power within the national state” (Wissel, 2011, p. 219). Therefore, while the bourgeoisie’s reproductive base lies inside the national state, it does not develop endogenously because of its entanglement with foreign capital. The ambiguity of the internal bourgeoisie is expressed when the conflicts on the foreign capital are explored. For example, in the past

in Brazil, the state and the national business groups welcomed the entry of Volkswagen instead of Ford or General Motors. This shows the act of the internal bourgeoisie in trying to block the entry of the strongest capital forces without breaking the relations with foreign capital in general (Farias, 2009, p. 89).

The diverging interests within the power bloc are represented in the executive and parliament, the army, the judiciary, various ministries, regional, municipal, and central apparatuses, and the ideological apparatuses. Moreover, if a given apparatus assumes the dominant role in the state, it is also because it manages to concentrate the power of the hegemonic fraction and at the same time to crystallize the state's politico-ideological role in relation to the dominated classes (Poulantzas, 2000 [1978] p. 142). Considering that the state is a condensation of a relationship of forces between classes and class fractions, the state can never be a monolithic bloc. These class contradictions are not only present in the state material framework but its functioning also reflects on the state's policy (Poulantzas, 2000 [1978] p. 132).

The unity of the state occurs in a complex process in which certain dominant decision-making centers are impermeable to all but monopoly interest. Not only the hegemonic class or fractions dominate certain apparatuses to materialize interests but in the long term, they also tend to have a privileged contact to certain state apparatuses. The formation of a left government does not mean, therefore, a control over certain state apparatuses as they might not have the real power of control. Moreover, even when the left acquire certain parts of the state apparatus, the hegemonic class or fraction might dislocate the role of dominance from one apparatus to another. Thus, in locating the state as the material condensation of a relationship of forces, the state must be seen as a strategic field and process of intersecting power networks (Poulantzas, 2000 [1978] pp. 136-137).

Another important contribution of Poulantzas to state theory, and pertinent for this research, refers to the role of the state personnel. As class contradictions are also inscribed within the state - including the various administrative, judicial, military, police and other state bureaucracies; the contradictions and divisions within the power bloc are therefore reflected through internal divisions of the state personnel. The state personnel constitute a social category that does not

exist aside, or above classes. It has a class place related to the position of the personnel in the social division of labor (Poulantzas, 2000 [1978] pp. 154-156). In this context the role of political parties is made visible, as responsible (albeit with negotiations with allied groups) for the appointment of many state managers.

The State's Strategic Selectivity

Bob Jessop stresses Poulantzas's perception of the state as a social relation and attempts to overcome two dilemmas. First, dichotomist "capital-theoretical" and "class-theoretical" approaches of Marxist state theory are referred to in West German debates. This dilemma involves the emphasis either on the abstract logic of capital or on the concrete modalities of a class struggle in an empiricism manner. The second dilemma is expressed in the Anglophone debates about structuralism and instrumentalist. Here particular attention has been given to the Poulantzas-Miliband debate in which Poulantzas favored structuralism to critique Miliband⁶. In this context, Jessop proposed his own theoretical approach to state theory as the "strategic-relational-approach" (hereafter SRA) to close these gaps. The development of the SRA, grounded on a critical realist philosophy of social science, may be divided into three phases. The first two phases engage with state theory and later extend to issues of structure and agency. More recently, it has informed the theoretical orientation of cultural political economy. The present study limits the analysis on the first phase of SRA in relation to the state theory (Jessop, 2008, p. 22).

The state is neither a unified subject nor a neutral instrument but an asymmetrical institutional terrain on which various political forces (including state managers) contest over the control of the state apparatus. In this sense, the SRA implies that the state system is a site of strategy. The "strategy selectivity" of the state involves a system for which structure and modus operandi are more open to some types of political strategy than others. Therefore, the relational aspect of this selectivity lies in the relation between state structures and the strategies which different forces adopt toward it (Jessop, 2008, pp. 31-32). Furthermore, the state is the site not only of class

⁶ See Miliband-Poulantzas debate: Laclau (1975), Miliband (1970, 1973), Poulantzas (1969,1976).

struggles and among state branches, but also a site where strategies (in a path-dependent manner) are elaborated. Given such contradictions, Jessop draws attention to the role of state managers (both politicians and career officials) for establishing relative unity and acquiring relative autonomy from the conflicting pressures emanating from civil society.

Importantly, the state does not exercise power. As an institutional ensemble, the state is seen as possessing various potential structural power (or state capacities). The state is, therefore, an ensemble of power centers that offers unequal chances to different forces within and outside the state to act for different political purposes. In sum, it is not the state that acts; it is always specific sets of politicians and state officials located in specific parts and levels of the state system (Jessop, 2008, p. 37).

To translate the account of the state as a social relation, as proposed by Poulantzas, into “concrete-complex analyses” of specific political conjunctures requires the study of three interrelated moments: “(1) the state’s historical and/or formal constitution as a complex institutional ensemble with a spatio-temporally specific pattern of structurally-inscribed strategic-selectivity; (2) the historical and substantive organization and configuration of political forces in specific conjunctures and their strategies, including their capacity to reflect on and respond to the strategic selectivities inscribed in the state apparatus as a whole; (3) the interaction of these forces on this strategically-selective terrain and/or at distance therefrom” (Jessop, 2011, p. 43). This study accounts for a conceptualization of the formal constitution of the state as resulting from past struggles, followed by an investigation of key political forces involved in trade policy formulation. With regard to the interaction of these political forces, as proposed in moment 3 by Jessop, the strategic-selective terrain of the trade policy network is studied with greater focus on the role of the political parties therein.

State in the Global South

The theoretical body considered for analyzing the capitalist state is mainly from theorists who refer to the modern state associated to a European experience. Some scholars, however, point out to some of the limitations of applying these approaches to the Global South (Ahluwalia, 2001; Olugbade, 1989; Pereira,

2013). The differences in the international context at the formative and initial development stage; the conditions and capabilities associated with the state's emergence; and the geographical definitions and institutional impositions of the colonial era are some of the important factors of differentiation between states in various part of the world (Leftwich, 2008, p. 217).

From the review of the literature, it has been observed that the recent theoretical framework of the state in the Global South often cross-cuts the triangular literature on: (a) the democratization process at national borders; (b) the historical insertion of these countries in the international political economy, which in turn converges with (the development of) (c) development theories.

While there is a literature claiming to help us to theorize the capitalist state in the periphery (Evers, 1979; Kaplan, 1986; Pereira, 2013), there is no clear-cut model or theory of the African state (Keller, 1991, p. 134) nor for the Latin American context (A. Souza, 2001). Considering that the "theory of the Third World state has not fared well in the first half of the neo-classical 1990s" (Graf, 1995, p. 140), some scholars turn to the literature on dependency theory for further theoretical insights (See Malloy (1974), O'Donnell (1977), Smith (1979), O'Donnell (1977) and Fiori (1990)). This is particularly evident in the Latin American debate which the "historical development delay" (found in the dependency school) has been at the core of political and economic thinking in the region (Fiori, 1990, p. 55).

In the 1960s and 1970s, Latin American scholars elaborated the dependency theory in an attempt to explain the socio-economic development in the region. Dependency theory presented itself as an alternative theoretical framework for analyzing the historically distinctive problems of the Global South. For *dependencistas*, the basic context of poverty and underdevelopment was the dominance-dependence relationship with the international economic system dominated by the northern capitalist powers. The historic forms of dependence can be distinguished in three forms: (1) colonial dependence by means of a trade monopoly of the colonialist state; (2) financial-industrial dependence (19th century) characterized by the domination of big capital in the hegemonic centers, in which a productive structure grew up in the dependent countries devoted to the export of these products; and (3) technological-industrial dependence (post-war period) based on multinational corporations investing in

industries geared to the internal market of underdeveloped countries (Dos Santos, 1970, p. 232).

Dependency theory is marked by a variety of interpretations. Despite substantial disagreements within this "school", two approaches are particularly prominent: the "super exploitation approach" and the "associated dependency approach". Both approaches arise from a critique of the linear assumptions of the modernization theory. The first one, often associated with the work of Ruy Mauro Marini, explains the reasons for persistent underdevelopment in countries and alternatives for overcoming such conditions. The persistent lack of economic growth was due to the exploration of the imperialist system established by the north in underdeveloped countries and the incapacity of local elites to think and act strategically based on national interests. The structural basis of the cycle of capital in dependent economies was mainly sustained by the super-exploitation of workers with wages lower than the minimum level of subsistence followed by an increase of time and workload. The exploitation was inherent in capitalist societies but was particularly severe in the periphery countries because workers were subjected not only to exploitation from local elites but also from imperial centers (Bresser-Pereira, 2010, pp. 32-35). The prescription for the way out of dependency and into self-sufficiency was to overthrow dependent capitalism itself by revolution and socialism. The second approach, on the contrary, understood the process of development in light of an alliance of the national elite with the hegemonic systems. Therefore, development is seen as an "associated" form of industrialization (Cardoso & Faletto, 1970 [1969]).

The general outlook of dependency theory has been less on the internal characteristics of particular southern countries and much more within a globally defined historical context. The role of the state is therefore relativized and larger emphasis is placed on the international economy and transnational elite interaction (Graf, 1995, p. 157). Part of that is because many dependency theorists with traditional Marxist background understand the state as a mere administrative body of the ruling class (Smith, 1979, p. 248;262). Therefore, dependency theory has not successfully analyzed the sub-state level in the Global South (Graf, 1995, p. 157).

As this research focuses on the state from a national-level perspective, the dependency theory provides limited contributions. Instead it considers Poulantzas's perspective on State as it sheds light on the political struggles and political domination inscribed in the institutional structure of the state. Furthermore, the theoretical account on internal contradictions of the state and its structural selectivities are relevant to explore the influence of political parties in shaping policy outcome.

Chapter IV. Policy Network Analysis

This chapter concentrates on the network that is most common in political science, namely “policy network analysis” (R.A.W Rhodes, 2006, p. 425). The development of the literature on policy network is marked by a “Babylonian” variety of concepts in which social science disciplines can hardly agree on the meaning or whether policy networks constitute a “mere metaphor, a method, an analytical tool or a proper theory” (Börzel, 1998, p. 28; R.A.W Rhodes, 2006, p. 424). In this study, policy network is defined as a “concept which provides the link between the micro-level of analysis, which deals with the role of interests in government in relation to particular policy decisions, and the macro-level of analysis, which is concerned with broader questions concerning the distribution of power within contemporary society” (Marsh & Rhodes, 1992, p. 1). Policy network is, therefore, considered as a meso-level concept that emphasizes continuous relations between interest groups and government departments as a process of “interest of intermediation” (Schmitter, 1974).

Among the variety of labels and applications of the network concepts, the literature can be organized along ontological dimensions. For some, networks imply specific types of interest intermediation entailing different forms of institutionalized exchange relations between the state, business and civil society (G. Jordan & Schubert, 1992; van Waarden, 1992). Others have taken the concept one step further to consider networks as a new form of governance within and beyond the nation state (Scharpf, 1997). While the interest intermediation school considers policy networks as a generic concept which applies to all kinds of relations between public and private actors, the governance school only characterizes policy network as a specific form of public-private interaction in public policy in a non-hierarchical coordination (Börzel, 1998, p. 255). The Anglo-Saxon policy network literature (power dependence school) mainly focuses on works of the interest intermediation school, while the governance school (rational actor school) is much covered by the German literature from the Max-Planck-Institut für Gesellschaftsforschung (Börzel, 1998, p. 254; R.A.W Rhodes, 2006, p. 431).

This chapter is organized into mainly four parts. First, it explores the literature on policy network as an interest of intermediation and policy network as

governance. The second part presents some of the limitations of the literature on policy network along with two alternatives for tackling some of its deficiencies, namely Epistemic Communities and Advocacy Coalition. In the third part, it is suggested that policy network needs to have a dialectical perspective in order to effectively grasp the recent changes in modern public policy making. Finally, the paper explains how the meso-level concept of policy network interacts with the macro and micro levels of analysis in this study.

Policy Networks as Interest of Representation

The policy network model is not the only model of interest group intermediation. In pluralism, for example, there was a normative belief within the Western World that power and political authority should be widely dispersed through the proliferation of interest groups. They would intermediate between the state and the citizens in order to secure individual rights (G. Jordan & Schubert, 1992, p. 8). Therefore, pluralism can be defined as a system of interest representation in which:

“(T)he constituent units are organized into an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered and self-determined (as to the type or scope of interests) categories which are not specially licensed, recognized, subsidize, created or otherwise controlled leadership selection or interest articulation by the state and which do not exercise monopoly of representational activity within their respective categories” (Schmitter, 1974, pp. 85-96).

One important element of the pluralist system of interest group presentation refers to a large number of groups with responsive leadership to members, competing with one another for influence over policy. The government (not the state) has a largely passive role, merely authoritatively allocating scarce resources, with its decisions reflecting the balance between the interest groups within society (Marsh & Rhodes, 1992, p. 2)

In the 1970s and early 1980s, there was a great deal of interest in corporatism as another type of interest of representation. While the concept was used in a wide variety of ways, it can be defined as a system of interest of representation in which:

“(T)he constituent elements are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and

functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports” (Schmitter, 1974, pp. 93-94).

The corporatist model differs from the pluralist model in a number of aspects. The corporatist model emphasizes the role of a limited number of interest groups, hierarchically structured, representing the major corporations⁷. In this model, the state (not the government) plays an active role, although the exact nature of the role depends on the variant of corporatism considered. In sum, the corporatist model was developed, in large part, as a critique of the pluralist position and much of the current interest in policy network analysis results from the inadequacies of the pluralist and corporatist models (Marsh & Rhodes, 1992, p. 3).

Indeed the evolution of policy networks as a typology of state/society relations emerged out of a frustration with the traditional pluralism-corporatism dichotomy that used to dominate comparative politics and public administration research in the 1960s and 1970s. Policy network analysis is thus an alternative to both the pluralist and the corporatist model (Börzel, 2011, p. 50; G. Jordan & Schubert, 1992, p. 10; R.A.W Rhodes, 1997, p. 32). Importantly, the advancement of the policy network literature comes not exclusively out of transformations in conceptual and theoretical developments but also respond to a number of empirical observations with respect to critical changes in the political reality of policy making (Jordan; Shubert, 1992:11- 12). These changes are summarized by Kenis and Scheider (1991) as follows:

- Organized society
- Sectorization of policy making process
- Scope of the state policy making
- Blurred boundaries between public and private
- Scope of the state policy making
- Overcrowded policy making
- Decentralization of the state

⁷ Most authors using this model concentrates on the economic and industrial policy fields, mainly on the interest groups representing capital and labor.

In contemporary social science, the variety of network concepts indicates a decentralization of social organization and governance. It assumes that society does not face the centered control of the state, for example, but rather a variety of dispersed controlling devices (Kenis & Schneider, 1991, p. 26). The emergence of the organized society is a consequence of the increasing number, importance, and interdependence of collective actors and organizations. Another change relates to the increased complexity in the interactions of actors and organizations followed by a growing sectorization of policies. With policy growth, there is decentralization and a fragmentation of the state. Closely related to this decentralization are the loosened boundaries between public and private. Furthermore, increasingly unable to mobilize all necessary policy resources within their own realm, governments become dependent upon the cooperation and joint resource mobilization of policy actors outside their hierarchical control (Kenis & Schneider, 1991, pp. 34-36).

The roots of the idea of a policy network, and not the term itself, are partially entrenched in American pluralism and in the literature on sub-governments that emerged in the 1950s and 1960s. The sub-government literature concentrated on the few privileged groups with regularized contact between individuals within interest groups, bureaucratic agencies, and government (Marsh & Rhodes, 1992, p. 5; R.A.W Rhodes, 2006, p. 427). Freeman (1955) was a key figure in the development of the sub-government literature and focused on the disaggregate study of policy making to sub-systems in which bureaucrats, Congressmen, and interest groups interacted. He saw public policy as the sum of all decisions taken in sub-systems (Freeman, 1955, p. 11;33).

Another key contribution to the sub-government literature was the work of Lowi (1969). He stressed the almost symbiotic triangular nature of interaction among the central government agency, the congressional committee, and the interest group. Each actor in this triangular relationship needs the other two to succeed and all those involved have similar interests. This insight gave rise to the best-known label within the sub-government literature, the "iron triangle"⁸. The

⁸ This idea was further elaborated by Ripley and Franklin (1981).

applicability beyond the American congressional system has been, however, frequently challenged (Atkinson & Coleman, 1992, p. 160).⁹

In the 1970s, the pluralists responded to the proponents of the sub-government model by focusing on growth in the number of interest groups lobbying at national government. Heclo (1978) concept of “issue network” represents one strand of this development and is a direct alternative to the iron triangle propositions. The author plays down the restricted nature of access to policy making to include a large number of participants with variable degrees of mutual commitment or dependence. The network can be composed not only of powerful groups but also individuals in or out of government who are issue-skilled, regardless of formal professional training. As issue network comprises a wide range of participants, constantly coming in and out, in which it is nearly impossible to draw a boundary between where the network begins and ends (Hecl, 1978, pp. 88-103).

While the issue network concept was opposed to the iron triangle literature in the strict focus on the closure of control in sub-governments in the United States, the idea of another very different type of network was being established around the 1970s in Britain, namely “policy community” (J.J. Richardson & Jordan, 1979). The concept of policy community, drawing from the American literature on sub-governments, had no pretensions of being a new theory of British politics, but rather to describe policy-making in Western-type political systems. The concept had at its core the assumption of stable policies, stable relationships and stable membership (G. Jordan, 1990; J. Richardson, 2000, pp. 1006-1007). While J.J. Richardson and Jordan (1979) stressed the interpersonal nature of the links in policy communities from the American literature on sub-governments, R.W.A Rhodes takes a different approach, drawing on the European literature on inter-organizational relations. He emphasizes the structural relationship between political institutions as the crucial element in a policy network, rather than the interpersonal relations between individuals within those institutions. According to R.A.W Rhodes (1997,

⁹ For example, neither the iron triangle model specifically nor the sub-governments model is directly applicable to the British situation because the legislature plays a minor role in policymaking. In Britain the relationship between the government department, the regulatory agency, and the interest group(s) is prominent (R.A.W Rhodes & Marsh, 1992, p. 8).

p. 38) policy communities are highly integrated networks characterized by stability of relationships, highly restricted membership, vertical interdependence, and insulation from both other networks and the general public.

The American literature has largely concentrated on the micro-level, dealing with personal relations between key actors (Marsh, 1998a, p. 4). The study of issue networks, policy subsystems, and advocacy coalitions is probably the largest American contribution to the study of policy networks. In contrast, the British literature on networks focuses less on sub-governments and more on inter-organizational analysis. It emphasizes the structural relationship between political institutions as the crucial element in a policy network rather than interpersonal relations (R.A.W Rhodes, 2006, p. 428).

R.A.W Rhodes (1981) was instrumental in developing policy networks into a typology of interest intermediation. The so-called "Rhodes Model" is based on a theory of power-dependence and thus focused on the reciprocal nature of power relationships. The model is based on five propositions:

- Any organization is *depended* upon other organizations for resources
- The organizations have to exchange *resources*¹⁰ in order to achieve their goals
- While decision-making within the organizations is constrained by other organizations, the *dominant coalition* retains some discretion. The *appreciative system* of the dominant coalition influences which relationships are seen as a problem and which resources will be sought
- The dominant coalition employs *strategies* within known *rules of the game* to regulate the *process of exchange*
- Variations in the degree of *discretion* are a product of the goals and the relative power potential of interacting organizations. This relative power potential is a product of the resources of each organization, of the rules of the game and of the process of exchange between organizations (*emphasis in original*) (R.A.W Rhodes, 1981, pp. 98-99)

R.A.W. Rhodes (1986) developed a categorization of five distinct types of policy network in the analysis of policy sectors, namely policy community, professional network, intergovernmental network, producer network, and issue network. These networks are distinguished according to the degree of integration in the network, the number of members within it, and the distribution of resources among members. The five types of network represent a continuum, with a

¹⁰ Resources are all those means for supplying the needs of public sector organizations: constitutional-legal, organizational, financial, political or informational (R.A.W Rhodes, 1981, p. 100).

highly integrated and closed policy community at one end, and in the more open and less stable issue network at the other. The other three types: professional, intergovernmental and producer networks are somewhere in between the two extremes (Table 1).

Table 1 - Policy community and policy networks: the Rhodes typology

Type of network	Characteristics of the network
Policy community/ territorial community	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation
Professional network	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation, serves interest profession
Intergovernmental network	Limited membership, limited vertical interdependence, extensive horizontal articulation
Producer network	Fluctuating membership, limited vertical interdependence, serves interest of producer
Issue network	Unstable, large number of members, limited vertical interdependence

Source: R.A.W. Rhodes (1986)

Based on the Rhodes Model, Marsh and Rhodes (1992) developed a typology distinguishing only between policy communities and issue networks. Rhodes’s presentation of the five network types as a continuum was problematic, for “while it is easy to see why the policy community and issue network are at the ends of the continuum, the locations of the other types of networks on the continuum is less obvious” (Marsh & Rhodes, 1992, p. 21). Thus, the two types of interest group intermediation (policy community and issue network) are considered as the end-points on a continuum and the term “policy network” is generically used to encompass all types of networks. The types are not mutually exclusive as different networks may coexist within the same policy arena, and the typology is not exhaustive as no policy arena will precisely conform to the given characteristics (Marsh & Rhodes, 1992, p. 250).

Table 2 - Types of policy networks: characteristics of policy communities and issue networks

Dimension	Policy Community	Issue Networks
Membership		
Number of participants	Very limited number, some groups consciously excluded	Large
Type of interest	Economic and/or professional interest dominate	Encompasses range of affected interests
Integration		
Frequency of interaction	Frequent, high-quality, interaction of all groups on all matters related to policy issue	Contacts fluctuate in frequency and intensity
Continuity	Membership, values, and outcomes persistent over time	Access fluctuates significantly
Consensus	All participants share basic values and accept the legitimacy of the outcome	A measure of agreement exists, but conflict is ever present
Resources		
Distribution of resources (within network)	All participants have resources; basic relationship in an exchange relationship	Some participants may have resources, but they are limited, and basic relationship is consultative
Distribution of resources (within participating organizations)	Hierarchical; leaders can deliver members	Varied and variable distribution and capacity to regulate members
Power		
	There is a balance of power among members. While one group may dominate, it must be a positive-sum game if community is to persist	Unequal powers, reflecting unequal resources and unequal access. It is a zero-sum game

Source: Marsh and Rhodes (1992, p. 251)

The approach of Marsh and Rhodes (1992) can be summarized into five major points. First, they account for policy network analysis as a model of interest group intermediation located at the meso-level, which is superior to the pluralist or the corporatist model. Second, they emphasize the structural aspect of resource dependency in the networks. They suggest that the distribution and type of resource within a network explain the relative power of its members, whether individuals or organizations. There are two key resources, which give groups privileged access to decision making: economic position and knowledge. Third, the networks exist at the sectoral as well as the sub-sectoral level. Fourth, they argue that the structure of networks affects policy outcomes. For example, the outcome of a tight policy network is likely to be of policy continuity

because participants shared a common ideology, and thus policy preference for all participants acknowledges it as a positive-sum game. Fifth, they claim that endogenous and exogenous factors lead to network change in both the policy network and the policy outcome. Four broad categories of exogenous or network environment changes are identified: economic/market, ideological, knowledge/technical, and institutional. The case studies explored in their edited book show that policy networks exist to promote continuity and stability, thereby favoring the status quo or the existing balancing of interests in the network. Indeed, the bulk of the literature sees policy networks as a major source of policy inertia, and networks with a dominant economic or professional interest are the most resistant to change. Moreover, the networks dealing with non-core issues in the government's programme have a limited range of affected interests and thus have greater capacity to run its own affairs. The authors recognize that they do not provide an explanation of policy change. In fact they argue that focusing on policy networks will never provide an adequate account of policy change. While the meso-level concept of policy networks helps to classify the patterns of relationships between interest groups and governments, the network is one component of the policy process and its outcome explanation. In this case the concept of policy networks can be used in conjunction with both different models of the distribution of power and different theories of the state (Marsh & Rhodes, 1992, pp. 252-268).

One obvious criticism of the work of Marsh and Rhodes relates to their emphasis on the structural, rather than the interpersonal analysis. They acknowledge the role of structure and agents, and that the extent to which interpersonal relations between network participants or structural relations in any given network is an empirical question; they certainly pay insufficient attention to the micro-level of interpersonal behavior (Daugbjerg & Marsh, 1998, p. 53; Marsh, 1998a, pp. 11-12).

Policy Network as Governance

The policy network as interest intermediation has been widely applied in the study of sectoral and sub-sectoral policy-making. It is also regarded as an analytical tool for examining institutionalized exchange between the state and

organizations of civil society. The basic assumption is that policy networks influence policy outcomes (Börzel, 1998, p. 258). In recent times, there is growing concern with governance of networks, particularly on the relationship between state and civil society rather than policy making in specific arenas (R.A.W Rhodes, 2006, p. 430).

Table 3 - Comparison of interest intermediation school and governance school

Type of network	Interest Intermediation School	Governance School
Policy networks as analytical tool	Policy networks as a typology of state/society relations	Policy networks as a model to analyze non-hierarchical forms of interactions between public and private actors in policy making
Policy network as theoretical approach	Structure of policy networks as a determinant of policy process and policy outcome	Policy networks as specific form of governance

Source: Börzel (1998, p. 265)

The concept of networks as new governance is present in nearly all sub-disciplines of political science (Börzel, 2011, p. 52). The view of policy networks as a specific form of governance is more explicit in the works of some German public policy scholars like Renate Mayntz, Fritz Scharpf, Patrick Kenis, and Volker Schneider from the Max-Planck-School in the 1980s and 1990s. In the German literature, networks constitute a distinct type of social order or governance based on non-hierarchical coordination and horizontal relations based on the exchange of resources and/or trust among the actors involved. Therefore, networks as a mode of governance are contrasted with hierarchy and market. While hierarchies coordinate social action by using command and control mechanisms, markets do not have central coordination orders but instead self coordination of a plurality of autonomous agents (Börzel, 1998, p. 255; 2011, pp. 52-53; Marsh, 1998a, p. 8).

The German scholars from the Max-Planck-Institut argue that policy networks are the emerging form of governance because neither hierarchy nor markets are appropriate forms of governance. It is argued that in an increasingly blurred boundary between state and civil society, governments have become more dependent upon the co-operation and joint resource mobilization of policy actors. The emergence of policy networks as a new form of governance comes

to reflect this changed relationship between state and society (Börzel, 1998, pp. 258-265).

The concept of policy networks as a specific form of governance does not constitute a proper theory. As an attempt to explain the development of policy networks as a new form of governance, and particularly how they shape policy outcomes, the German school draws on actor-centered institutionalism. In combining elements of institutionalist paradigms with rational choice, it is argued that institutions are systems of rules that structure the opportunities for actors (individuals and corporate) to realize their preferences. Therefore, “policy is the outcome of the interaction of resourceful and bounded-rational actors whose capabilities, preferences, and perceptions are largely, but not completely, shaped by the institutionalized norms within which they interact” (Scharpf, 1997, p. 195).

The Limitations of the Policy Network Analysis

Much of the debate about the challenges of the policy network literature centers on the lack of explanatory power for how and why networks change and whether networks affect and if so, how does it affect policy outcomes. With regards to the explanatory capacity of policy networks, the literature frequently points to the critical review of policy network as a mere metaphor (Dowding, 1995, 2001). It is argued that policy network has no theoretical basis and that network structure per se has no influence on policy outcomes. The networks instead reflect patterns of interaction and resource exchange between agents and it is those resource exchanges which determine outcomes. The explanation lies in the characteristics of the actors, and these characteristics explain both the nature of the network and the nature of the policy process. Moreover, a quantitative approach is suggested in order to discover causal mechanisms in policy network analysis (Dowding, 1995, pp. 137-142; 2001, p. 96). Contrary to this proposition, R.A.W Rhodes (2006, p. 442) claims that policy network can be dismissed as mere metaphor because there is no analogy; “policy making is a set of interconnected events and communicating people”.

Despite J. J. Richardson (1999, pp. 198-199) suggestion that Dowding (1995) critique of the network approach might have caused the “intellectual fatigue” of policy network analysis in Britain, the great number and variety of articles

published since this “watershed” shows that his literature is accounted by scholars (R.A.W Rhodes, 2006). The debate about policy network between Rhodes and Marsh on one side, and Dowding on the other, is one among many other examples of endless debates about “how we know what we know in the social sciences” (R.A.W Rhodes, 2006, p. 442). Even to one of the most critical, Dowding recognizes that “policy network has become a dominant paradigm for the study of the policy-making process in British political science and has assumed great importance in Europe and America” (Dowding, 1995, p. 136).

In relation to the (in)ability of policy network to explain policy change, the weakness is not surprising given the emphasis of policy networks on stability, privilege, and continuity (Marsh & Rhodes, 1992, p. 15; R.A.W Rhodes, 2006, p. 436). Rhodes points out that explaining change is certainly a challenge faced by other areas of research and that students of bureaucracy, democracy, or economic development, for example, deal with similar criticism for not producing an accepted explanatory theory of change (R.A.W Rhodes, 2006, p. 436).

In response to criticism of limitations, policy network approaches have been diversified, seeking to broaden the scope of the analysis to reach greater predictive capacity to policy making. In particular, approaches have been adapted to consider policy change and the impact of policy networks on outcomes as well as process. The role of the environment or context of policy network, ideas, values and knowledge have constituted another a set of factors that have been added to the network analyses (Thatcher, 1998, pp. 404-405). While there may be others, this study addresses two approaches from the American literature that responds to some of the deficiencies of the policy network analysis. These ideas are of Sabatier (1988) about policy change and policy learning and the epistemic community approach to policy making by Haas (1992).

Alternatives for Addressing Deficiencies in Policy Network Analysis

The fundamental virtue of the Sabatier and Haas approaches relates to the explicit focus on policy change. The Advocacy Coalition Framework (ACF) focuses on the interaction of advocacy coalition within a policy subsystem. The advocacy coalition consists of actors from a variety of institutions who share a set of policy beliefs. The framework is particularly concerned with mapping

belief systems of policy elites and analyzing the conditions under which policy-oriented learning across coalitions occurs. The Epistemic Community conception has some of the same virtues as the Sabatier conception of networks and their role in generating policy change. The Haas model proposes different types of networks, with the epistemic community as a particular structural form depending upon knowledge. The concept of the epistemic community is also particularly referred to in the study of international policy analysis.

Epistemic Community as a Global Knowledge Network (KNETS)

Most of the literature on policy network analysis carries a strong national bias, mostly British or American views. Haas (1992) expands the national perspective to the international level. He proposes to apply policy network analysis at the international policy level. The author offers an approach that accounts for the role of networks with knowledge-based experts. Indeed his debate is located into a broader, and more recent, contribution to Global Knowledge Networks (KNETS) literature¹¹. KNETS is an umbrella category for a number of frameworks such as epistemic communities, discourse coalitions and communities and neo-Gramscian embedded knowledge network. Each comes from different foundations, and provides varying interpretations of the power of knowledge/ideas/expertise. The KNETS was established to differentiate these knowledge networks that are more research and science oriented from (global) public networks (GPPN) that are more of a common interest-based type (Paár-Jákli, 2014, pp. 23-24).

As one of the contributors to the KNETS literature, Haas argues that control over knowledge and information is an important dimension of power and that the diffusion of new ideas and information can lead to new patterns of behavior and prove to be an important determinant of international policy coordination (Haas, 1992, pp. 2-3). The “epistemic community” is a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue

¹¹ For further information on KNETS, see: Maxwell and Stone (2005), Scherrer and Young (2010), and Stone (2013).

area. Epistemic communities may be composed of natural scientists, social scientists, or individuals from any discipline or profession with a sufficiently strong claim to a body of knowledge that is valued by society. Furthermore, the epistemic community does not have to establish causal beliefs and notions of validity based on the methodology employed in the natural sciences; they can originate from shared knowledge about the nature of social or other processes, based on analytic methods or techniques deemed appropriate to the disciplines or professions they pursue. Although an extended community may consist of professionals from a variety of disciplines and backgrounds, he suggests that what bonds members of an epistemic community is the shared set of causal and principled (analytics and normative) beliefs, shared notions of the verity and the applicability of particular forms of knowledge or specific truths, and common interests (Haas, 1992, pp. 3-16).

National epistemic communities may emerge and direct their activities largely in a single country, but in some cases, they may become transnational over time because of the diffusion of community ideas through conferences, journals, research collaboration, and a variety of informal communications and contacts. The transnational community's ideas may take root in international organization or in various state parties, although members can also meet informally. As a result of its larger diffusion network, the community can have a systemic impact (Haas, 1992, p. 17).

The concept of uncertainty is central in the analysis. It is argued that decision-makers are most likely to turn to epistemic communities under conditions of uncertainty, some more politically motivated than others. Following a shock or crisis, epistemic communities can "elucidate the cause-and-effect relationships of complex problems, helping states identify their interests, framing the issues for collective debate, proposing specific policies, and identifying salient points for negotiation". Despite the call for objectivity and the value of neutrality to scientists in the interaction of experts and politicians, policy choices remain highly politically oriented (Haas, 1992, pp. 2;11;15-21).

Advocacy Coalition Framework (ACF)

The Sabatier approach is explicitly concerned with policy change. His point of departure is that policy change is a product of macro factors (social, economic, and political), and the interaction of specialists within a specific policy area attempting to better assess the policy problem. The Advocacy Coalition Framework (ACF) has three basic premises. The first is that the process of change requires a time perspective of a decade or more. The long period is to make use of the cumulative effect of findings from different studies and from ordinary knowledge, which has the greatest influence on policy. The long time span also helps to include formulation, implementation, and the reformulation cycle. Second, the focus is on the interaction of actors from different institutional interests in a policy area (policy subsystem) instead of a specific governmental institution. Policy sub-system is, however, broadened from a traditional notion of “iron triangles” to include actors at various levels of government active in policy formulation and implementation, dissemination and evaluation of policy ideas. The third premise is that public policy is conceptualized as belief systems, which involve value priorities, and perceptions of important causal relations (Sabatier, 1988, pp. 131-132).

Within the subsystem, it is assumed that actors can be aggregated into a number of advocacy coalitions composed of people from various organizations with a shared set of normative and causal beliefs. The belief systems of various coalitions are hierarchically organized with higher/broader levels constraining beliefs that are more specific. At the highest/broadest level, the “deep core of the shared belief system includes basic ontological and normative beliefs, which operate across virtually all policy domains (e.g. left/right divide). At the next level are “policy core” beliefs, which represent a coalition’s basic normative commitments and causal perceptions across an entire policy domain or subsystem (Sabatier, 1988, p. 133). Therefore, he concentrates “on the manner in which elites from different advocacy coalitions gradually alter their beliefs systems over time, partially as a result of formal policy analyses and trial and error learning” (Sabatier, 1988, p. 130). The concept of an advocacy coalition assumes that it is shared beliefs which provide the “glue” of politics (Sabatier, 1988, p. 141).

Within the general process of policy change, this framework has a particular interest in policy-oriented learning. However, the learning aspect is only one of the forces affecting policy change over time. Changes in policy are usually the results of external factors such as macroeconomic conditions or the rise of a new systematic governing coalition. Policy change means that stable external factors must be distinguished from ones that are more dynamic – the latter serving as a major stimulus to policy change (Sabatier, 1988, pp. 133-134).

An Outline for a Dialectical Model of Policy Network Analysis

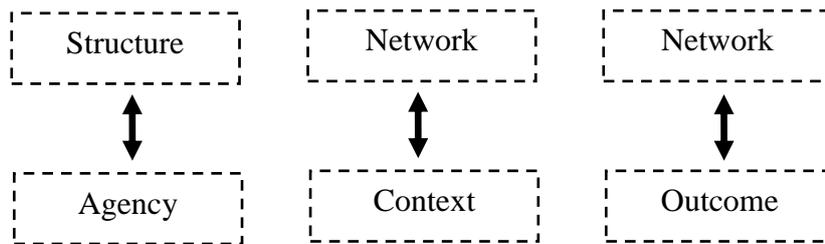
Rational choices theorists, such as Dowding (1995), suggest that networks themselves cannot explain outcomes; rather outcomes are the result of the bargaining between agents in the networks. In contrast, the approach of Marsh and Rhodes (1992) emphasizes the structural aspect of networks and downplays interpersonal relations. The need for a model that overcomes the dualism between structure and agency reproduced in the network literature therefore becomes visible. The study does not attempt to provide a final solution to concerns related to the structure and agency debate that has puzzled philosophers for centuries, but rather acknowledges the structure-agency issue as a “unavoidable problem” (McAnulla, 2002, p. 273) and draws on the literature available to conceptualize how structure and agency relate.

Considering that conceptions of structure and agency are implicit in every political explanation, in questions of power and attributions of causality to social and /or political actors, they turn out to be at the heart of the philosophy of the social and political sciences. Different positions with respect to structure and agency reflect different epistemologies and ontologies that in turn, influence the process or methodology of political inquiry (Hay, 1995, pp. 191-192). Some positions have proved influential such as structuralism (classical Marxists), intentionalism (rational choice theorists), dialectical approaches of the structuration theory (Giddens, 1979) and of the critical realism (Hay, 2002; Jessop, 2008). Given space limitations, this chapter concentrates on the dialectical view of structure-agency debate within critical realism.

As an attempt to distance from a uni-dimensional view of policy network and policy outcome, this chapter proposes a dialectical model inspired by the work

of Marsh and Smith (2000) and Marsh (1998b). They suggest that in the relationship between networks and outcome there are three interactive or dialectical relationships involved between: the structure of the network and the agents operating within them; the network and the context within which it operates; and the network and the policy outcome (Marsh & Smith, 2000, p. 5).

Figure 1 - Three dialectical relationships in policy network analysis



Source: Marsh and Smith (2000)

In the structure and agency debate, the authors suggest that networks are political structures, which constrain and facilitate agents. The relationships within the networks are structural because “they define the roles which actors play within networks; prescribe the issues which are discussed and how they are dealt with; have distinct sets of rules; and contain organizational imperatives” (Marsh & Smith, 2000, p. 5). In this sense, networks are not neutral, but rather reflect past power distributions and conflicts and shape present political outcomes. The authors also recognize the cultural dimension as playing an important role as a constraint and/or opportunity on/for its members. Outcomes, however, cannot be explained solely by reference to the structure of the network, as agents also matter. The interests or preferences of the members of a particular network cannot be attributed merely to membership because the agents may also take part in other networks. Moreover, while structures constrain and facilitate agents, the agents use their skills to interpret and negotiate constraints or opportunities. The authors stress, however, that agents are located within a structured context, which is provided by both the network and the broader socio-economic and political context (Marsh & Smith, 2000, pp. 5-6).

The second dialectical proposition between network and context challenges the recurrent argument that policy change may result from endogenous or

exogenous factors. Instead, it is suggested that in order to understand how networks affect outcomes, it is important to focus on the dialectical relationship between the network and the broader context within which it is located. While policy networks are likely to reflect inequality within the broader context (e.g. class structures), they are dialectically related to “the understanding of agents and interpreted in the context of the structures, rules/norms and interpersonal relationships within the network” (Marsh, 1998b, p. 196; Marsh & Smith, 2000, pp. 7-9).

The third dialectical relationship relates to network and outcomes. The main argument is that causal links between networks and outcomes are not unidirectional. As such, outcomes may affect networks in at least three ways: (a) a particular policy outcome may change membership and resources within the network; (b) policy outcomes may have an effect on the broader social structure which weakens the position of a particular interest in relation to a given network¹²; (c) policy outcomes can affect agents. Here the authors emphasize “strategic learning” of the agents (Hay, 1995) as an important feature of political activity (Marsh, 1998b, p. 198; Marsh & Smith, 2000, p. 9).

Overall, the dialectical approach emphasizes that policy networks are not static, but dynamic and changing political structures. The source of change lies in the behavior of strategically calculating subjects and/or on the wider change of the structural context in which the network is located. In addition, outcomes are explained by both references to the structure of the network and to the actions of strategically calculating agents (Marsh, 1998b, p. 195).

¹² The authors provide the example of certain policy outcomes creating a hostile environment for trade unions to act.

Integrating the Meso-Level Approach of Policy Network with Macro-Level and Micro-Level Analysis

Policy network has been understood as a meso-level concept, which deals with the pattern of interest group intermediation. For the policy network to be an explanatory concept of the policy process and outcome, however, it needs to be linked with the macro and micro levels of analysis. While the micro-level deals with the role of individual actions and decisions of actors within the networks in relation to particular policy decisions, the macro-level of analysis is concerned with broader questions of distribution of power within contemporary society. Moreover, it deals with the broader structures and processes of government within which networks operate, and the relationship between the state and civil society (Marsh, 1998a, p. 15; R.A.W Rhodes & Marsh, 1992, p. 3). As relevant as it is to link the three levels of analysis, one significant weakness of the power-dependence model (often incorporated into the policy network analysis) is its failure to clearly distinguish between these levels of analysis (R.A.W Rhodes, 1997, p. 37).

This chapter introduces an outline of how the macro and micro levels of analysis shall be related in this study. While there may be a clear-cut use of the neo-Marxist state theory (e.g. Poulantzas and Jessop) for the macro-level of analysis, the micro-level offers some challenges. As for the micro-level analysis, Daugbjerg and Marsh (1998, pp. 67-70) point to the usefulness of the rational choice theory for a model of individual/group behavior which explains how individuals in a network act given the constraints. Contrary to the propositions of the authors, the interpersonal relations in this research are mainly considered within the factional politics of the political party. The rationale is that actors' behavior in a political party is somewhat bounded to how factions are organized within the party.

Macro Level of Analysis

Policy outcomes are not just a function of what occurs in the network; they are also strongly influenced by the economic, political, and ideological context within which the network operates. Therefore, in order to explain policy outcomes, and variation across sectors or countries, there is a need to

incorporate the influence of broader political institutions (Atkinson & Coleman, 1989, p. 67). The macro-level of analysis deals with the relationships between the state and civil society and, more specifically, the broader political structures and processes within which the policy network is located. State theory explains the pattern of inclusion and exclusion within the network and hypotheses about whose interests are served by the outputs from the network. Indeed any state theory is likely to utilize the policy network concept as part of its explanatory framework. This is particularly so because, in their modern formulations, all three main conditions of state theory (elitism, pluralism and Marxism), stress the need to disaggregate both the state and the relationships between the state and interests within civil society (Daugbjerg & Marsh, 1998, p. 54).

For this research, the theoretical analysis of the state is particularly driven by the work of Poulantzas (2000 [1978]) and Jessop (2008) (Chapter III). Thus, the state is conceptualized as material condensation of a relationship of class forces shaped by the outcome of past strategic struggles.

Micro-Level of Analysis

The development of policy network analysis is firmly grounded in power-dependence relations between organizations in which resources are exchanged. Therefore, the distribution of resources between actors in a specific network remains central to any explanation of the distribution of power in that network and in part, the differences between networks (R.A.W Rhodes, 1997, p. 37).

The macro-level of analysis complements power-dependence by focusing on, for example, why some actors control more resources than others (R.A.W Rhodes, 1997, p. 37). As for the micro-level of analysis, it is important to move beyond the narrow concerns of the rational choice theorists to explain power relationships within and between social groups. This study focuses, therefore, on the intra-party dynamics to explain power relations inside the organizations and how that relates to an organization's overall political agenda. It is argued that an intra-party analysis is key for explaining the institutional development of the party and towards a comprehensive account of parties' influence within the policy network. Therefore, the micro-level analysis is based on the literature of political party factional politics.

Conceptualizing Power in the Policy Network Analysis

Policy networks, as structures, do not exercise power but constrain and facilitate agents (Marsh & Smith, 2001, pp. 536-537). There are two broad schools of thought seeking to explain network behavior: power dependence and rational actor. Albeit with differences in explaining how policy networks operate, both approaches stress the dependence on resources. Therefore it is important to account not only for how the broader social structure shapes the network but also the resources which members of that network exchange. The power dependence approach is particularly relevant in this pursuit. It is assumed that any organization is dependent on other organizations for resources, whether constitutional-legal, organizational, financial, political or informational. To achieve the organizations' goals, there is an exchange of resources within known rules of the game which regulate the process of exchange (R.A.W Rhodes, 2006, p. 431).

One of the most significant contributions to the analysis of social power came from Emerson (1962) early contribution to power-dependence relations, which formed the foundation for a large literature on power relations in exchange networks. The author refers to relations among actors, where an actor can be either a person or a group (person-person, group-person or group-group relation). In short, power resides implicitly in the other's dependency: "A depends upon B if he aspires to goals or gratifications whose achievement is facilitated by appropriate actions on B's part" (Emerson, 1962, p. 32). Although the precise nature of this joint function is an empirical question, two variables function jointly in fixing the dependence of one actor upon another. The dependence of actor A upon actor B is "(1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relation" (Emerson, 1962, p. 32). In this case, "goal" is broadly defined as conscious and unconscious rewards obtained through the relationship. As power resides implicitly in the other's dependency, "the power of actor A over actor B is the amount of resistance on the part of B which can be potentially overcome by A" (Emerson, 1962, p. 32). This definition of power accounts for observable interaction between A and B, although it may happen even if unobservable.

Power is empirically observable only if A makes some demands and only if these demands meet B's desires.

Given the reciprocity of social relations in the power-dependence relation, (the power of A over B is equal to, and based upon dependence of B over A), it raises a concern of whether power is neutralized or cancelled in this relationship. In this case, Emerson suggested that, despite an unclear "dominance", power remains existent as each party may continue to exercise control over the other (Emerson, 1962, p. 432).

Considering an unbalanced relation of power-dependence, Emerson proposes four generic types of balancing operation. In the first operation, the unbalanced A-B relation can be reduced by B's denial of dependence by motivational withdraw of the particular interaction. The second operation increased availability of goals of the weaker member outside the relation by extending the network. The third operation relates to the emergence of status in which weaker members' power increases given the increase of motivational investment of the powerful one in the relation. Finally, the coalition formation of the weak ones in relation to the stronger actor and thus decreasing the availability of goals outside of the relation of the stronger actor (Emerson, 1962, pp. 36-40).

Chapter V. Political Parties

The definition of political parties is a contested terrain. For example, Ware (1996, p. 5) defines party as an “institution that seeks influence in a state, often by attempting to occupy positions in government, and usually consists of more than a single interest in the society and so to some degree attempts to aggregate interests”. Rather than focusing on the organizational level, Downs (1957) stresses the role of individual. He suggests that a political party is a coalition of individuals seeking to control the governing apparatus (physical, legal, and institutional) by legal means. The present study distances itself from the view of political parties as static and a-historical which denies political, social and cultural particularities of a country-level analysis. This argument is in line with Maor (1997, p. 13) understanding that any “pattern of political interaction, the tension and trade-off between processes of change and processes of control results in interpretations and reinterpretations of the party’s definitions of situations, activities, motivations and arenas of political interaction”. Despite the goals not always being consensually established, as intra-party frictions might exist, members and supporters still cooperate due to a long-term perspective of personal or political reward. The mix of vote seeking, office seeking, and policy seeking objectives drives the long term perspective. Therefore, this study does not follow one line of argument, but instead uses different approaches simultaneously as a guiding tool for party analysis. The crucial element in the applied definition refers to the possibility of intra-party conflicts and that has implications for coalition building and policy formulation.

This chapter is divided into three main parts. First, an overview of the theoretical development of political parties is provided. Among the different theoretical propositions, the focus is on the institutional approach developed by Panebianco (1988). In the second part, the main categories and concepts in the comparative literature of political parties are presented. It will explore some of the typologies elaborated to make sense of the complex and dynamic forms of parties varying across time and space. The final part deals with political parties in a more specific terrain of trade policy formulation.

Theoretical Development of Political Parties

The study of political parties was one of the first subjects of analysis in modern political science, as provided by Michels (1962 [1911]) and Ostrogorski (1964 [1912]). Nevertheless, it was only between the 1950s and 1970s that the study of parties flourished as a subfield of political science (Gunther & Monteiro, 2003, p. 2). Since then, the literature on political parties has been vast and especially broadened due to its prominent role in the “third wave” (Huntington, 1993) of democratization. Whilst there is a considerable volume of publications, it lacks convergence of a systematic theoretical framework. Nevertheless, one way of classifying the theory building of parties is through structural-functionalism, rational-choice and institutional approaches.

The structural-functionalist approach was imported from the fields of anthropology and sociology. This approach gained visibility in the 1960s when political scientists Almond and Powell (1966) introduced a structural functionalist approach to compare political systems. In a nutshell, this approach claims that theorization of parties is advanced by the focus on the functionality of parties in all political systems irrespective of their institutional, social, and cultural diversity (Gunther & Monteiro, 2003, p. 10). In the structural-functionalist approach, political parties exercise the function of converting demands into general policy (“interest aggregation”) of modern societies. Apart from the specialized aggregation structure, parties may also carry other functions such as recruitment, political socialization and interest articulation (Almond & Powell, 1966, pp. 98-103). The stress on a universalist framework of party analysis, and the focus on particular stability over conflict and change are some of the highlighted flaws of this perspective (Gunther & Monteiro, 2003, p. 10).

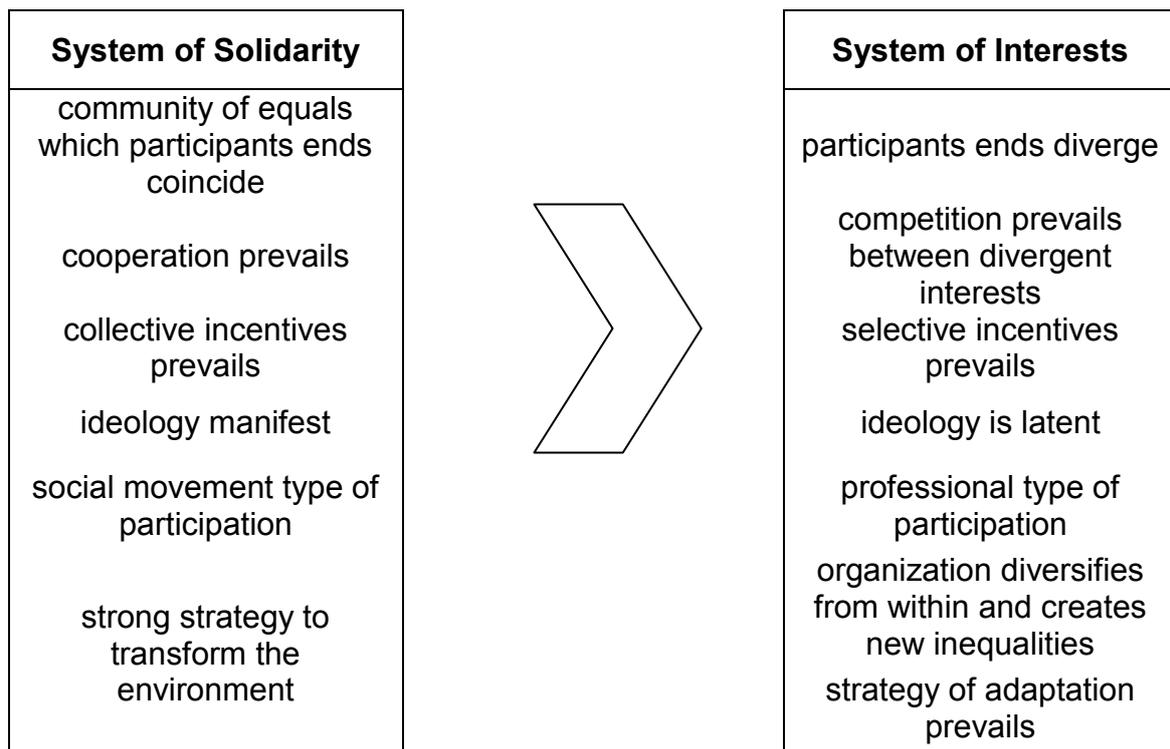
The rational-choice approach, borrowed from economics, is another effort to develop a theory of party politics. Scholars have formulated a common set of assumptions about individuals and their goals in the context of electoral competition. The work of Downs (1957) has particularly inspired many proponents of this perspective. It considers the political parties, interest groups, and government as having the same characteristics provided that they are all rational decision-makers. Therefore, the goals are viewed as single, constant,

and respecting the order of preference. Political parties are seen as a unitary actor and with the single goal of winning elections. By relying on a self-interest axiom, political parties seek to gain office motivated by the desire of power, prestige, and income (Downs, 1957, p. 6;25;51). This approach is however problematic. As it is based on the two-party American model, it becomes a rather simplistic approach for analyzing multiparty systems. Moreover, the consideration of a party as a unitary coalition with no internal policy conflicts and only concerned with being elected, stresses even further the limited scope of analysis (Gunther & Monteiro, 2003, p. 11). Given the inadequacies of the rational-choice approach in attempting to incorporate economic assumptions into the political world, some authors proposed a “soft-rational approach”. Scholar such as Strøm (1990), Aldrich (1995), and Budge and Keman (1990) have relaxed many of the core assumptions of the more rigid applications of this approach to their empirical analyses such as the range of objectives pursued by politicians beyond merely winning elections, and distancing from the universalistic view of parties to include context related constraints.

The Institutional Approach to Political Parties

Institutional models give priority to the dynamics of how an organization was formed and to the role of intra-party relations in its organizational form (Ware, 1996, p. 1994). Panebianco (1988) contribution is particular relevant in this direction as he concentrates on the internal organizational dynamics of parties and applies a model of organizational evolution as an ideal type of organized evolution. The author draws on two bodies of theories to develop a hypothesis about organizational evolution. While the first relates to Michels’s (1962 [1911]) theory of the oligarchical development of parties (the Iron Law of Oligarchy), the second draws on Pizzorno (1966) distinction between “systems of solidarity” and “systems of interest”. The combination of these bodies of literature indicates that parties tend to go from an initial period in which certain needs prevail to a subsequent period in which different needs prevail, as a consequence the process of organizational institutionalization (Figure 2) (Panebianco, 1988, pp. 17-19).

Figure 2 - Model of organizational evolution of political parties



Source: Panebianco (1988, pp. 18-19)

In Panebianco's writings, a party is a structure in motion, which evolves over time, reacting to external changes. In this sense, the essential concepts are the genetic model and the way the organization "solidifies" (institutionalization) (Panebianco, 1988, p. 49). The argument is that a party's organizational characteristics depend more upon its history, on how the organization gained and how it consolidates than upon any other factor. Although the historical factors of party formation are unique, it is possible to identify three similarities and differences between the different parties' genetic models. The first factor concerns the organization's construction and development. This is due to "territorial penetration", to "territorial diffusion", or to a combination of these two. Territorial penetration occurs when the "center" controls, stimulates, or directs the development of the "periphery". Territorial diffusion is when development results from spontaneous germination¹³. While many communist and conservative parties developed primarily through penetration, several socialist parties developed through diffusion. The second principle determining a party's

¹³ Local elites construct party association that is only later integrated into a national organization. Alternatively, the union of two or more preexisting national organizations may form a party.

genetic model is the presence or absence of an external sponsor institution, which can influence internal political power struggle. A third factor relates to the presence or absence of charismatic leadership in the party's formation (Panebianco, 1988, pp. 50-52).

While the organizational goals of the party's founders shape the organization's characteristics, institutionalization "articulates" these objectives. Institutionalization can be measured in two scales: (1) the organization's degree of autonomy in relation to the external environment, and (2) its degree of systemness (interdependence of its different internal sectors). With regard to the first scale, a position of autonomy is reached when the organization can directly control exchange processes with its environment (e.g. financial resources). A characteristic easily associated with the level of autonomy in relation to environment is that the more autonomous the organization, the more defined its boundaries of where it begins and ends ("close model"). A dependent organization ("open model") is therefore one for which boundaries are undefined: many groups and/or associations formally outside the organization are really part of it, and have ties with its internal sub-groups. It is important to note that a party is never completely dependent or completely autonomous.

The second dimension of institutionalization refers to the internal structural coherence of the organization (the degree of systemicity). When an organization system leaves a good deal of autonomy to its internal sub-groups, its degree of systemness is low. The sub-groups thus autonomously control the resources necessary to their functioning, which generally leads to very heterogeneous organization. A high degree of systemness, on the other hand, implies a great deal of interdependency among the sub-groups assured by the centralized control of organizational resources and exchange processes with the environment. As result, it generally leads to more homogeneous sub-groups (Panebianco, 1988, pp. 50-57). While a highly institutionalized party is characterized by a developed central bureaucracy and regular revenue system from a variety of sources, a weakly institutionalized party may have a loose central bureaucracy and local associations are most likely heterogeneous (Table 4) (Panebianco, 1988, p. 58).

Table 4 - Indicators of different degrees of parties' institutionalization

Strong institutionalization	Weak institutionalization
Developed central bureaucracy	The central bureaucratic apparatus is weak and embryonic
Local associations organized in the same way throughout the national territory	Local associations are likely to be quite heterogeneous
Revenue system based on a regular flow of contributions from a plurality of sources	Less continuous and regular its flow of funds, less diversified sources
Dominance its external organizations in their relations	No relations with external organizations

Source: Panebianco (1988, pp. 58-59)

The degree of institutionalization shapes the party's dominant coalition, particularly influencing its degree of internal cohesion. A low degree of institutionalization gives rise to a dominant coalition which is not very cohesive (subdivided into factions), whereas a high degree of institutionalization gives rise to a cohesive dominant coalition (sub-divided into tendencies) (Panebianco, 1988, p. 60). The ideal types of parties (strongly and weakly institutionalized) can be seen through the genetic model combined with the level of institutionalization (Table 5).

Table 5 - Relationship between the genetic model and the level of institutionalization

	Penetration	Diffusion
	High institutionalization	Low institutionalization
Sponsors (external legitimacy)	Communist parties Dominant coalition is cohesive	Labor Parties and Religious Party Dominant coalition is divided and heterogeneous
No sponsors (internal legitimacy)	Conservative parties Dominant coalition is cohesive	Parties created by pre-existing organizations Dominant coalition is weakly cohesive

Source: Panebianco (1988, p. 64)

Categories and Concepts in the Comparative Literature of Parties

There is a wide variety of typologies in the literature of political parties. While some authors focus on sociological criteria to distinguish parties (Michels, 1962 [1911]), others have taken the organizational structures (Durverger, 1954; Panebianco, 1988), while still others adopt a functional criteria (Neumann, 1956). Finally, some mix all three of these sets of criteria, such as Kirchheimer (1966).

Michels (1962 [1911]) chose the German Social Democratic Party (SPD) as the object of study to demonstrate that large-scale organizations inevitably generate into bureaucracies ruled by the few who achieved positions of power and responsibility. Modern democracy allowed the formation of organizations such as political parties, but as these organizations grew in complexity, they paradoxically became less democratic. In large organizations, such as political parties, participatory democracy is seriously challenged as it becomes physically impossible for members to fully engage in the decision-making process. Faced with problems of coordination, a bureaucracy is hierarchically organized, leaving the power of decision making in the hands of a small group. The author developed the concept of the “Iron Law of Oligarchy” to express this phenomenon. The inevitability of oligarchic tendencies comes from the higher knowledge, skills, and resources among the leadership that guarantee a continuous alienation of the rank-and-file membership. Therefore, in order to avoid the Iron Law of Oligarchy, organizations need to keep the rank-and-file

active in the organization and ensure that the leaders are not granted absolute control of a centralized administration.

Durverger (1954) contribution has also been influential in the development of a typology for political parties. One important aspect of his work relates to the combination of historical, ideological, and organizational aspects of party organization differentiated into four types: caucus, branch, cell, and militia. It is rare, however, that a party is based exclusively on one type.

The *Caucus* is the oldest form of party. It was the dominant form of party organization in the legislative assemblies in the pre-democratic era and during the early stages of democratization. Created internally by political elites, it retains high autonomy from the national party organization. It is composed by a small number of members as a closed group not seeking expansion. They represent the interests of the upper and lower middle classes.

The *Branch* (mass membership parties), as opposed to the caucus, try to recruit members to increase resources and are more closely regulated from the centre. The original branch parties are the Socialists – externally created by those excluded from political power in a regime. Albeit with many members, they remain close to them and the activities of the party are not limited during the election period. Hierarchy is clearer in order to organize the large number of members.

The *Cell*, similarly to caucus parties, is concerned with the quality of their recruits rather than with their overall numbers. They differ from the branch and caucus in that the key organizational units are at the level of the workplace. The assumption is that the mobilization of the proletariat was achieved through developing political organization in factories rather than in residential communities. This type can be seen in the Communist parties.

The *Militia* is the organizational form adopted by the Fascists and other extreme right-wing parties in the inter-war years. Members are enrolled on military lines, but they remain civilians. Nevertheless, no party has been exclusively formed on the basis of militia (Durverger, 1954, pp. 17-40).

In the development of a typology grounded in four types, Durverger suggests that the organizational form of the mass-based membership party (socialists) is better suited for modern democracies. The author does not argue that

eventually all political parties will be identical in terms of organization but points to a “contagion from the left” (Ware, 1996, pp. 96-97). The argument that mass membership parties are better suited for modern democracies has also been echoed in the typology developed by Neumann (1956). He differentiates between “party of individual representation” and “party of integration”. The party of “individual representation” belongs to a society with a restricted political domain and with a limited degree of participation, mainly in the election of representatives. However, modern parties have steadily enlarged their scope and power within the political community and have consequently changed their own functions and character. Instead of a party of individual representation, contemporary society increasingly shows a party of “social integration” (e.g. Continental Socialists) (Neumann, 1956, pp. 403-404).

The prominent view that mass parties would overcome other types of parties became seriously challenged in the 1960s (Amaral, 2010, p. 38). In this context, Kirchheimer (1966) provides an important contribution. He argues that after the Second World War and the loosening of class-interest divide, both bourgeois parties of individual representation and mass party came under pressure to secure electoral support by becoming a “catch-all party”. This change involves: a drastic reduction of the party’s ideological standing; further strengthening of top leadership groups; downgrading of the role of the individual party member; loosened focus on a specific social-class clientele, in favor of recruiting voters among the population at large; and securing access to a variety of interest groups (Kirchheimer, 1966, pp. 184; 190-192). Instead of a movement towards the left, Kirchheimer (1966) refer to a “contagion from the right” with the Republican Party in the United States as a model. This would indeed characterize the future of party organizations in liberal democracies (Ware, 1996, p. 97).

In the 1990s, the focus of the study of political parties shifted. As parties have been often understood and differentiated based on their relationship with civil society, the analyses tended to either compare the mass party with every other type, or to look for differences between parties in relation to the state. In recent times, the process of symbiosis between parties and the state culminates into a new type of party, the “cartel party” (Katz & Mair, 1995, p. 6). Both the mass

party and further categorization of the catch-all party lie outside the state. As pointed out by the authors:

“The classic mass party is a party of civil society, emanating from sectors of the electorate, with the intention of breaking of the constituency to which it is accountable. The catch-all party, while not emerging as a party of civil society, but as one that stands between civil society and the state, also seeks to influence the state from outside, seeking temporary custody of public policy in order to satisfy the short-term demands of its pragmatic consumers” (Katz & Mair, 1995, p. 8).

The state becomes an institutionalized structure of support, sustaining insiders while excluding outsiders. Therefore, the view of political parties as a bridge between the state and civil society has been replaced by an understanding that parties have become absorbed by the state, as semi-state agencies (Katz & Mair, 1995, p. 16). There are at least three symptoms of this new pattern. The first symptom relates to the internal balance of power involving the distribution of financial resources within the party, in particular the distribution of state subsidies. The increasing availability of state aid is one of the key factors operating to the final advantage of those in control of public office. The second symptom refers to the allocation of party staff to parliamentary offices. The third one is that most substantial Western European parties have recently enjoyed a period of office in national governments, and that most now orient themselves as a matter of course to the occupation of public office. There remain few significant parties of opposition in the Western European democracies. Those out of government office are usually the small parties which represent either the extremes of left or right, or minority regionalist or environmentalist demands (Katz & Mair, 2002, pp. 123-124). Despite growth in state subsidies, members continue to offer a valuable resource to parties in terms of both money and campaigning time. Members also maintain presence in local councils, advisory boards, and elective agencies. Members continue to provide an important linkage mechanism through which the party can remain in contact with the world outside Parliament (Katz & Mair, 2002, p. 127).

In a more recent study, Wolinetz (2002) criticizes the uni-directional and homogenizing patterns of change undergone by Western European party literature. He proposes to classify parties according to membership size and activity, or distinguishing parties according to whether they are policy-seeking

(issue-oriented), vote-seeking (emphasis on winning elections), or office seeking (securing office). How parties respond will depend in large part on their internal characteristics, the competitive environment in which they operate, and decisions which their leaders and followers make (Wolinetz, 2002, pp. 153;162-163).

Gunther & Diamond (2001, 2003) attempt to go beyond the classification of parties in Western Europe in the late nineteenth through the mid-twentieth century. They delineate new party types based on three criteria: (1) the nature of the party's organization (thick/thin, elite-based or mass-based, particularistic networks of personal interaction or exchange etc.); (2) the programmatic orientation of the party (well-defined ideological or programmatic commitments, religious or socioeconomic group etc.) and (3) the strategy and behavioral norms of the party (democratic or anti-system). As result, they have found five "genus" type of parties divided into fifteen different "species": Elite-based (traditional local notable and clientelistic); Mass-based (class-mass, Leninist, ultranationalist, pluralist-Nationalist, denominational and fundamentalist); Ethnicity-based (congress and ethnic); Electoralist (catch-all, programatic and personalist) and Movement/Parties (left-libertarian and post-industrial extreme-right) (Gunther & Diamond, 2003, pp. 163-172). Despite the challenges in operationalizing the varieties of party types, it is an important contribution for understanding political parties beyond the European experiences.

Political Parties and Trade Policy Formulation

The growing integration of the world economy has raised questions about the policy options left to national governments and the relevance of partisan politics. Political economists have downplayed the significance of party preferences and partisan programs to explain policies and economic outcomes because until the early 1980s, corporatism was the paradigm for explaining how politics was conducted in most parts of the advanced industrial world. However, conflicts of interest and electoral coalitions are behind a substantial portion of policy decisions, economic strategies, and economic outcomes (Boix, 1998, p. 219). Despite recent studies reaffirming the influence of partisan orientations on domestic public policy (Boix, 1998; Garrett, 1998; Klingemann, Hofferbert, &

Budge, 1994), there is still much to be learned about the magnitude and the nature of this influence.

This gap is particularly evident in the studies of partisan politics in relation to trade policy. The existing literature on trade policy and partisanship mainly covers the United States and the United Kingdom with limited cross national studies (Milner & Judkins, 2004, pp. 98-99). The limited literature is largely because the main theories of trade policy predict that partisan influences are unimportant, particularly the political realism (realpolitik) school, the influence of which has dominated postwar United States scholarship. There is a belief that foreign policy has a distinguished pedigree that places a strong government in the conduct of foreign policy (Nincic, 1992). Contrary to the view that trade policy is restricted to a few interest groups, with the rules of the game previously fixed, this research considers trade policy as a “product of political competition, in a redistributive game governed by electoral considerations” (Verdier, 1994, p. 5).

In this context, the government formation theory provides interesting insights in identifying channels of influence and tools potentially used by political parties in policymaking. An important feature of this process is the division of power among coalition partners via the distribution of ministerial portfolios. This determines who has decisive influence in policy planning, implementation and resource allocation. The control of ministries is an important channel for parties to influence policymaking given that party control of a particular ministry has a disproportionate influence within the corresponding policy field. While a party inclination to certain ministries is based on policy preference and ideology, the portfolio distribution is often constrained by the share of seats in the legislative (Budge & Keman, 1990, pp. 89;129-136). Therefore, the party’s influence on policymaking is reflected, albeit not solely, by the coalition-building process which in turn points to the relevance of electoral politics.

The Left/Right Divide and Expected Policy Preferences

There is wide agreement in the literature that governments controlled by conservative or social democratic parties have distinct partisan economic objectives. While Socialist governments are expected to intervene extensively in the economy to modify market outcomes and redistribute wealth to advance equality in general, conservative parties are generally assumed to develop less interventionist policies and to rely on market mechanisms to maximize economic growth and protect individual liberties (Boix, 1998, p. 4). Nevertheless, this approach to politics is rather simplistic, reductive and potentially essentialist because both terms (left and right) change meaning across time and space (Noël & Thérien, 2008, pp. 26-27).

Some argue that the recent evolution of parties occurs in the context of the end of class as a dominant divide structuring party politics. It is argued that divisive issues such as abortion, civil rights, gender inequality, immigration, and foreign policy, have gained importance in shaping a party's position on the left or right of the political spectrum. Although parties in advanced industrial democracies will continue to sort themselves along the left-right divide, such dichotomy does not relate to the contest between socialism and capitalism. In fact, given the decline of ideological differences between parties, they tend to lean towards the center on economic issues (Lipset, 2001, pp. 62-64).

In relation to political party influences on topics of international relations (in which trade policy is also included), some key studies about parliamentarians and party impacts on the decision making of governments are worth noting. Milner and Judkins (2004) address the issues of: the impact of partisanship on a party's trade policy position in its electoral manifesto; the nature of cross-national differences in party behavior; and the effect of globalization on party choices of their trade policy positions. To test these claims, data was gathered on party positions on trade policy between 1945 and 1998 in twenty-five developed countries (Milner & Judkins, 2004, p. 101). They have concluded that the historical left-right class divisions in which many of these party systems developed exert a strong influence on parties' trade policy preferences. Thus left-wing parties in advanced industrial countries advocate more protectionist policies than do right-wing parties. In addition, the form of government (whether

presidential or parliamentary), the electoral rules, and the globalization pressures are attenuating the relationship between historic partisan identities and trade politics (Milner & Judkins, 2004, pp. 114-116).

Beyond the domestic policies, the ideological profile of political parties (right/left dimension) has also been analyzed in relation to support European integration. It is suggested that positions that parties take on European integration are coherently related to the positions they take on the left/right dimensions of contestation. In Western Europe, Aspinwall (2002, p. 105) shows that while centrist parties favor integration, left-wing and right-wing extremists oppose it. Marks, Nelson, and Edwards (2006) carried out similar research for Western, Eastern and Central Europe. According to the authors, there are two structural dimensions of competition among political parties in Europe. The first is an economic left/right dimension (e.g. economic redistribution, welfare, and government regulation of the economy). The second dimension relates to the non-economic or cultural aspects summarized by the green/alternative/libertarian (Gal) and the traditionalism/authority/nationalism (Tan).

The positions that parties take on European integration are coherently related to the positions they take on the left/right and Gal/Tan dimensions of contestation. Euro-skepticism is prevalent in Western, Central and Eastern Europe among radical left parties and among radical Tan parties (Marks et al., 2006, p. 166). The radical left views European integration as an elitist capitalist project that isolates decision making from citizens in the interest of powerful corporations. Radical Tan parties view European integration as an elitist supranational project that weakens national autonomy and traditional values (Marks et al., 2006, p. 163). Nevertheless, the domestic dimensions of competition intersect differently in the East and the West. In Western Europe, parties that are left tend to be Gal and parties that are Right tend to be Tan. While the left prioritizes economic equality, the right prioritizes individual economic freedom. In Central and Eastern Europe, by contrast, there are strong affinities between right and Gal and between left and Tan (Marks et al., 2006, p. 170).

These studies help to understand the importance of ideology as a predictor of party preferences but it remains insufficiently explored whether such inclinations also lead to predictions of government preferences. Although parties may have

distinctive preferences toward the governance of the economic cycle, they operate embedded in a specific institutional environment. How the political system within which politicians design policies is structured ultimately affects the success of partisan strategies (Boix, 1998, p. 10). Moreover, the internal organization and distribution of power inside the parties is also relevant, as it impacts leadership selection to government and policy preference formulation (Chapter VI).

Chapter VI. Factional Politics

While the study of political parties was among the first subjects of analysis in modern political science, the study of parties flourished in the field in the 1950s and 1970s (Gunther & Montero, 2003b, p. 4). Since then, many scholars have attempted to generate theoretical propositions in an effort to make sense of the extraordinary variety of parties in existence around the world. In this pursuit, it is common to find studies on political parties as unitary actors, as if the party acted as one single mind. However, political parties are not monolithic structures but composed of various individuals and sub-party groups marked by a heterogeneity of ambitions and interests. Considering that this scenario can trigger the formation of internal factions, the unitary actor assumption of party competition is highly questionable (Boucek, 2012, p. 35). To consider parties as unitary actors is to neglect the forces which compete for the acquisition of influence internally and which have repercussions in terms of party policy and the selection of party leaders for public office (Zariski, 1960, p. 29). This chapter, therefore, challenges the unitary actor assumption by suggesting that parties are distinct, particularly from their internal organizational structures. Indeed political parties are collective entities consisting of divided opinions and dissent often triggering the formation of factions aimed at controlling and influencing party policy (Boucek, 2009, p. 455; Zariski, 1960, p. 29). The purpose of this chapter is, therefore, to provide a brief literature review of factionalism in party politics.

An Overview of Factionalism in Party Politics

While the term faction is frequently used to refer to groups in policy disputes in various political organizations, the term is mostly perceived in political science as an intra-party unit (Beller & Belloni, 1976, p. 536). Nevertheless, the study of the politics of factionalism has not been highly developed (Beller & Belloni, 1978, pp. 3-4; Boucek, 2012, p. 35). The comparative empirical surveys of factionalism remain limited and research is often focused on quantitative single case studies, most commonly on Italy's former Christian Democrats, Italy's

Socialists and post Socialists, Spain's Socialist Party (1930-1980) and Japan's Liberal Democrats (Boucek, 2009, pp. 456-457;462).

From a historical perspective, the reaction to partisan groups was pessimistic when it first emerged in the eighteenth century. At that time, parties and factions were often treated synonymously and considered as precursors of divisiveness against public interest (Beller & Belloni, 1978, pp. 4-5). Despite the negative connotation of factions, the term has been historically used to characterize rival groups centuries ago such as the Whigs (liberal) and Tories (conservative) in England, and the Jacobins and Girondins in revolutionary France (Boucek, 2009, p. 560). With the rise of the democratization of politics, the term political party came gradually into use by replacing the negative term "faction" and became slowly acceptable for polity. The view that diversity and dissent are not necessarily incompatible with political order became accepted (Sartori, 1976, p. 3;13;27).

There are various definitions of faction with differences centering on its structure, causes, and functions. Despite disputed definitions, there tends to be general understanding that factions are not the same as interest groups or parties (Beller & Belloni, 1978, pp. 3-4;10). One of the first relevant authors in the study of factionalism was William N. Chambers (1963). He focused on a historical analysis of politics in the United States in the eighteenth and nineteenth centuries in order to learn about the nature and the role of a party. The author describes the early American state politics as faction politics, using the term "faction" to include formations such as cliques, juntas, and caucuses. A clique refers to a relationship depending upon a commanding individual, or a family. A junto is a portion that operates as a small, often secret, dominant group at a seat of government, and the caucus was generally the coordinating nucleus group of a larger faction. In short, these formation tools of faction politics lacked the characteristics of modern party politics (Chambers, 1963, pp. 97-98). In this context, factions are pre-party because parties only come about from the process of modernization and the emergence of democratic politics and democratic ideologies. In fact, the author suggests that stable parties exist only if indicated types of social-structural conditions and ideological configuration are present in society at some significant degree (Chambers, 1963, p. 91;117). He further suggests that factions have been unstable,

generally of short life or life expectancy, irregular, and have not typically offered stable procedures for performing certain essential political tasks. Unlike factions, parties undertake valid political functions with greater stability, durability, and longevity along with solid, distinct and durable ideological perspectives (Chambers, 1963, p. 107).

An alternative approach is that factions, rather than being pre-party entities, are the products of political divisions that emerge within the already developed party. Raphael Zariski (1960, 1978), for example, is commonly referred to for the study of factions in Italian political parties, particularly on the organizational characteristics and causes of factions. He argued that factions are a group of members that share a sense of common identity and common purpose, and which are organized to act as a distinct block within a party but can, nevertheless, belong to different factions for different purposes. Finally, a certain minimum time-span is required as factions exceed the period of an election campaign or a legislative session (Zariski, 1960, pp. 34-36).

Instead of focusing on factions as a group of individuals who may combine or coordinate their actions in a political conflict, but less than a fully formalized organization like a political party, Ralph W. Nicholas (1966) regards factionalism primarily as a political activity or a phenomenon. Political activity refers to organized conflict over public power whereby "power" is control over resources, whether human or material. On the one hand, the participants in political activity attempt to expand their control over resources; or, if they do not, they are not engaged in political action. On the other hand, factions tend to be more present where control of resources is dispersed and thus with competing centers of power. Nicholas (1966) suggests that above all, factions are groups for which existence is oriented around a leader. The party is a corporate group that continues whether or not a particular follower or particular leader is present; a faction, by contrast, may disintegrate when the leader dies or ceases to exercise control over the political action of his followers. The objective of organizing a faction is thus to give the leader an advantage in political conflict. Furthermore, it is only in conflict situations that factions become visible (Nicholas, 1966, pp. 52-57).

Richard Rose (1964), a scholar of contemporary parties in Great Britain, has presented a contrasting picture of faction organization. Rose recognizes the

importance of leadership but points to ideology as the most important factor. Ideology, more than leadership, represents the set of shared political values or interests so that faction members act together. The ideological principles are the essence of the electoral party's belief and can be used by factions to justify activities which might be judged to harm the party electorally (Rose, 1964, p. 39). Perhaps Rose's major contribution in the study of factions comes from the distinction between factions and other intraparty types of formation. He refers to factions, tendencies, and non-aligned partisans. Factions, unlike pressure groups, are concerned with a wide range of political issues, including foreign affairs, colonial policy, and defense as well as economics and social welfare. Factions may be distinguished from exponents of a political tendency because the latter is a stable set of attitudes, rather than a stable group of politicians. Political tendency is defined as a body of attitudes held together by a more or less coherent political ideology. Finally, non-alignment is identified with positions supported by the whole electoral party, rather than with factions or tendencies (Rose, 1964, pp. 37-38). In sum, Rose (1964) refers to factions as self-consciously organized bodies, with a measure of discipline and cohesion that are fairly well developed. In contrast, a tendency is a set of attitudes more than an organized group in a temporary flux, producing shifts of individuals from one tendency to another. Only a group with real structural coherence is regarded as a true faction.

A criticism of Rose's conceptualization of faction and tendency comes from Giovanni Sartori (1976). The author suggests that if a tendency organizes itself, as suggested by Rose, it becomes a faction and, conversely, that there can be no factionalism unless a political group is cohesively organized. Sartori (1976, p. 75) suggests instead that individual factionalism is also conceivable and that a tendency can organize itself without losing its nature, in Rose (1964, p. 37) terms, a "stable set of attitudes".

Sartori (1976b, p. 75) scheme of analysis provides a differentiation between fraction (the general, unspecified category), factions (a specific power group) and tendency (a patterned set of attitudes). The author established four dimensions (that sometimes overlaps each other) for analysis of the sub-party anatomy along these lines: (i) organizational, (ii) motivational, (iii) ideological, and (iv) left-and-right. The organizational variable is important because factions

range all the way from maximal to minimal sub-group autonomy vis-à-vis the party unit. This dimension provides an indicator for the extent to which the party-unit operates its own supportive network as a quasi-sovereign group in relation to the party. In relation to the motivational dimension, the author differentiates between “factions of interest” and “factions of principle”. While the first is motivated by immediate and tangible rewards, factions of principle are promotional groups. The major difficulty, however, is that there are many ways of hiding the real motivations. While the ideology dimension overlaps with the motivational dimension, it is only possible to evaluate whether factions are more reward oriented or ideologically motivated through research. Finally, the left-right dimension can be used “residually”, by simply considering that parties and party sub-unit identification are accounted for; it is not a dimension used to explain more than its conceptual limitations (Sartori, 1976, pp. 76-81).

One important contribution to the study of factionalism comes from a scholar outside the European spectrum. Rajni Kothari (1964), a political scientist, developed the concept of the dominant-party system by exploring the functionality of factions in the Indian party system. Based on the study of the Indian Congress party in the 1960s, he concludes that factional politics is a partial substitute for political party competition and a counterweight to the negative aspects of one-party politics. According to Kothari (1964, p. 1164), there is a plurality within the dominant party which makes it more representative, provides flexibility, and sustains internal competitions. At the same time, it is prepared to absorb groups and movements from outside the party and thus prevent other parties from gaining strength. It builds internal checks to limit the use of this strength.

Finally, a more recent study of factionalism comes from Françoise Boucek (2009, 2012). She proposes to rethink the conceptualization of factionalism in political science by focusing on the dynamics of factions instead of its organizational forms. She suggests that factionalism can acquire different faces at different times under specific conditions. Boucek (2009, pp. 456-477; 2012, pp. 36) identifies three main faces of factionalism in established democracies: cooperative, competitive and degenerative. In cooperative factionalism, a factional structure can play a constructive role at “consensus-building” as it facilitates intra-party cooperation and in building integrated parties. In contrast,

competitive factionalism indicates dissent and can destabilize parties and governments. Nevertheless, if disagreements and fragmentations are under control, factions politics may (in competitive factionalism) open space for diversity of voices within the party and thus sustain intra-party democracy. Finally, degenerative factionalism is caused by perverse incentives from too many self-seeking groups that operate mainly as channels for the distribution of patronage, which can lead to destruction of the party. Importantly, these different processes are not predetermined and factions can move from competition to cooperation through institutional reforms, effective leadership, or party system change.

Boucek (2012) also explores the factors leading some dominant parties to implode due to fatal factionalism and other dominant parties to endure by keeping factionalism as a way to manage dissidence. From an empirical analysis, the paradox is examined by studying intraparty conflicts in four dominant parties: Britain's Conservatives, Canada's Liberals, Italy's former Christian Democrats, and Japan's liberal Democrats. She suggests that all political parties become fractious and punctuated by internal divisions and conflicts resulting in collective action by dissidents who mobilize for a change in leadership. The institutional and strategic capacity of ruling parties to respond to dissidence is a determinant factor for parties to stay in power. However, party unity is a necessary but insufficient condition for party dominance because parties' capacity to respond to dissidence is challenged by variables such as the state of the electoral market and dissident power (Boucek, 2012, pp. 1-2). This conclusion reveals a paradox. Factionalism can become destabilizing if factions wield a veto but it can prolong office by regulating the divisions among dissidents and to prevent exit. In the long run, however, the use of factions to contain divisions and sustain unity leads to bad governance (Boucek, 2012, p. 206).

Chapter VII. Summary of the Theoretical Approach, Hypotheses, Research Methodology and Methods

The aim on this chapter is three-fold. The first goal is to summarize the main theoretical proposition and to reiterate the areas of study made visible from the body of theories used in this study. Once the main theoretical propositions are highlighted, the second objective of this chapter is to present the research hypotheses. The hypotheses are elaborated based on distinctive bodies of literature, comprising the three levels of analysis: state theory, policy network, and factionalism. Finally, this chapter introduces the strategies adopted to address the research question, including data collection and analysis.

With regard to the methodologies and methods applied, this chapter is further subdivided into three parts. Firstly, it situates the research paradigm of critical realism. The aim is not to provide an extensive review of ontological and epistemological questions in social theory, but rather to acknowledge the debate and to position the study therein. Second, it explains the purpose of the comparison and the gains from such a research design. Finally, it describes the specific steps used in the collection and analysis of the data along with limitations of the research methods. The major sources considered included text/document study of primary sources, meeting notes and semi-structured expert interviews. Concerning the primacy sources, most of the data were available online and accessed throughout the period of the research process. For the data analysis phase, the notes from the interviews and audio material were used. In this process, the focus was on identifying commonalities, divergences, and conflicting points of view that resonates with body of literature considered for this study.

Summary of the Theoretical Approach and Hypotheses

Brazil and South Africa have pursued policy autonomy in trade as a way to integrate their diplomatic agenda with their national economic development agenda. Instead of accepting the “inevitability discourse”, which assumes that developing countries are locked into a certain policy space with limited flexibility for alternatives, this view has been in recent times challenged by these countries. According to the influential “constraints school”, globalization restricts

state capacity to govern the national economy because openness limits the states' political autonomy. The fall of national barriers to trade, the increasing exposure to capital mobility, and the need for conformity with intergovernmental agreement requirements are some challenges. Given such constraints, this school suggests that a government's role is restricted to providing the rule of law, basic regulations, and minimum social safety nets (Weiss, 2003b, pp. 2-3). As opposed to the "constraint school" perspective, the argument that developing countries retain some policy space to implement national strategies based on the active roles of the state is at the center of the Developmental State (DS) literature. In the DS context, prosperous state intervention was accompanied by a strong state capacity to formulate policies and to assure the compliance of business to pre-established goals. Bureaucrats in DS are also united in purpose, and with an unusually high degree of congruence with organizational and national goals (Moon & Prasad, 1994, p. 363). While corporate coherence has assured a certain bureaucratic autonomy, bureaucrats are not insulated from society but embedded in a concrete set of social ties that bind the state to society and provides institutionalized channels for negotiating goals and policies (Evans, 1995, p. 12). Furthermore, the DS literature highlights that policy space has been guaranteed under very specific circumstances. For example, industrial development has been pursued in the lack of powerful social classes to challenge state decisions (Ha-Joon Chang, 1994, p. 124; Grabowski, 1994, pp. 415-416) and under a relatively egalitarian distribution of income prior to the process of rapid industrialization (Öniş, 1991, pp. 116-117), with a weak and subordinated civil society (Leftwich, 1995, p. 405) followed by the destruction of the left and organized labor (Öniş, 1991, p. 114). As these preconditions are absent in most developing countries, the DS literature has some shortcomings for the Brazilian and South African cases.

In order to explain the recent developmental strategies adopted by the Brazilian and South African governments and the involvement of political parties in this process, policy network analysis has been selected as an analytical tool to bring different theoretical lenses together. As a result, different dimensions of state (macro-level) and political party factional politics (micro-level) are considered. Policy network is, therefore, considered as a meso-level concept that emphasizes continuous relations between interest groups and government

departments as a process of “interest of intermediation” (Schmitter, 1974) (Chapter IV).

It is important to note that policy networks, as structures, do not exercise power but constrain and facilitate agents (Marsh & Smith, 2001, pp. 536-537). To highlight the power relations within the policy network, the power dependence approach is applied in this study. It is assumed that any organization is dependent on other organizations for resources, whether constitutional-legal, organizational, financial, political or informational. To achieve the organizations’ goals, there is an exchange of resources within known rules of the game which regulate the process of exchange (R.A.W Rhodes, 2006, p. 431). In short, power resides implicitly in the other's dependency. “A depends upon B if he aspires to goals or gratifications whose achievement is facilitated by appropriate actions on B's part” (Emerson, 1962, p. 32).

At the macro-level of analysis, the Poulantzian understanding of the state has been highlighted as an important framework, followed by a further elaboration of the strategic relational approach by Bob Jessop (Chapter III). Nicos Poulantzas’s work on the capitalist state rejects the interpretation of the state either as a passive tool merely representing the interests of one class or fraction - without any autonomy - or that it is endowed with power of its own with a absolute autonomy of social classes (Poulantzas, 2000 [1978] p. 131). He proposes instead a relational concept of the capitalist state, as a “material condensation of a relationship of (class) forces” (Poulantzas, 2000 [1978] p. 128). The materiality of the modern state is organized as a relation of domination accounted for in four aspects: knowledge and power, individualization, law, and the nation. In grappling with the relationship between relations of forces and state apparatuses, the concept of condensation is regarded by Poulantzas as the “political unification or disorganization of different class fractions through their transfer onto the terrain of the state” (Bretthauer, 2011, p. 81). In this sense the state constitutes a strategic terrain in the organization and representation of the dominant class or classes; or more precisely it represents the long term political interest of the power bloc, which is composed of several bourgeois class fractions (Poulantzas, 2000 [1978] p. 127). Considering that the state is a condensation of a relationship of forces between classes and class fractions, the state can never be a monolithic bloc.

These class contradictions are not only present in the state material framework but its functioning also reflects the state's policy as well (Poulantzas, 2000 [1978] p. 132).

In a political terrain occupied by several classes and class fractions, the unity of the state occurs in a complex process in which certain dominant decision-making centers are made impermeable to all but monopoly interests. The formation of a left government does not mean, therefore, control over certain state apparatuses as they might not have the real power of control. Moreover, even when the left acquire certain parts of the state apparatus, the hegemonic class or fraction might dislocate the role of dominance from one apparatus to another (Poulantzas, 2000 [1978] pp. 136-137). It is important to note that in the relationship of forces, the various fractions of capital are neither in constant and uniform opposition to the popular masses, nor are the political attitudes of those within the dominant classes equal (Poulantzas, 2000 [1978] p. 143).

Another important contribution of Poulantzas to state theory, and pertinent for this research, refers to the contradictions and divisions within the power bloc reflected through internal divisions of state personnel (Poulantzas, 2000 [1978] pp. 154-156). This understanding makes visible how political parties might be influential in one policy field, but not in others. As political parties are responsible for appointing key public officials, parties might exercise some influence in the state, as coordinators of class struggles.

Poulantzas's recognition of bourgeois class fractions, instead of a monolithic view of their interests, is another important aspect. The fractions in the power bloc include the big landowners, non-monopoly capital, or commercial, industrial or banking fraction, monopoly capital, and the internationalized bourgeoisie or the domestic bourgeoisie (Poulantzas, 2000 [1978] p. 133). Poulantzas further differentiates three domestic bourgeoisie fractions in relation to foreign capital: "comprador bourgeoisie", "national bourgeoisie", and "interior bourgeoisie". It is important to note that in the relationship of forces, the various fractions of capital are neither in constant and uniform opposition to the popular masses, nor are the political attitudes of those within the dominant classes equal (Poulantzas, 2000 [1978] p. 143). From this perspective, this study suggests that political parties when rising to power might be able to find more political and

economic support from certain bourgeoisie class fractions than others (see Chapter IX, on party funding).

Finally, Poulantzas's view that the contradictions within the state reflect in the state's policy is of key importance for this research. The proposition that certain dominant decision-making centers are made impermeable to all but monopoly interests might help to explain why policy outcomes are different. More specifically, why would governments have a more progressive position in one policy field, but maintain a conservative agenda in another (e.g. progressive trade policy aligned with conservative macroeconomic policy).

Bob Jessop's work (2008) attempts to continue the theoretical project begun by Poulantzas by proposing his own theoretical approach to state theory: the "strategic-relational-approach" (hereafter SRA). The SRA implies that the state system is a site of strategy and that the "strategy selectivity" of the state involves a system with a structure and modus operandi that are more open to some types of political strategy than others. Depending on the strategy adopted by competing forces to gain state power, a given type of state may be more accessible to some forces than to others (Jessop, 2008, pp. 31-32). The state is the site not only of class struggles and among state branches, but also a site where strategies (in a path-dependent manner) are elaborated. Given such contradictions, Jessop draws attention to the role of state managers (both politicians and career officials) for establishing relative unity and acquiring relative autonomy from the conflicting pressures emanating from civil society. In sum, it is not the state that acts; it is always specific sets of politicians and state officials located in specific parts and levels of the state system (Jessop, 2008, p. 37). With regard to the interaction of these political forces, the strategic-selective terrain of the trade policy network is studied with greater focus on the role of the political parties therein.

Finally, the micro-level of analysis is theoretically guided by the literature on political parties and factional politics. The institutional approach to political parties has been considered as most pertinent for this research as it looks at parties as a structure evolving over time that reacts to external changes. The argument is that party's organizational characteristics depend more on its history and the role of intra-party relations in its organizational form.

In this context, Panebianco (1988) contribution is particularly relevant. He uses the model of organizational evolution as an ideal type of organized evolution to indicate that parties tend to go from an initial period in which certain needs prevail to a subsequent period in which different needs prevail, as a consequence the process of organizational institutionalization (Panebianco, 1988, pp. 17-19). This understanding sheds light on the changes and adjustments of a party agenda throughout the process of institutionalization. For example, during the apartheid regime, the ANC was realizing its political activities underground. The end of apartheid and the rise of the party to power have obvious institutional implications. The PT is another example. The development of the party was marked by the broadening of political alliances with various segments of society – including productive capital (before the rise to power and while in government)¹⁴.

The institutional approach to parties provides not only important analytical lenses for exploring the selected research cases but it is also a key entry point for the literature on factional politics. While the organizational goals of the party's founders shape the organization's characteristics, institutionalization "articulates" these objectives. A highly institutionalized party is one in which change takes place slowly. A weakly institutionalized party is one in which the actors have more autonomy to compete with each other (Panebianco, 1988, p. 58).

From the review of the factional politics literature, a tendency has been observed for scholars to focus either on the dynamics of factions or on their organizational forms. This research attempts to work with both aspects. With regards to the organizational forms, Rose (1964) major contribution in the study of factions comes from the distinction between factions and other intraparty types of formation. He differentiates factions, tendencies and non-aligned partisans. Factions, unlike pressure groups, are concerned with a wide range of political issues, including foreign affairs, colonial policy and defense as well as economics and social welfare. Factions may be distinguished from exponents of a political tendency because the latter is a stable set of attitudes, rather than a stable group of politicians. Political tendency may be defined as a body of

¹⁴ See Chapter VIII and IX.

attitudes held together by a more or less coherent political ideology. Finally, non-alignment is identification with positions supported by the whole electoral party, rather than with factions or tendencies (Rose, 1964, pp. 37-38). Only a group with real structural coherence should be regarded as true faction.

As for the dynamics of factions, (Boucek, 2009, p. 36) identifies three main facets of factionalism in established democracies: cooperative, competitive and degenerative. In cooperative factionalism, a factional structure can play a constructive role in “consensus-building” as it facilitates intra-party cooperation and in building integrated parties. In contrast, competitive factionalism indicates dissent and can destabilize parties and governments. Finally, degenerative factionalism is caused by perverse incentives from too many self-seeking groups that operate mainly as channels for the distribution of patronage, which can lead to destruction of the party. Importantly, these different processes are not predetermined and factions can move from competition to cooperation through institutional reforms, effective leadership, or party system change. She concludes that factionalism can become destabilizing if factions wield a veto, but can prolong office by regulating the divisions among dissidents and prevent exit. In the long run, however, the use of factions to contain divisions and sustain unity leads to bad governance (Boucek, 2012, p. 206).

Hypotheses

Based on the proposed theoretical framework, it is possible to draw some hypotheses for the research question already posed: why has it been possible for the African National Congress (ANC) and the Worker’s Party (PT) to pursue a developmental trade agenda given neo-liberal constraints? It is important to note that the hypotheses are not used in strict positivist terms, but to serve as guidance and to guarantee coherence in the line of argumentation.

Hypothesis 1 (state theory): Given that the state is not monolithic and offers unequal chances to different forces (“strategic selectivity”), mass-based membership parties are more influential if they articulate their interests within states structures that are more open to their political strategy.

Hypothesis 2 (policy network analysis): If mass-based membership political parties strategically use their economic and political resources in the trade policy network, it is expected that their influence in the policy making process will increase.

Hypothesis 3 (party factionalism): Considering that political parties are characterized by internal divisions and factional conflicts, if political parties manage to build institutional and strategic capacity to respond to dissidence, it impacts their ability to come to power or stay in power.

Research Methodology and Methods

Political science research accounts for several methods to try to improve ways of discovering the political world. Comparison in some form is present wherever political scientists make claims about causality, whether they are studying one country, many countries, or cases from some other unit of analysis. Therefore, one of the major functions of comparison in political science is to develop, test and redefine theories about causal relationships – that is, one thing having an effect on something else (Hopkin, 2010, p. 285).

Indeed the statements about cause and effect have been the subject of much, largely unresolved, philosophical dispute. Ontological and epistemological positions are crucial because “they shape what we think we are doing as political scientists, how we do it and what we think we can claim about the results we find” (Stoker, 2010, p. 181). These positions are, however, far from being consensual. While there is general agreement about what the terms mean, there is much less agreement about either the ontological and epistemological positions that researchers adopt or the relationship between ontology and epistemology (Marsh & Furlong, 2010, p. 185;189). While acknowledging that they are contested issues, this study does not aim to offer an in-depth analysis of the controversies but rather to situate the research in the broader debate and use it consistently.

It is assumed that the world exists independently of our knowledge of it but our interpretation and understanding affects outcomes. In epistemological terms, observations are mediated by theory, which in turn plays a crucial role in

allowing the researcher to distinguish between those social phenomena, which are directly observable, and those which are not. Moreover, it accounts for causal processes, which could produce different results in different contexts (Sayer, 2000, p. 1). The research, therefore, is situated in the critical realist research paradigm.

Critical realism endorses or is compatible with a relatively wide range of research methods. The literature in comparative analysis establishes two types of comparative methods: the quantitative comparative method ('large N'-many cases) and the qualitative comparative method ('small N'-few cases). A qualitative method is applied when the goal is to understand or explain how and why a political institution, event, issue or process came about. This method is often applied when research considers the context or history or includes personal reflection from participants in political institutions or processes (Vromen, 2010, p. 249). This study uses the qualitative method and includes semi-structured expert interviews as well as a text/document study of primary sources produced from meeting notes and from the political actors ranging from political parties, policy-making agencies, and non-governmental organizations.

There are different forms of comparative explanation. One type is related to the "method of difference" and "method of agreement" (Mills, 1951). While the former involves studying two very similar cases, which differ only in respect of the variables which the relationship to each other is being studied, the latter entails two cases differing in every respect except the variables being studied. However, the world is unlikely to provide political scientists with sets of cases, which are the same in all respects except those wished to be studied, or different in all respects except those wished to be studied. Empirical reality is instead rather messy, and political scientists can only limit, rather than eliminate, extraneous variance (Hopkin, 2010, p. 285).

Przewroski and Teune (1970) have advanced the selection of cases between 'most similar systems' and 'most different systems' in research design. In the most similar systems design, the researcher chooses cases with many similar features, so that most variables are constant. It is based on the assumption that the more similar the cases compared are, the more chances to isolate the factors responsible for differences between them. On the contrary, in the most

different systems design, the cases are selected because they differ in many variables except for the variable or process of interest.

In the comparison between the Worker's Party (PT) and the African National Congress (ANC), similar policy orientations are observed in relation to trade policy. Both countries: highly emphasize the importance of multilateral negotiations; have increasingly promoted South-South and regional political and economic alliances; the role of industrial policy, and the need for this policy to be in accordance to trade policy have become a major concern in policy agenda; and there has been greater participation of the state in the economy and as a major driver in trade policy formulation. Therefore, in the attempt to explain why both parties were able to pursue such goals and translate them into policy agenda, the aim is to concentrate on the different processes that led to similar outcomes.

Data Collection

In the data collection process, the major sources included text/document study of the primary source, meeting notes and semi-structured expert interviews. Concerning the primacy sources, most of the data were available online and accessed throughout different period. This source was particularly relevant for understanding the positions, agenda, and interest of the organizations in the mapping of trade policymaking (Chapter X). Some materials were collected directly from the interviewees, but these were only for general understanding.

The meeting notes and the semi-structures expert interviews were obtained from the field research in both countries. The first round of interviews was from 1 February 2011 to 10 September 2011, mainly conducted in Johannesburg. The second round took place from 1 October 2012 to 15 December 2012 mainly in the city of São Paulo. The field research period in South Africa was considerably longer given the researcher's less familiarity with the political debates in the country. There were in total 21 interviews, including researches (at universities or research institutes), policy makers, state and party officials, business and labor representatives. The inclusion of a variety of interviewees was mainly for three reasons: diversified and broader points of views, to construct validity, and to follow the theoretical perspective on policy network analysis.

Bogner, Littig, and Menz (2009) suggested some advantages of using expert interviews, which were applicable for this research. Some of the advantages of expert interviews included high insight in aggregated and/or specific knowledge; the interviewees had privileged access to information about the decision processes; and they have often pointed to other potential interviewees.

In the selection of interviewees, two perspectives were considered. First, the experts were identified according to the researcher's own judgment in distinguishing expert knowledge from other forms of knowledge like everyday knowledge and common-sense knowledge. This is, however, not an arbitrary choice. Based on the literature review, experts are defined as those persons who have a more comprehensive knowledge from privilege access to information, and who can be made responsible for the planning and account for principles of problem-solving strategies (Pfadenhauer, 2009, p. 82). Thus, the selection of the interviewees was based on: previous literature review in order to identify key experts within academia; on the institutional affiliation of the experts and their position in trade policy matters; and expert's indication of additional potential interviewees.

Concerning the preparation of the list of questions applied in the interviews, it was elaborated a guiding and broad list of open questions based on the literature review. Once the expert agreed to be interviewed, it was designed a specific questionnaire. As an issue became redundant, either the question of the matter was discarded from the questionnaire or it was not highly emphasized in further interviews.

During the first round of interviews in South Africa, the research facilities and network (among professors, researches) from the University of Witwatersrand, the hosting institution, were fundamental for assessing the interviewees. Given the access to a vital research center in South Africa, the uncountable informal conversations during the visit were of major relevance. The attendance to the several workshops and seminars weekly or monthly organized by the University was an effective channel for contacting potential interviewees. Therefore, the list of interviewees was not to rigidly established previously to the field research, but was rather drawn and further elaborated during the stay in South Africa ("snow ball" sampling).

In contrast to the experience in South Africa, the contact with the interviewees in Brazil did not rely on umbrella organizations (e.g. university) given previous working experiences in country. Moreover, the list of interviewees was more elaborated before the field research due to the following aspects: there has been prior experience from the field research in South Africa; research project was advanced and greater clarity for what to look for. Moreover, during the first month of the field research, there was a local election, which added some delays in the schedule of the interviews but was still extremely important for engaging with the political debates of the party at the time.

Both in South Africa and in Brazil, the interviewees were contacted directly by phone or email and the interviews lasted an hour on average. The participants were informed broadly about the research topic and the questionnaires were never previously submitted to interviewees. Most of the contacts established have positively replied to the request. Moreover, the interviews were recorded, except when the interviewees were not comfortable with the procedure.

Data Analysis

For the data analysis phase, the notes from the interviews and the audio material were revised at the end of the field research period and during the writing process of the study. The focus was on identifying communalities, divergences, and conflicting points of view that integrates with body of literature considered for this study. The sequentiality of statement within a single interview is not of interest and the analysis of the data did not involve the usage of particular software or other sophisticated mechanism.

The information from the interviews was important for different purposes and stages of the research. The analysis of the data was fundamental for clarifying matters of controversy, broadening the scope of the research and for the general understanding of the political debates in both countries. With regards the writing process, the data from the interviews was particularly important for elaborating the structure of the Chapter X: Mapping Trade Policy Making.

Delimitations and Limitations of the Research Methods

While social and political life in modern societies is so complex, the variance cause by factors outside the theoretical proposition examined becomes a serious obstacle in comparative research. Moreover, variables such as trade policy cannot be easily separated from other variables, such as the horizontality with other policy domains or the balance of power between the various productive groups in society (Hopkin, 2010, p. 292). In order to deal with such limitations, the combination of the theories in the macro (state theory), meso (policy network), and micro level (political parties) in this study attempts to undermine some of these challenges.

Another limitation refers to the quality of the information from the expert interviews. Considering that expert knowledge is not neutral as they are part of the societal debate, the information provided by experts might make it visible to the researchers only certain aspects of the social phenomena studied. This research attempted to reduce such problem by interviewing experts from different segments in social life (business, labor, state officials, and researchers). However, the field research in South Africa, as being the first round of interviews were less informative for the actual research – when compared to the data from the interviews in Brazil. Moreover, the interviews made in Brazil were better integrated to the theoretical propositions of the study because of (a) the familiarity of the researcher with the Brazilian social and political debates, and (b) the improvement of the theoretical framework at the time of the field research. For example, contrary to the field research in Brazil, there was no interview with direct business representatives in South Africa.

There have been also some limitations concerning the planning and the actual process of conducting the interviews. First, it was planned to interview parliamentarians in Brazil but due to election period, the planning proved to be unsuccessful. Second, it was also planned to have two more interviews with trade unions in Brazil, highly engage with policy making within government, but they eventually cancelled the appointment. Third, the number of interviews with ANC party members was supposed to be much higher but it was not possible to reach high-ranking officials involved in policymaking.

Chapter VIII. The Developmentalist Turn in Trade Policy

The interdependence of external and internal politics has become increasingly visible, particularly in the trade regime (Soares de Lima & Hirst, 2006, p. 40). However, the idea that the principles of liberal democracy should apply to foreign as well as domestic affairs did not arise until recently. This is partly due to the dominant realist thought in foreign policy scholarship asserting that foreign and domestic realms are segregated. Within this paradigm, foreign affairs are better left with certain highly skilled people because the masses lack the knowledge and skills needed to conduct policies. Nevertheless, the scope of democracy has expanded with the participation of other actors from civil society in the policy realm and the compatibility of foreign affairs has been increasingly merging with other policy domains (Nincic, 1992, pp. 2-4).

This study moves beyond the principles of *realpolitik* to reflect on trade policy from a public policy perspective. To understand trade policy as a public policy is to consider it open to the scrutiny of public opinion in the electoral polls. While the historical and guiding principles of foreign policy may remain (e.g. principle of non-intervention, the defense of public international law), priorities and agendas may shift according to the interpretations and preferences of the coalition government and contingencies (domestic and external) (Amorim, 2010, p. 13; Oliveira & Milani, 2012, p. 369). Therefore, this approach highlights the relevance of the government as the locus where the conflict of interests, preferences and ideas develop from the disputes of interests in the political game (C. Souza, 2006, p. 25). According to Dye (2005, p. 1), public policy is “whatever government choose to do or not to do”. In sum, the understanding of trade policy from a public policy perspective is to include the debates over policy space that lie with governments in the formulation and implementation of policies despite the increasing international constraints.

This chapter contributes to this discussion by making visible the shifts in trade policy orientation of the Worker’s Party (PT) and African National Congress (ANC)-led governments. It is argued that trade policy in both countries had important policy shifts to a new developmental path, which in turn converge with many of the historical party agendas. While a developmental strategy is broadly understood as a moderate state intervention in the economy and economic

nationalism in a democratic regime, trade policy is analytically divided into internal and external conditional factors (not necessarily detached from each other and one dimension is not prior to the other). External factors in trade policy result from multilateral negotiations, regional or sub-regional, in which countries may be directly or indirectly involved. Internal factors relate to the “political economy of protection”, to macroeconomic aspects, and to structural factors related to business competitiveness whether internal (e.g. innovation) or external (e.g. infra-structure) (Abreu, 2002, p. 1;30). For the purpose of this research, the focus of trade policy in terms of external factors in Brazil and South Africa are the South-South and regional political and economic agenda. The internal factors of trade policy relate to government strategies for improving competitiveness.

It is important to note that this chapter emphasizes the role of the dominant fractions of capital in the capitalist development of Brazil and South Africa, and the correlation with both governments’ trade policy approach. The aim is to provide an introduction of the class contradictions in both societies and to point out fractions of capital that both parties established a coalition for gaining support for their trade agenda – considering that labor is already a historical key constituency for both parties.

Brazil: From the “Perverse Decade” (1990s) to the “New-Developmentalist” Decade (2000s)

From the 1930s to the 1980s, Brazil had an inward oriented development strategy under the Import Substitution Industrialization (ISI) model. Some of the key characteristics of this development model include: the state’s leading role in providing incentives for industrialization; relative discrimination against imports; and foreign direct investment directed to a wide range of industrial sectors (Soares de Lima & Hirst, 2006, p. 23). In this “national-developmental” period, Brazil industrialized under the command of a political coalition with stronger a influence by industrialists and the public bureaucracy (Bresser-Pereira & Diniz, 2009, p. 83).

In the late 1970s and 1980s, the economic and political model that guided Brazilian development turned out to be inadequate to respond to its structural crisis, and opened space for the consolidation of Washington Consensus

principles as a hegemonic project. The implementation of the neoliberal project began in Fernando Collor's administration, but was broadened and consolidated during Fernando Henrique Cardoso governments (1994-2002). Importantly, the political and economic contexts at both national and international levels, which in turn led to the establishment of a new economic model, redefined political relations among dominant class fractions. In this new configuration, the international financial capital, big national economic-finance groups and the productive multinational capital (associated or not with national capital) became more influential within the "power bloc" (in Poulantzas term, see Chapter III). The other class fractions, such as the big and medium size capital of agribusiness, industry, trade and services assumed a subordinated position within the power bloc (Filgueiras, 2006, pp. 183-184). The new coalition formed in the 1990s under the "Liberal-Dependent Pact" became the dominant force in Brazil since then (Bresser-Pereira & Diniz, 2009, p. 86).

The repositioning of class fractions within the power bloc has repercussions in the political and economic policies promoted by governments. In the name of global governance and on the belief that market, and not the state, is the major driver for solving society's problems, the Cardoso administration (1994-2002) downgraded the importance of constructing a national developmental project by promoting nonreciprocal concessions to other developed countries (Cervo, 2005, pp. 21-23). In this context, trade policy was considered as an important means of helping to maintain macroeconomic stability and to assure international credibility (Hirst, Soares de Lima, & Pinheiro, 2010, p. 23).

The Cardoso administration reflected the view that, as Brazil is embedded in an unbalanced world market, a close relationship with developed economies is the optimal situation to deal with such a power constellation. Given the implicit acceptance of the great powers' role in the international system, Brazilian participation in the multilateral forums did not, therefore, challenge the preexisting order (de Almeida, 2004, p. 166; Vigevani & Cepaluni, 2007, pp. 300-304). Other characteristics of the Cardoso administration included a separation of trade negotiations from the more general objectives of foreign

policy (Veiga, 2009, pp. 122-123), leaving the Foreign Ministry¹⁵ with a clear monopoly for conducting foreign affairs (de Almeida, 2004, p. 177).

With the rise of PT to power in 2003, the political context has shifted as the government politically pursues an autonomy-focused strategy in relation to liberalizing neoliberal norms (Soares de Lima & Hirst, 2006, p. 25). Instead of dealing with foreign affairs as a mere instrument to guarantee macroeconomic stability and international credibility, as observed during the Cardoso administration, the PT-led government pushed for a political reconfiguration of foreign policy to consider it as an additional instrument for broader national strategy for development (Soares de Lima, 2010, p. 7; Soares de Lima & Castelan, 2012, p. 128; Veiga, 2007, p. 71). Therefore, the emphasis has been on much more assertive participation in the multilateral and regional forums to become a 'rule-maker' and not a mere 'rule-taker' in the international arena. These efforts include the promotion of its own candidates to head the World Trade Organization (WTO) and the Inter-Development Bank, as well as its campaign to become a permanent member of an expanded United Nations Security Council (UNSC) (Soares de Lima & Hirst, 2006, p. 21).

Another distinctive strategy implemented by the PT-led government in relation to the previous administration relates to political and economic relations within the North-South divide. The "autonomous diversification" (Vigevani & Cepaluni, 2007, p. 301) with approximation of Brazil to other emerging countries has been a political construction of Brazilian diplomacy in recent times (Soares de Lima & Castelan, 2012, p. 128). As part of the diversification strategy, South-South economic and political relations have gained substantial importance - particularly within Mercosur (Veiga, 2007, pp. 116-117). The more assertive and diversified participation of Brazil in the international arena has helped Brazilian companies to increase investment abroad, in contrast to their historical record of a low degree of operational internationalization (Veiga, 2009, p. 126). Furthermore, it has broadened the alliances with the formation of the G-20 and the IBSA (India, Brazil and South Africa), and the politicization of the BRICS aimed at exploring a common agenda and to increase the capacity of

¹⁵ Even the presidential advisers were diplomats.

coordination, particularly related to financial negotiations (Soares de Lima & Castelan, 2012, p. 129; Vigevani & Cepaluni, 2007, pp. 296-297).

While Presidents Lula and Dilma have not publically identified their governments as “developmentalist”, the policies pursued, are directed to meet this agenda. The developmentalist characteristics include moderate state intervention via investment in sectors that are not competitive or not so competitive in the economy and active social policies (Bresser-Pereira, 2013, p. 23;29).

Two important factors may explain the push for these developmental strategies. The first factor relates to the appointment of key political figures by the President into key decision positions in trade policy. Academia and the media have given particular attention to the role of the General Secretary of Foreign Affairs Ministry, Ambassador Samuel Pinheiro Guimarães, and the advisor for international affairs of the Presidency, Professor Marco Aurélio Garcia (former International Secretary of PT). While these positions in the past had secondary importance, they have had during the Lula government an extraordinary influence (de Almeida, 2005, pp. 97-98).

The second factor relates to the repositioning of bourgeoisie class fractions in the PT-led government. The “Liberal-Dependent Pact” established in the 1990s favored mainly the interests of rentist elite, the financial sector, monopolistic companies that privatized public services, and multinational companies. The pact has benefited to lesser extent the state bureaucracy, the workers, and more broadly the business groups in the productive sector (Bresser-Pereira, 2013, p. 2).

During the PT-led government, many of the class fractions that benefited less from this pact began to have a much more proactive role within government decision making. In the 2002 presidential campaign, business groups were in strong opposition to Lula’s election. However, once the fears of the PT adopting policies against capital interests (e.g. not respecting international agreements, and default on debt) were assuaged and the understanding that the party was willing to actively promote industrial policy in the defense of national industry was realized, Brazilian industrialist business began to support the government (Bresser-Pereira & Diniz, 2009, pp. 94-95).

Particularly in Lula's second term, the new development agenda backed by internal bourgeoisie has been made visible. After a political crisis from corruption scandals involving leading figures of the PT in 2005, the neoliberal economic team, excluding the Central Bank¹⁶, was largely dislocated from positions of power (Morais & Saad-Filho, 2012, p. 792). The new developmentalist ideas gained less resistance particularly after the shift in the appointment of Guido Mantega as the new Finance Minister and Luciano Coutinho as president of the Brazilian National Developmental Bank (BNDES) (Bresser-Pereira & Diniz, 2009, p. 99). It is important to note that the maintenance of macroeconomic policies from the Cardoso era – based on inflation targeting, floating exchange rates and low fiscal deficits - shows that the class fractions that supported the Liberal-Dependent Pact remains very influential as well.

The political rise of a key capital fraction in the 2000s in the “power bloc” may be conceptualized as “internal bourgeoisie”(Poulantzas, 1975). The internal bourgeoisie play intermediary positions, between the two extremes of the national bourgeoisie (anti-imperialist) and the bourgeoisie compradora (mere extension of imperialism). While the internal bourgeoisie has also been part of the power bloc, it has since 2000 improved the position within it (Boito Júnior & Galvão, 2012, p. 67). In Brazil, the internal bourgeoisie is not only composed of private capital but also includes state owned enterprises – mining, steel mill, agribusiness¹⁷, industry of transformation, companies of transport and others. The small and medium businesses continues to be in the same subordinated position as in the 1990s (Boito Júnior & Galvão, 2012, p. 83;97).

In sum, the important policy shifts promoted during PT-led government in relation to the previous administrations are visible as both internal and external factors of trade policy. Concerning the internal factors of trade policy, the Cardoso government reduced the state's support in strategic sectors of the economy, reduced its capacity of investment, and as result weakened the

¹⁶ The Central Bank has, however, shown some willingness to accommodate new developmentalist initiatives, particularly during the 2007-2008 global financial crisis with the implementation of countercyclical policies (Morais & Saad-Filho, 2012, p. 792).

¹⁷ Agribusiness is heterogeneous, with great differences in economic power and level of profit. While land owners are usually in strong opposition to the government, the big slaughterhouse, juice processors, and banks are in the hands of the most economically favorable fractions in agribusiness – these are the ones supporting the government and part of the big internal bourgeoisie (Boito Júnior & Galvão, 2012, pp. 98-99).

state's capacity to plan, regulate and conduct the economic system (Filgueiras, 2006, p. 195). Contrary to these strategies, the Lula government has brought back to the policy agenda the state as a major driver of the economy. The BNDES state agent and the state-owned companies and pension funds related to the state are particularly important actors in the implementation of such a strategy (Boito Júnior & Galvão, 2012, p. 83;97). Furthermore, industrial policy was once again considered as an important instrument to promote economic development. The government programmes Productive Development Policy (PDP) and *Brasil Maior* are cases in point.

With regard to the external factors of trade policy, the PT-led government promotes an active foreign policy that supports the implementation of a "national project". As result, the economic and trade agenda have, contrary to the Cardoso administration, been expanded to include social and political dimensions. The government has been pursuing a more active and strategic alliance with other middle powers and emerging economies, with special emphasis on the Mercosur. With regard to relations with the United States, albeit significantly important, the government has tried to establish reciprocal relations, as evidenced in the case of President Dilma's refusal in September 2013 to visit President Obama due of accusations of espionage by the National Security Agency (NSA).

The commodity boom: a push factor for a developmental path?

The rising world demand for inputs and the growth of emerging countries (especially China) made commodity prices to remain, particularly from 2007-2010, at high levels (Branco, 2013, p. 123). These events increased Brazil's trade surplus because the country is a leading natural resources exporter and consequently laid the ground for steady economic growth.

There is a controversial debate amongst scholars and policy makers in Brazil about the causes for the improvement of the economy particularly during PT administration. While some scholars tend to focus on exogenous factor such as the favorable economic conditions (e.g. commodity boom) (Teixeira & Pinto, 2012), others prefer to highlight the importance of income-enhancing social programs that have boosted aggregate demands with the expansion of

household consumption which in turn resulted into an economic expansion (Montero, 2014).

While economic expansion (even if there are disagreements on the causes) sets favorable budget conditions for the expansion on social policies (e.g. conditional cash-transfer programme) and increased financial support to public agents of industrial policy such as the Brazilian Developmental Bank (BNDES), economic performance solely does not explain the developmental path PT-led government pushed forward in trade policy. Not only economic conditions need to be met, but favorable political climate as well. Here it is argued that decision for a developmental policy agenda in trade policy remains largely as a political question. A developmental policy framework cannot be established without the political will for a developmental project or in case policy decisions are to benefit largely a “parasite” capital fraction. Therefore, the study emphasis political decisions and how it drives policy formulation with political parties as major political actor.

South Africa: From GEAR to the New Growth Path

This section highlights important events and shifts in trade policy, from an internal and external perspective. Externally, South Africa’s most important signal of trade liberalization commitment relates to the trade reforms prescribed under the Uruguay Round in 1994 (Cassim & Zarenda, 2004, p. 106). Despite the commitment to economic orthodoxy, Thabo Mbeki promotes South African foreign policy with a higher emphasis on poor governance in Africa, both politically and economically (Gumede, 2007, p. 199). South Africa establishes itself as an important interlocutor for African affairs, and an advocate of South-South relations which focuses on reforming outdated global governance for a more fair and transparent architecture (Sidiropoulosa, 2008, p. 109). Furthermore, Mbeki’s speech in Parliament in May 1996 entitled “I am an African” is a very important event because it guided his vision of South Africa and its regional relations. This speech not only re-launched the South African renaissance debate, but prompted a re-thinking of South African identity as part of Africa and not of Europe (Ajulu, 2001, p. 34). When the ANC government positioned the country as being of the South, it symbolized an important break

with the white rule of Eurocentrism, strongly bonded in the culture and character of the northern hemisphere (Gumede, 2007, p. 197). Consequently, the discourse brought the “democratic Africanist and anti-imperialist’ ideological principles to policy-making, a clear contrast from the apartheid era (Nathan, 2005, p. 363).

Domestically, the re-focus of the government from the Reconstruction and Development Programme (RDP) (widely supported by leftist allied groups) to a far more controversial approach of Growth, Employment and Redistribution (GEAR) is one of the pivotal events toward macroeconomic orthodoxy. Given the increasing dissatisfaction from trade union movements, communist and civil organizations on the limited results from pro-market policies, the Developmental State debate gained momentum (Pottinger, 2008, pp. 83-84). Drawing from the East Asian experience, the discussion about the concept of the Developmental State began at the 2002 ANC Congress in Stellenbosch and was formalized in 2005 in a document titled “Development and Underdevelopment” (ANC, 2005). In response to growing discontent from the ANC alliance, Mbeki introduced a number of policy interventions in response. The Accelerated and Shared Growth Initiative for South Africa (AsgiSA), launched in 2006, is a clear manifestation of the ANC’s move towards a Developmental State (Kagwanja, 2009, p. xxxvi). In the following year, the Department of Trade and Industry (DTI) launched a more robust industrial policy programme, the National Industrial Policy Framework (NIPF), aimed at addressing the diversification of the economy, especially of the labor intensive sectors with high capacity for aggregating value. The NIPF has been particularly important in establishing a reversal of previous liberalization efforts. The new view is that South Africa cannot have a sensible or beneficial trade policy in the absence of clearly defined industrial policy objectives. The NIPF insists that the state must intervene to deepen industrial capabilities (Philip Alves & Lawrence Edwards, 2009, pp. 228-229).

Despite these policy initiatives as implicit recognition that the market-driven neo-liberal GEAR policy had not succeeded in addressing the needs of the people, these interventions came too late and did not convince the main critics of Mbeki’s government (Fikeni, 2009, p. 9). Given the increasing dissatisfaction of the ruling alliance with Mbeki’s “imperialist presidency” (Kagwanja, 2009, p.

xxi) and the alienation from government decision-making (Fikeni, 2009, p. 5), the mobilization of popular forces behind Jacob Zuma culminated in his victory at the ANC Polokwane Conference in 2007. Zuma received clear endorsement from the leadership of the Congress of South African Trade Unions (COSATU), the South African Communist Party (SACP) and the ANC Youth League, the Umkhonto we Sizwe Veterans Association and part of the ANC elite who was sidelined by Mbeki (Fikeni, 2009, p. 11).

While there were no radical ruptures with Mbeki's macroeconomic policies, the ascendancy of the left in the ANC with Zuma's election provided further policy space for the Developmental State discourse (Kagwanja, 2009, p. xxxvi). With regards to foreign policy strategies, the Zuma administration maintains the core principles that have guided South African foreign affairs (Landsberg, 2010, pp. 279-280) but with "salient differences of style, emphasis and approach" (Kagwanja, 2009, p. xxxix). As an outcome of the ANC Polokwane Conference in 2007, the ANC has identified a three-pronged foreign policy agenda: the consolidation of the African agenda; deepening South-South and North-South relations while participating in a global system of governance (Landsberg, 2010, p. 274). The 'new' foreign policy paradigm was proclaimed to be conducive to promoting national interests, and to "the creation of an environment conducive to sustainable economic growth and development" (Zuma, 2009). Furthermore, since the launch of the GEAR, the relationship between economic policy and industrial policy has not been prioritized. Given weak economic performance and limited impact on poverty, unemployment and inequality reduction, there has been an increasingly strong discourse stressing the need for trade policy to back up industrial policy. Indeed, it is visibly entrenched in the Department of Trade and Industry (DTI) and in the Presidency that an efficient trade policy must be backed up by industrial policy goals. Thus trade policy is currently not considered instrumental in accelerating overall economic growth or directing industrial policy – it is indeed the other way around (P. Alves & L. Edwards, 2009, p. 118). These concerns are clearly illustrated by the various policy programmes launched by the government in recent years such as: Industrial Policy Action Plan (IPAP) launched in 2007, 2010, 2011, and 2013. The principal goal of the various IPAP is to prevent industrial decline and support the growth and diversification of South Africa's

manufacturing sector. Furthermore, the Economic Development Department (EDD) launched the New Growth Path in 2010 as the framework for economic policy and the driver of the country's jobs strategy. The EDD was established as an outcome from the ANC 2007 National Conference aimed at strengthening government's capacity to implement the electoral mandate in economic development policy. With the creation of the EDD, the International Trade Administration Commission of South Africa (ITAC) and the Industrial Development Corporation (IDC) were reallocated from the Department of Trade and Industry (DTI). The appointment of EDD Minister Ebrahim Patel, with a long-standing political activism record from the National Union of Textile Workers (NUTW), received endorsement from the labor constituencies. Therefore, the Polokwane Conference in 2007 not only showed an interest of the ruling alliance in changing leadership but also in establishing a new channel of influence, particularly in relation to economic development policies.

It is important to analyze the policies promoted by the ANC-led government in the context of contradictions between the different fractions of the dominant classes that have affected the whole trajectory of capitalist development in South Africa. The social formation of South Africa was characterized by the co-existence of foreign capital and national capital. While foreign capital was largely located in mining (demanding a policy of free trade), the national capital was located in agriculture and manufacturing (demanding a policy of protection) (Davies, Kaplan, Morris, & O'Meara, 1976, pp. 5-7). After World War II, the power bloc was disorganized by a series of contradictions between its constituents that were reflected in the party politics with the rise of the National Party to power (Davies et al., 1976, p. 28). The contradictions among the dominant fractions of capital became particularly stronger with attempts of the mining industry to reduce costs by targeting the white wage bill or bringing black workers into white positions. This prompted a strong reaction of organized white workers and turned into a real political and ideological crisis point in the rule of mining capital. These events created the conditions for national capital to form an alliance with a section of the new petty bourgeoisie and to draw support from other sections of the white and even the black wage earning classes (Davies et al., 1976, p. 8).

With the competitiveness of the South African private sector damaged by the country's political situation in the last decades of apartheid, some businesspeople decided to engage directly with the country's political transition to restore the profitability of the monopoly capital (Handley, 2005, pp. 215-216). Some business groups built alliances with the echelons of the ANC, while the latter committed to market economics and abandoned plans for nationalization (Southall, 2013, p. 213). Indeed the class compromise established in the late 1980s was consolidated into the "1996 class project" to restore capitalist accumulation (Bua Komanisi, 2006, p. 22). The unilateral introduction of GEAR, the programmes to privatize state-owned companies, and the formation of a black elite via the economic empowerment programmes are part of the post-apartheid compromise.

The Broad Based Black Economic Empowerment (BBEE) is very influential politically, but its power does not reflect in the broader economy. Not only do many BBEE firms face financial difficulties, but the ownership of the broader economy also remains in the hands of white and foreign capital (Holden & Plaut, 2012, p. 350). The BBEE capital does not form a typical "national/patriotic bourgeoisie" but it is rather compradorist and parasitic. This emerging class fraction has generally not accumulated its own capital through the unleashing of productive processes, but relies on special access to state power to establish itself (Bua Komanisi, 2006, p. 25). Indeed, compradorism explains many of the cultural features of this emerging class fraction, with its life-style aspirations associated with an apartheid-era wage gap (Southall, 2013, pp. 264-265).

The South Africa economy is notoriously oligopolistic and economic wealth is held overwhelmingly in the hands of the white community. Despite big white business enjoying significant autonomy from the government (Handley, 2005, p. 234), the leading financial and mining conglomerates are increasingly reaching into the state and the upper echelons of the ANC seeking to influence electoral outcomes and presidential successions (Bua Komanisi, 2006, pp. 25-26). However, it is difficult to lead a movement in South Africa, with a left-wing history and deep inequalities, with an open agenda that defends the interests of capital owners. Therefore, business lobbies connected to the governing party know that their influence is undermined unless they support the pro-poor rhetoric (Friedman, 2012b).

In comparison with the Brazilian case, one important question arises. Considering that the coalition with the internal bourgeoisie was crucial for building a supportive political base for a developmental approach in trade policy in Brazil, such a relationship with capital cannot explain the push for a developmentalist trade policy in South Africa. One of the main capital fractions in support of the ANC government is the BBE elite. As mentioned, a great part of this group is part of a comprador capital fraction. Therefore, this study suggests that the developmentalist approach in trade policies is related much more to a political move to meet the demands ANC leftist and labor constituencies. This approach is particularly defended by the Jacobins and developmentalist ANC elite. The former group intends to promote social transformation by using the state, while at the same time defending bourgeoisie interests. Therefore, they have a radical nationalist position, which defends a radical transformation of ownership and control in favor of black capitalists. The “developmentalist” positions converges with the “Jacobins” in the need for the state to promote a class of black capitalists but is more attentive to the pitfalls of lacking control of the new black capitalist class (Southall, 2006b, pp. xxii-xxx). The Developmental State is further echoed domestically as Zuma tries to connect with economically disempowered constituencies (Qobo, 2009, p. 60) and to distance its mandate from neoliberal policies by bringing to the front the interventionist role of the state (Fine et al., 2010, p. 24).

Chapter IX. Political Parties, Factionalism and Policy in the Making

To write the history of the Workers' Party (PT) and the African National Congress (ANC) is nothing less than to account for the general history of Brazil and South Africa, respectively. The description of both parties' historical process may be seen through a class struggle lens as they were found to represent the marginal classes of civil society and to challenge the *status quo*. While PT came about from the labor movement's wish to have their interests heard by the political forces in the country, the ANC was founded on a racially-focused agenda during the rule of a white minority government. Ultimately, they were both struggling for democracy.

By considering the crucial engagement of both political parties in the construction of democratic societies, this study does not operationalize political parties as static and a-historical, which denies the political, social and cultural particularities of a country-level analysis. It rather focuses on institutional models, which give greater priority to the dynamics of how an organization was formed and to the role of intra-party relations in its organizational form (Chapter V).

In order to characterize the PT and ANC and to situate the object of analysis in the broader literature, Duverger's (1954) typology of political parties in four types (caucus, branch, cell, and militia) is particularly relevant (See Chapter V). Based on his typology, the PT and ANC may be characterized as mass based membership parties (branch). The original branch parties relate to the Socialist party – externally created by those excluded from political power in a regime. Albeit with many members, they remain close to them and activities of the party are not limited during election periods. Moreover, hierarchy is clearer in order to organize the large number of members (Durverger, 1954, pp. 17-40). The definition of the PT and ANC as mass-based parties shall not be understood as a rigid conceptualization, given Durverger (1954) focus on West European parties and obvious focus on a different historical period. It nevertheless helps to guide the research.

This chapter argues that PT and ANC are parties with divergent interests and ideological views within their own organizations. It therefore challenges the view

of political parties from a unitary actor perspective. Considering instead that intraparty competition is critical for explaining the emergence, persistence and decline of dominant parties (Boucek, 2012, p. 206), this chapter also engages with parties' internal power relations and how they have been determinant for coming to power and/or maintaining in power. Specifically, the dynamics of factional politics in PT is crucial for explaining the party's move to political moderation, which in turn allowed the organization to broaden its alliance with other conservative parties and business sectors. In the ANC case, factional politics was determinant for reassuming party agenda in state affairs by rearranging dissident factions centered on Zuma's presidential election after Mbeki's dismissal from office.

This chapter is organized into two major parts. It first introduces both political parties in relation to trade policy making. In order to make visible the channels of influence in policy making, some key push factors for parties to influence policy are explored. In the second part, the factional politics of both parties are compared. With this structure, two important arguments are made. The first argument is that PT and ANC were able to organize internal dissidence, which facilitated their rise to power and/or maintenance of governability. Second, both parties successfully use of some of their channels of influence in policy making, which has helped both parties to pursue their trade policy party agenda (e.g. legislative, alliance with labor).

The Worker's Party and Trade Policy Partisanship

The foundation of PT in 1980 brought together progressive branches of the Catholic church, intellectuals, and some members of the Trotskyist armed struggle and of the new syndicalism, particularly workers of the multinationals and in the public sector (Secco, 2011, pp. 26-27;45). Given the heterogeneity of its composition and close relations with social movements, PT became an active actor in mobilizing the masses on the streets, which in turn consolidated itself as strong institutional oppositional force in the 1990s (Secco, 2011, p. 113;150).

In the recent years of PT, the party had aimed at representing the aspirations of progressive forces by anchoring to a socialist discourse. It has been argued that

in order to build a socialist society, it would be necessary for workers to become a hegemonic class and dominant of the state apparatus. The construction of such hegemony would be on the everyday class struggle, most importantly via the autonomous organization of the workers and popular forces. The party, however, has always rejected the bureaucratic socialism from the Soviet model based on a single worker's party (Hunter, 2007; PT, 1987).

By 2002, the PT electoral programme had a major pragmatic shift. The "Letter to the Brazilian People", the appointment of a right wing business representative as Vice-President, and the coalition with productive capital were important signs of ideological moderation. The formation of a multi-class character government did not mean, however, the loss of labor support nor the abandoning of the party's vague notion of socialism that it had historically carried¹⁸ (Secco, 2011, p. 211). Moreover, PT was continuously distinctive in terms of high levels of cohesion, discipline, and loyalty displayed by its legislative delegation (Hunter, 2007, p. 440). Strategic adaptation and new alliances established in 2002 have worked to the benefit of Lula's presidential election. The PT's rise to power meant the formation of a ruling coalition of political social movements from radical to moderate left along with groups openly supported by nationalist far right wing interest groups (Albuquerque, 2005, p. 85). Despite such heterogeneity in the government ruling coalition, the PT-led government can be anchored on three basic pillars: maintenance of economic stability; the return of the state as a key actor in coordinating a new developmentalist agenda; and the social inclusion and creation of an expressive market of the masses. Given a broadened foreign policy agenda and the inclusion of other actors (state bureaucracy and social groups), foreign policy began to have a social base which it did not before (Hirst et al., 2010, p. 23). In the 2002 electoral programme, PT considered foreign policy as a fundamental means for achieving national developmental projects, which aimed at reducing the country's vulnerability in relation to the global financial market (PT, 2002, p. 6). Beyond the more assertive policy programme, there have also been changes in the way the policy making process is conducted. Once PT came to office, it implemented a new style of diplomacy which challenged some core principles of

¹⁸ In the 2011 Extraordinary Congress, PT reaffirmed in its resolution the continuous commitment to democratic socialism (PT, 2011).

Itamaraty by introducing a partisanship dimension in trade policy (particularly from an external perspective) (de Almeida, 2012, p. 35; Soares de Lima & Hirst, 2006, p. 21). This meant that the center of decision making for international affairs began to include the five key policy makers: the President, the Chief of Staff, the special advisor for international affairs (Marco Aurélio Garcia), the General Secretary of Itamaraty (Samuel Pinheiro Guimarães) and the Foreign Minister (Celso Amorim) (de Almeida, 2012, pp. 35-36). Therefore, all the decision making processes related to international affairs went into the hands of these few policy makers, which share similar ideological Marxist and national populist views, expressing the views of the new developmentalist project (Albuquerque, 2005, p. 86). Indeed a crucial difference between the Cardoso and Lula administrations relates to the ideological orientation of key government officials (Soares de Lima, 2005, p. 35).

These innovations have been met with some resistance by conservative domestic forces and therefore challenge what appeared to be a consensual foreign policy strategy. Some critics argue that the state and not the government should drive international affairs. Moreover, the political opposition criticizes the “partisanship of foreign policy” (Hirst et al., 2010, p. 23) and suggests that strong politicization has been followed by a lack of coordination with traditional political and economic interest groups which would prefer to see a much stronger economic relation with the United States and European Union to the detriment of the South-South agenda (Vigevani & Cepaluni, 2007, p. 306). However, progressive intellectuals and political circles have welcomed a bolder and more committed involvement with the southern hemisphere, particularly in regional affairs (Hirst et al., 2010, p. 31; Soares de Lima & Hirst, 2006, p. 32).

The African National Congress and the “Multi-Hats” Politics

The ANC was established in 1912 by the black elite, led by tribal chiefs and religious leaders in response to the racist constitution of the Union of South Africa that excluded Africans, Colored and Indians from the country's political institutions. In the 1950s it became a multiracial, leftist party intertwined with the

Communist Party and the unions, which led the party to go underground in 1961 (Holden & Plaut, 2012, p. 348).

Despite the ANC playing a marginal role in the decisive labor movement and popular domestic struggles of the 1980s (Butler, 2007, p. 35), the ANC had evolved into a revolutionary national movement for democracy whose principal objective was the seizure of political power from white racial domination. The unbanning of the ANC and the rise to power in the 1990s required the party to become a non-racial movement for all South African citizens (P. Jordan, 2004, p. 206).

The ANC labels itself not merely as a political party, but also as a continuous liberation movement of Africans in particular, and black people in general, from political and economic repression to be achieved through a National Democratic Revolution (NDR): “The main content of the National Democratic Revolution (NDR) therefore remains the liberation of Africans in particular and Blacks in general from political and socio-economic bondage. It means uplifting the quality of life of all South Africans, especially the poor, the majority of whom are African and female” (ANC, 2012). The NDR’s unspecified time frames and the strategic relationships between immediate national and ultimate international socialist objectives has allowed the ANC to hold together the ruling alliance under a vague project despite a growing divergence of interests (Butler, 2007, pp. 39-40).

Particularly during Mbeki’s term, the ANC-led government moved from its position on the revolutionary left to a more conservative political stance. This centrist position is not at all self-evident as Mbeki continued to use the rhetoric of national liberation and societal transformation, including the idea of an eventual goal of socialism (Prevost, 2007, p. 152). Although the ANC leaders resist the suggestion that their organization has become increasingly oriented to the demands of electoralism, the party has been strongly criticized for the lack of commitment to consultation with allied political members, and for its activist membership increasingly over-preoccupied with competition for public office positions (Lodge, 2004, p. 216).

Both Mandela and Mbeki demonstrated a natural predisposition towards international relations. Many guiding principles in foreign policy during the Zuma administration are a continuation of previous administrations including a

regional focus on, for example, the Southern African Development Community (SADC), South-South relations, and the importance of multilateralism, economic diplomacy and questions concerning global governance reform. While foreign policy decision-making may have been dominated by the Presidency during the first decade of democracy, Zuma indicated a greater role for the ANC's headquarters in guiding the policy process, both domestically and internationally (Masters, 2012, pp. 25-26).

In the context of policymaking and the role of the ANC, it is important to contextualize its performance. The tripartite alliance between the ANC, SACP and COSATU is the most important political force in the country. Since the 1950s, an overlap of positions started to develop between ANC and SACP membership and many of the leaders of South African Congress of Trade Unions (SACTU) were also leaders or members of other organizations. With the emergence of COSATU, the SACTU was dissolved (Suttner, 2007, p. 29). More recently, the overlap between the main decision-making forums of the ANC and the most powerful figures in government has been critical to the exercise of power. Key to this relationship are the "multiple-hats" of senior politicians – serving in government's national executive as well as the party's National Executive Committee (NEC)¹⁹ and National Working Committee (NWC). While there was convergence between seniority in the cabinet and in ANC NEC ranks during Mbeki's rule, in Zuma's time, there has largely been a continuation of trends. The 2009 Cabinet was strongly anchored in the NEC, and virtually all NWC members were also in the cabinet. In fact, the balance of power under Zuma was with NEC-NWC and ANC top officials (Booyesen, 2011, p. 423).

Apart from the ANC as an organization and the ANC in government, the overlap of positions is also established between the executive and legislative branches because ministers may retain their seats in Parliament while serving in the cabinet (Mathisen & Tjønneland, 2001, p. 3). In the public eye, the difference between ANC as a party organization and ANC government became extremely narrow. Considering that the statement of an ANC cabinet minister is treated as an ANC policy (Suttner, 2007, p. 20), any attempt to establish a rigid analytical differentiation between the ANC as party and the ANC-led government faces

¹⁹ The NEC is the primary constitutional structure within the ANC.

serious risk of misinterpretation. Moreover, from the interviews carried out for this research, this vague and blurry differentiation between party interest and government is shared by many academics and policy makers. Even if the differentiation between party and government borders are blurry, it is certain that political power is in the hands of the ANC elite, even if under Mbeki it seemed that state power was enough to make the President of the country rule supreme. The power of popular and organizational mobilization in the ANC brought the ANC back to the center of state office decisions with Zuma's election at the 2007 Polokwane Conference. This event showed the importance of the President as in harmony with the ANC and the party capacity for mobilization and influence in the government's decision making (Booyesen, 2011, pp. 404-407).

Push Factors for Party Influence in Policy Making

Considering the power-dependence approach on resource exchange (Chapter IV), there can be at least six different forms of resources: constitutional, legal, organizational, financial, political, and informational (R.A.W Rhodes, 2006, p. 431). This section focuses on the organizational, financial and political resources of political parties. The aim is to explain how these resources have helped PT and the ANC to better access policy-making and to push forward their political agenda to a more developmentalist approach in trade policy. Therefore, aspects considered include: channels of influence in the legislative (party discipline and policy cohesion); the electoral performance and party funding strategies; and support of labor as a core constituency.

Politics in the Legislative: Party Discipline and Policy Cohesion

The Brazilian political system is often referred to in the political science literature as a "presidentialism of coalition" (Abranches, 1988). It refers to the combination of "imperial presidentialism" with proportional representation along with a multiparty system. Given the polarization of political parties, the government is unlikely to rule the country with a single party majority and, therefore, the President is forced to seek an interparty coalition to guarantee

governability. One way of establishing such support is via the distribution of ministries to key allied political parties (Abranches, 1988, pp. 20-21).

The PT has managed to build a government of broad coalition. In 2003, President Lula was elected with a coalition of seven other political parties. As for President Dilma's election, it increased to ten allied parties; the largest government coalition in a campaign since 1989 (Bresciani & Cardoso, 2013). The broad coalition assured the majority in the legislative and thus governability. However, tensions are not absent and complicated political negotiations and exchanges have to be made in order to maintain the ruling coalition. For example, the major allied party, the Partido do Movimento Democrático Brasileiro (PMDB), has strong fractions with diverging interests, which may at times push party orientation from one side to another in the political spectrum. Given electoral aspirations, other allied political parties might shift positions and compromise the coalition. Indeed the Partido Socialista Brasileiro (PSB) has already left the coalition envisioning the launch of its own candidate for the 2014 elections (Reuters, 2013). Moreover, the Brazilian media often points to tension between the executive and the legislative coalition during Dilma's ruling. The government has been accused of a lack of coordination with coalition party members (CEPESP, 2013).

Another apparent consensus in the literature relates to the extended political influence of the President in the legislative (Amorim Neto & Santos, 2003, pp. 663-664). The President's influence on the legislative agenda is not only related to his or her personal capabilities, but this role is also assured by the 1988 Federal Constitution (Limongi, 2006, p. 27). Furthermore, the relation between the executive and legislative are established mostly via party relations in which the party leaders in the legislative (Colégio dos Líderes) centralize most of the negotiations. Such concentration of the legislative decision making around the party leaders helps to understand the high level of policy cohesion (Ribeiro, 2010, p. 89).

With regards to party discipline, Worker's Party parliamentarians are the most aligned with party orientations. Between 1980 and 2008, PT parliamentarians in the Lower House and the Senate voted 95% and 93%, respectively, in accordance with the party position (Neiva, 2011, pp. 189-190). Contrary to some authors who suggest that the Brazilian party system is chaotic with fragile,

undisciplined and ideologically inconsistent parties (Ames, 2003; Mainwaring, 2001), the PT performance has challenged these positions.

Similarly to the Brazilian case, the primacy of government executives over legislatures in South African politics is widely recognized (Booyesen, 2011, p. 422). With proportional representation with a party-list system, the allocation of the seats in the National Assembly to political parties is based on the exact outcome of their respective electoral performance in elections. In 1994, the ANC entered into the Government of National Unity (GNU) with a total of 63.65 percent of votes. In the following elections in 1999, 2004 and 2009 the party consolidated its electoral dominance with a total of 66.4, 70 and 65.9 percent, of votes respectively (Schulz-Herzenberg, 2009, p. 2). Given the continuous ANC electoral dominance in a multi-party system, in the formation of governments, and in determining the public agenda, some authors define the ANC as a “dominant party” (Butler, 2007; Lodge, 2004).

The “pure” proportional system of representation also means that the members of parliament are answerable only to their parties. The 1994 code of conduct for ANC members of parliament specifically states that all elected members are under the constitutional authority of the highest decision-making bodies of the ANC, and decisions and policies of the highest ANC bodies shall be given priority over all other structures, including ANC structures in Parliament and government. The fact that the ANC sees its members of Parliament as primarily representatives of the party, rather than of the electorate, means that there are no constituencies with their own members of parliament to hold accountable (Holden & Plaut, 2012, p. 3). This process places enormous power in the hands of the party bureaucrats and inevitably strengthens the hand of political leadership intent on consolidating its personal power. This gives an obvious controlling power to the party managers, especially the party whip, who is responsible for organizing the groups and maintaining party discipline (Calland, 2006, p. 109).

To summarize, in both countries the primacy of government executives over legislatures is widely recognized in politics. In Brazil, the relation between executive and legislative shows that the PT’s parliamentarians are the most aligned with party orientations. Similar levels of party discipline are also seen in South Africa where members of parliament are answerable only to their parties.

Therefore, it appears that both PT and ANC exercise great influence over their parliamentarians. There is, however, an important difference. Brazil is characterized as a “presidentialism of coalition” and therefore alliances have to be built and several trade-offs need to be made to guarantee majority and governability in the legislative. On the contrary, the ANC has guaranteed an overwhelming majority in the legislative since it came to power, turning into a “dominant party” (Butler, 2007; Lodge, 2004). Therefore, the political capacity of PT to maintain discipline of its parliamentarians and to expand its coordination leverage within the legislative are extremely important in order to assure governability and policy influence. In the South African case, the influence of the ANC in the legislative is even more acute.

Party Funding

There are two basic categories of political funding: private and public. While donations by party members are generally less controversial, the funding provided by corporations is a constant topic of dispute, especially given accusations of business advantages such as access to government contracts and licenses in exchange for donations (Butler, 2010b, pp. 4-6).

In Brazil, political parties are financed by public and private sources. Political parties must disclose donors and there is no limit to the spending amount on electoral campaigns, as long as the origin of the funds is declared to the Superior Electoral Court. Corporations are allowed to donate to parties but foreign donors are banned. Moreover, political parties have the right to some free TV space for advertisement (Act. 9505 of 1997).

The PT is financed through different channels: public funding (statutory contributions); donations from private companies; organization of events and commercialization of products; and via membership fees (especially from members with positions in the legislative and executive). In 2004, the party’s budget consisted of: 51.9 percent from the state; 15.4 percent from members in the executive and legislative; 0.7 percent from party members without a mandate (grassroots); 32 percent from other sources (Ribeiro, 2010, p. 105). With PT coming to power, statutory contributions increased three times from 2002 to 2004 (Ribeiro, 2010, pp. 105-107).

Political parties have increasingly relied on funding from companies. In the 2002 and 2006 presidential campaigns, the two major competing parties, the PT and the Partido da Social Democracia Brasileira (PSDB), received 77 and 98.4 percent respectively of total donations made by companies (Krause, 2010, p. 119). The traditional major donors to PT's presidential campaigns are leading firms in the construction sector, banks and firms offering services to the state (transport, garbage collection, etc.). Since 2004, PT has broadened the list of donors to other industries such as food, metal and mining (Ribeiro, 2010, p. 108). As for Dilma's presidential campaign in 2010, a few companies were responsible for the largest part of financial donations. Half of the entire donations declared by the party came from 27 donors. Among the five largest donations, three were from the construction sector (Camargo Corrêa, Andrade Gutierrez e UTC Engenharia). The relevance of financial support from construction firms and contractors seems clear, providing 27% of the total donations. Although the financial sector had a lower participation in relation to other sectors (7 percent of the total donations) (Bramatti & de Toledo, 2010), they were still important in providing financial support for Lula's re-election (Navarro & Zanini, 2006; Zanini, 2007).

From the analysis of party funding of the PT's presidential campaign during the 2000s, there has been increasing financial support from productive capital. This only reaffirms Boito Júnior and Galvão's (2012) claim concerning the political ascension of an internal bourgeoisie inside the state power bloc. This "internal bourgeoisie" (Poulantzas, 1975) was never completely outside the power bloc, but have in the last years significantly improved its influence within the state power bloc. This fraction of the capital has been a pivotal player in supporting the new developmentalist agenda in trade policy implemented by the PT-led government.

In South Africa, political parties also rely on public and private funding. While the former is regulated and monitored, the latter is almost entirely unregulated and public disclosure of party income and expenditures is completely optional (Electoral Institute for Sustainable Democracy in Africa, 2011). Contrary to the Brazilian law, in South Africa donor disclosure is not compulsory, foreign donors are not banned and media advertisement is not legally guaranteed (Open Society Foundation for South Africa, 2012).

During apartheid, the ANC faced continuous financial struggles. It subsisted on donations from a variety of resources mostly from states, churches, and anti-apartheid organizations. The Soviet Union and Sweden (especially via Sweden's Nordic Africa Institute) were by far the major donors (Friedman, 2010, p. 159; Sole, 2010, p. 188). When the ANC came to power in 1994, this source of party funding dried up entirely and until recently, the party continued to face financial difficulties. The difficulties in covering monthly costs, however, did not compromise the ANC in raising considerable amounts for its local and national election campaigns. To do so, it relied on three main fundraising models: the foreign charity model, the comrades in arms model and the party business model. The first two models were sidelined by in the last years in favor of party business model, which has made the ANC an incredibly wealthy political party (Holden & Plaut, 2012, pp. 194-196).

The foreign charity model was ANC's first approach used for raising external funds. It relied heavily on Mandela's image as the world's most famous freedom fighter. Countries such as Indonesia, Nigeria, Saudi Arabia, Libya, China, India, and Equatorial Guinea are some of the reportedly key external donors. With the second model, comrades in arms, the ANC deployed and supported some of its close members in business in return for donations to the party (Holden & Plaut, 2012, pp. 197-198). Later on, the ANC prioritized a third and still current model, the party business model, which offered considerable more reliability as it depended less on external money. Focused on a portfolio of investments, the ANC founded a commercial enterprise, the Chancellor House Holding, to fund the ANC. Since its foundation in 2003, it has gained shares in a wide number of companies, mostly focusing on large-scale engineering, mining, logistics and energy projects, thus turning the ANC into an extremely rich party (Holden & Plaut, 2012, pp. 204-206; Jolobe, 2010, pp. 207-208). The ANC also established in 2006 another funding scheme, known as the Progressive Business Forum, where more than two thousand members, primarily from the private sector, contribute high membership fees in exchange for privileged access to cabinet ministers and senior government officials (Holden & Plaut, 2012, pp. 208-209; Sokomani, 2010, p. 177).

In sum, political parties in Brazil and in South Africa are financed by public and private sources. In both countries, donations from corporations are allowed, but

in Brazil, contrary to South Africa, parties cannot receive legal funding from foreign donors. A similar aspect in party funding relates to the role of private companies in financing campaigns. The traditional major donors to PT's presidential campaigns are leading firms in the construction sector, banks and firms offering services to the state (transport, garbage collection, etc.). The ANC has prioritized a party business funding model that depended less on external money. Focused on a portfolio of investments, the ANC founded a commercial enterprise, the Chancellor House Holding, to fund the ANC. Since its foundation in 2003 it has gained shares in a wide number of companies, mostly focusing on large-scale engineering, mining, logistics and energy projects, thus turning the ANC into an extremely rich party (Holden & Plaut, 2012, pp. 204-206; Jolobe, 2010, pp. 207-208).

Political Parties and Labor as a Core Constituency

The historical ties between the PT and the CUT in Brazil are well documented (Secco, 2011; Sluyter-Beltrão, 2010). Indeed, the PT owes its foundation in 1980 to the desire of the trade union movement for an autonomous political party. Given the close ties between the two organizations, there was much overlap in membership positions. In the 1990s, however, there was a trend of trade union leaders moving to the party, and rarely in the opposite direction (Ribeiro, 2010, p. 168). The discipline of the trade union decisions to the detriment of the party is an interesting point. Until 2001, the PT resolutions granted trade unionists primacy of their organizational political decisions, in case there was a contradictory position between the party and the trade unions. This amendment was canceled with the new PT constitution which established that all party members were subjected to follow party lines (Ribeiro, 2010, p. 167).

Once in government, Lula broke with the leadership style of his predecessor and became more accessible for trade unionists and civil society groups. To facilitate social dialogue, an institutional channel was established, the Economic and Social Development Council (CDES) – a plural consultative body which for the first time in Brazil put the trade unions on equal footing with employers in the field of economic policy formulation (Costa, 2010). In addition, the PT-led government passed a law which finally recognized trade union confederations

de jure (and not only de facto, as until 2007) as representative bodies of workers. This act provided CUT and other federations with legal guarantees of their participation in forums and councils, and with important financial repercussions (Hachmann & Scherrer, 2012, p. 145).

Despite some dissatisfaction of labor with the government in maintaining market-oriented policies, the social policies implemented (for example, the minimum wage policy) were in line with the expectations of the trade unions in Brazil and acted to neutralize government's controversial orthodox macroeconomic policies. Not only have trade unions gained with the government social policies and economic growth, but it also allowed a more propitious political space for labor in collective bargaining. In 2010, considering 700 collective bargaining agreements in the retail and service industry, 88.7 percent were adjusted above the inflation rate (DIEESE, 2011, p. 4). In 2012, it reached 98 percent with an average of 1.96 percent above the inflation rate (DIEESE, 2013, p. 2)

In light of these positive economic developments, especially with regards to labor market improvements and new channels of communication with trade union leadership, CUT openly supports the PT-led government (Hachmann & Scherrer, 2012, p. 145). The support has been made particularly visible in moments of political crisis, such as with the corruption scandal in 2005, and the July 2013 protests.

Similarly to the Brazilian case, there is a close and historical relation between the leading trade union, COSATU, and the ANC. COSATU's status as a key social movement in the campaign against apartheid gave the organization a distinctive position in the tripartite alliance. However, once the ANC took office, the notion of equality of the alliance partners became unrealistic (Suttner, 2007, pp. 31-32). Although intra alliance battle is continuous, especially around the implementation of orthodox macroeconomic policies, they remain consistently loyal to the ANC. In fact, COSATU and SACP's strategy is to advance working-class interests within the ANC by influencing the appointment of ANC members to government that are closely related to them (Pillay, 2008a, p. 17). There is also large number of high ranking COSATU officials who took government positions, but this had limited impact on pro-working policies (Gumede, 2007, p. 260).

It was particularly through the succession battles in 2007 between the Mbeki and Zuma political camps that COSATU and SACP attempted to assert themselves as dominant policy forces, after being alienated under Mbeki rule (Booyesen, 2011, p. 445). The windows of opportunity for such renewal arose from the firing of Jacob Zuma as Mbeki's Deputy President under the accusation of corruption and Mbeki's determination to run for a third term. The opposition forces within the alliance understood it as a political persecution and have gathered the opposition movement around Zuma's candidacy. The call for Mbeki's removal from office was inspired by the need for leftist groups to be taken seriously in the policy making processes of the government (Booyesen, 2011, p. 458) along with greater commitment to redistributive social policies through stronger state intervention in the economy (Pillay, 2008a).

Despite the election of Jacob Zuma as President in 2009 which raised the organizational profile of COSATU and SACP (Suttner, 2007, pp. 31-32) and as result provided some political space for COSATU to influence policy decisions, the intra-alliance battle continues (Booyesen, 2011, pp. 467-468).

To summarize, the major labor constituency continuous to be supportive of both ruling parties in Brazil and in South Africa. In Brazil, despite some dissatisfaction of labor with the government in maintaining market-oriented policies, the social policies implemented were in line with the expectations of the trade unions. In South Africa, although intra alliance battle is continuous, COSATU remains consistently loyal to the ANC. In fact, COSATU and SACP's strategy is to advance working-class interests within the ANC by influencing the appointment of ANC members to government. It was particularly through the succession battles in 2007 between the Mbeki and Zuma political camps that COSATU and SACP attempted to assert themselves as stronger policy forces, a position from which they have become alienated under Mbeki rule. Therefore, the support of leading national trade union confederations serves to maintain the historical bonds with a progressive agenda, and the party's foundational principles. Moreover, it is a crucial player in supporting the ruling parties in times of political crisis (corruption scandal or failure in service delivery) and electoral campaigns. This political resource, therefore, has been fundamental for both parties to gather political support for a developmental trade policy agenda.

Factional Politics in Comparative Perspective: PT and the ANC

From an analysis of the literature on party factions (Chapter V), there is a need for contrasting the definition of parties on one side, and factions on the other. Among different conceptualizations of factions, another important distinction to be established is between factions and other unorganized and unstable sets of grouping inside the political party. This chapter accounts for factions as the products of political divisions which emerge within the already developed party and not as pre-party entities as suggested by Chambers (1963). A party faction is understood as a self-consciously organized body with a measure of discipline and cohesion. Factions, unlike pressure groups, are concerned with a wide range of political issues, including foreign affairs, as well as economics and social welfare among others. Based on Rose's (1964) work on factions, it is also argued that the ideology represents the set of shared political values or interests so that faction members act together. The ideological principles are the essence of the electoral party's belief and can be used by factions to justify activities which might be judged as harmful to the party electorally (Rose, 1964, p. 39).

The aim of this section is to analyze the most prominent factions within each party to illustrate how internal power relations affect the rise to power and/or maintenance of power. Enlightened by the work of Boucek (2012), intraparty competition is considered as an important (albeit not determinant) factor for explaining the emergence, ability to stay in power and eventual decline of ruling parties. In this sense, it is suggested that the administration of dissidence via factional disputes was determinant for PT access to power by managing ideological conflicts between radical leftists and moderates. The loosened party's radical ideological agenda opened policy space for interparty alliances with other moderate political groups²⁰. In South Africa, factional politics was also crucial for the ANC's rescue of its influence in decision making at state level and thus sustaining its relevance at the heart of the South African political system.

²⁰ Similar argument in Amaral (2010) and Samuels (2006,2008).

Institutionalization of Factionalism

Factional politics is a part of the PT foundational pillars and was loosely regulated until 2001, when a clear set of regulations was established. The new norms included a guaranteed space for open campaign and challenge of policy programmes for the party and leadership selection. Therefore, PT has always been aware of its internal political heterogeneity and highlights its democratic character in relation to other political parties in Brazil, which have kept factional politics behind closed doors. Contrary to the Brazilian case, the ANC has historically defended unity in relation not only to intra party politics but of the broader governing alliance. Factional politics has been kept in the shadows and political leaders attempt to show signs of unity to the population. However, tensions in leadership succession in the 2007 ANC National Conference made factional politics even more visible. The conflict culminated in the dismissal of President Mbeki and the appointment of Jacob Zuma in 2009 as the new President of the country. Factional politics, despite being sharply entrenched in the ANC, remain mostly under cover and unity discourse (especially during election times) among ANC leadership and the alliance continues to be defended.

Ideology and Factional Politics Agenda

Ideological differences among the various factions in PT are historical. However, due to office-seeking strategies, the most influential faction - namely *Construindo um Novo Brasil* (hereafter CNB) with President Lula as a key reference - was determinant in the move to political moderation. With the loosening of a radical leftist agenda from the national programme during electoral campaigns, the PT was able to broaden the political alliance in the inter-party domain with conservative parties and broaden the scope of donors for the electoral campaigns. The ideological movement to the center has marginalized the radical left, culminating in the exit of some leadership members. As a result, the party does not face ideological heterogeneity as much as in the earlier days. While there might be some divergences in the tactics to build democratic-socialism, there are no fundamental divergences

among the factions in relation to the strategies to achieve it (João Vaccari Neto, Interview, 2012).

Similarly, ideological divergences between the factions in the ANC are not profound. In the tripartite alliance, the South African Communist Party, despite its claim to be a revolutionary vanguard, does not show fundamental ideological differences. Part of this may be due to the “multiple-hats” experience whereby the leadership of ANC sometimes converges with leadership of the SACP and in government positions. The exception is COSATU, which participates in the ANC on the sidelines and has genuine ideological differences with the ANC mainstream (Paton, 2012). However, in election time, COSATU leaves some of its harshest criticism behind to guarantee votes for the ANC’s continuous hegemony in the South African political arena.

The Role of Leadership in Factional Politics

The role of leadership is clearly visible in both PT and ANC factional politics. The role played by Lula during the foundational process of the party towards his election, and in the political campaign for electing his successor is impressive. Lula’s importance for the party is so great that the concept of “Lulism” (Singer, 2012) has been applied by researchers, media outlets and policy makers. Lula’s professional experience in the labor movement was important for consolidating his image as a charismatic, paternalist and progressive leader. Some even argued that many voters identified with his harsh life experience and less with the party’s ideological values. The conservative media in Brazil support the idea that it was not a PT victory but instead a mere individual achievement of such a charismatic leader as an attempt to minimize the possible ideological victory of the left (Matos, 2003, pp. 185-194).

In the South African case, the ANC factions are formed around individuals competing for power (Paton, 2012). The role that key leadership plays in the ANC is so vivid that factional politics tends to be organized around leadership succession battles such as the one between Mbeki and Zuma. All the discontent groups of Mbeki were organized around Zuma and even groups (both inside and outside the party) who did not actively support the process accepted Zuma as the oppositional leader. It is worth noting that although Mbeki did not have the same charisma and appealing popular image as Zuma, it did

not mean that Mbeki had less political power. His persistent centralized ruling style, however, culminated in a severe loss of political support (Gumede, 2007, p. 76).

In both parties, factional parties have been playing a major role in succession battles and policy programmes. It has also been argued that the role of particular figures in the party has shown great political leverage to change the course of action. Therefore, this study suggests that leadership, in the PT and the ANC, is crucial for gathering not only factions in a more institutionalized manner but also in consolidating ad hoc tendencies within established factions. The faction CNB is organized within different tendencies gathered around key leadership such as José Dirceu. Similarly, in the Zuma camp, powerful ANC members such as Cyril Ramaphosa play a comparable role²¹.

Party's Electoral System and its Relation to Factionalism

The internal electoral system of the political parties is a crucial factor for understanding how factional politics works because it structures the selection process of leadership. Until 2001, the PT electoral system focused on selecting federal state level delegates, who chose the leadership at the national and regional levels. The rules radically changed and PT members were able to vote directly for national and regional leaders. This shift had important repercussions as to how factions and the balance of power of the party were structured (Ribeiro, 2008, pp. 176-178). The exclusion of delegates in the electoral processes opened space for the dominant faction within PT to push the party to the center by marginalizing the radical leftist groups. Instead of having the delegates as political filters and balancing the weight for moderates and radical leftists in the election for the national directorate, the party members vote directly and are easily co-opted by the leading (moderate) faction (Secco, 2011, pp. 194-195). Moreover, the new rules of election also favored the proliferation of factions and broadened the internal fragmentation of political forces. As result, it privileged those groups with higher public visibility and transformed the process of party presidential elections to less of a focus on various faction projects to a focus rather on personalities (Amaral, 2010, pp. 133-134). As one

²¹ The conceptual differentiation between factions and tendencies provided by Rose (1964) offers key insights as to where and how leadership plays out (Chapter VI).

of the outcomes of the electoral change, a leading faction was formed and consolidated in the party. The presence of a clear leading faction not only made it evident that there was a sense of majority within the party, but also placed office-seeking strategies at the forefront of PT politics (Construindo um Novo Brasil, 2012).

Contrary to PT, the ANC sustains an electoral system based on delegates elected at branch level. The ANC National Conference, held every five years, is responsible for electing the President, the Deputy President, the National Chairperson, the Secretary General, the Deputy Secretary General, the Treasurer General and the remaining 60 members of the National Executive Committee (the highest body of the ANC between conferences). So far, all ANC Presidents have been appointed as the President of the country.

In the South African case, the work of Kothari (1964) is particularly relevant in establishing a correlation between factional politics and the electoral institution of the parties. The author claims that factional politics is a partial substitute for political party competition and counterweighs the negative aspects of one-party politics. His suggestion that plurality within the dominant party sustains internal competition and at the same time absorbs groups and movements from outside the party, seems to be applicable to the ANC situation. Given ANC's political superiority (in terms of dominance in the executive and legislative), opposition parties do not threaten ANC rule in the short or in the middle term perspective; the intra party domain is a space for meaningful contestation of leadership and programmes.

Overflows of Party's Factional Politics to Other Domains

The PT leadership often highlights the importance of maintaining the party's autonomy in relation to the governing coalition in power. Similar standing has been observed by CUT leadership in relation to the organization's autonomy from the government (personal observation).

Considering that PT has factional politics as part of its foundational pillars and the level of institutionalization of policy programmes and succession of leadership, factional conflicts have been relatively sustained within party borders. As PT governs with a broad coalition, PT's internal demands are not the only ones in formulating policy programmes or in the appointment of high

ranking state officials. The broader coalition, therefore, serves as a buffer for PT factional politics to simply overtake state affairs.

Contrary to PT, there is considerable overflow of ANC factional conflicts into the state apparatus. While the factionalism characterized during the Mbeki-Zuma battle for intra-party and intra-government power divided the whole organization, ANC internal disputes paralyzed state performance (Booyesen, 2011, p. 393). With the state becoming an area for intra-political conflicts of the party, the political factionalism and succession struggle may have lessened the ANC's ability to effectively exercise state capacity to perform in government and maintain good relations with its constituency (Booyesen, 2011, pp. 33-41;358-359).

Factional Politics in the Brazilian Worker's Party (PT)

The aim of this section is to explain how factional politics play out in the PT before and while in government ²². While several institutionalized factions compose the party, the focus is on the historically leading faction, *Construindo um Novo Brasil* (CNB). It is argued that this faction led the party to political moderation and provided the internal political support for Lula's election in 2003. The foundational pillar of PT is the capacity to conglomerate various left political groups within its own organic structure. Indeed the pluralistic membership composition is one of the party's major differential assets in the national political spectrum. While the recognition of factions was guaranteed already in the foundation letter, *Carta de Princípios* (1979), it was only in 2001 that factions were completely regulated and as result, provided full legitimacy for various dissident groups to participate in party elections (Ribeiro, 2008, pp. 178-179, 184; Secco, 2011, p. 92).

As part of the regulation for faction politics, it is stated in the party's constitution that:

- Factions need to be registered at national, regional, or municipal levels;

²² One clarification at this point is crucial. In the Brazilian literature, the various political groups within the PT are labeled by scholars and party members as *tendências*. Even in the PT official documents, there are only references to *tendências*. While the term translates to 'tendencies' in English, this study uses "factions" instead as it bases its analysis on Rose's (1964) conceptualization of the term.

- Factions are not allowed to have their own headquarters and meetings need to be open to all members;
- Factions are allowed to organize their own media channels such as newspapers for internal circulation only;
- Factions are not allowed to engage in international relations because it is a responsibility of the national directorate;
- Factions are allowed to search for their own independent financial contributions, but it shall be agreed with the national directorate in advance (Partido dos Trabalhadores, 2001).

The PT Faction “Construindo um Novo Brasil” (CNB)

While the variety of political groups in the party structure of PT points to a divergence of interests among members, it is important to understand the ideological implications for the fragmentation. Lacerda (2002) and Amaral (2010) claim that PT can be ideologically divided into two major blocks, left and right. While the leftist factions defend the idea that social struggles should precede institutional struggles, the right wing factions suggest that both social and institutional are equally important. In relation to the establishment of democratic socialism, the leftist factions support a medium-long term agenda detached from liberal and institutionalist principles. In contrast, the right factions defend socialism but with the maintenance of liberal representative institutions along with the improvement of direct democracy (Table 6).

Table 6 - Differences of left-right factions in PT, 1993-1999

	Left	Right
Ideology	Social struggles need to be prioritized. Not supportive of representative democracy and liberal institutionalism	Social and institutional struggles must be combined. Supportive of representative democracy
Implementation of the programmes	Alliances with social movements and other left wing political parties	Broad alliances must be formed, with the inclusion of center-parties

Source: Amaral (2010, p. 164)

In the context of intense internal dispute, a group of highly influential members gathered in 1983 to form a leading faction and to bring some sense of unity and majority to the organization. The faction was initially called *Articulação dos 113* and was composed of members of new syndicalism (including Lula),

intellectuals, politicians, and progressive groups within the Catholic Church²³. While a clear majority was for the first time created, the disputes and tensions did not cease (Amaral, 2010, pp. 135-136; Ribeiro, 2008, p. 179; Secco, 2011, p. 95). Due to political conflicts, the *Articulação dos 113* was fragmented into *Articulação Unidade na Luta* and the *Articulação de Esquerda*, with the latter in control of the party at the national level between 1993 and 1995 (Ribeiro, 2010). In 1995, the right wing faction *Unidade na Luta* made an alliance with the faction *Democracia Radical*, turning into a broad faction named *Campo Majoritário*. They became the leading faction and remained as a leading coalition for the following ten years. One key strategy adopted by the faction *Campo Majoritário* to guarantee governability and continuous dominance within PT was to co-opt key leaders in exchange for positions in the party. The General Secretariat, for example, was given to the leadership of leftist factions (1997-2001). As result of such strategies, the faction *Campo Majoritário* was able to maintain dominance in the National Directorate of the party. Moreover, the establishment of a “center” position in the right-left political divide within the PT was also very important in the marginalization of the most radical groups within the party’s center of decision making (Ribeiro, 2010, p. 209).

With the corruption scandals in 2005, several high-ranking PT members in government were appointed to positions in the PT National Directorate. In this process, the faction *Campo Majoritário* was renamed in 2007 as *Construindo um Novo Brasil*. This period showed the persistent influence of the leading faction, despite the worst political crisis PT ever had to manage (Ribeiro, 2010, pp. 305-308).

In sum, the leading faction *Construindo um Novo Brasil* was capable of molding the party to moderation and to marginalizing the radical leftists in decision-making processes. In this sense, it is impossible to understand the relevance of PT today in the political arena without considering the dynamics of such leading and powerful factions. The process of building a majority and a dominant project within the party was neither pain free nor a fast development. It came with much criticism from the left of the party suggesting that, in trying to organize itself, the party created a leading elite separate from its social basis. Moreover, the

²³ These were groups related to the Liberation Theology political movement.

monopoly of decision making centered in the federal state of São Paulo gave even more weight to this criticism (Secco, 2011, p. 209;255).

The stability of the major coalition group inside the party had repercussions in the political strategies during the presidential campaigns. It might be tempting to explain Lula's rise to power in 2003 as a consequence of the open commitment to orthodox macroeconomic principles referred to in the "Letter to the Brazilians". However this reductionist view is misleading because it ignores the history of PT, which was already marked by internal political battles towards ideological moderation from the 1990s (Secco, 2011, p. 203).

Factional Politics in the African National Congress (ANC)

The African National Congress is at the heart of the country's political constellation and is characterized by high internal contestation of leadership and policy directions. Despite the ANC's style of maintaining internal debates behind closed doors (Calland, 2006, p. 126), factionalism remains visibly entrenched within the ANC in three particular phases: (a) during apartheid and towards the beginning of democracy, (b) the Mbeki-Zuma divide and (3) more recently the groups for and against Zuma's re-election.

During apartheid, the party was broadly divided between the leadership based in the country, and the formal leadership of the ANC in exile. The ideological divide between these two groups kept them considerably apart from each other and was expressed in the battle for leadership positions in the post-apartheid government (Holden & Plaut, 2012, pp. 40-41). Among the many prominent leaders in the ANC, Thabo Mbeki had support from the powerful exile faction. As he was Oliver Tambo's²⁴ protégé, Mbeki turned into a powerful leader within the ANC allowing him to become the Deputy President and later President of South Africa (Gumede, 2007, p. 34).

The Mbeki-Zuma Battle for Political Power

Once Mandela handed the Presidency to Mbeki in 1999, the divisions within the ANC did not take long to come to the surface. The strongest political battles

²⁴ Oliver Tambo was one of the greatest political figures of the anti-apartheid movement and very influential in the ANC.

took place in the divisiveness between supporters of Thabo Mbeki and Jacob Zuma (Mbeki's Deputy President 1999-2005). However, the two factions were not "hard" or "fully mutually exclusive". The "top six" office-holders such as Deputy President Kgalema Motlanthe and Treasurer-General Mathews Phosa also had substantial constituencies of their own²⁵ (Butler, 2009, p. 70).

Many factional political disputes in the ANC during Mbeki's ruling period came from the discontent of the governing alliance on Mbeki's policies and styling of ruling, resulting in: (a) ideological policy alienation of the left; (b) Mbeki's apparent centralization of power, lack of meaningful consultation with allied groups along with perceived intellectual arrogance; (c) intention to establish a three-term ANC Presidency²⁶; and (d) assaults on competitors and alleged persecution of his main opponent Jacob Zuma (Booyesen, 2011, p. 42).

Importantly, Mbeki's use of state power over his ANC adversaries contributed to estrangement between Mbeki, the ANC leadership, and the alliance partners leading to one of the most serious conflicts within the governing alliance. The outcome was the overthrow of Mbeki from the Presidency in September 2008 and his temporary replacement by the ANC Deputy President Kgalema Motlanthe. In the 2007 Polokwane Conference, Jacob Zuma was elected ANC President and appointed in 2009 as the president of the country (Booyesen, 2011, p. 43; Holden & Plaut, 2012, pp. 31-48).

The central issue of conflict in the Mbeki-Zuma divide was not fundamentally related to policy or ideological divergence, but most importantly, to Mbeki's style of governance of the South African state and the ANC's unleashing great discontent among the governing alliance (Booyesen, 2011, p. 20;43). As the left felt marginalized within the alliance under Mbeki's rule, COSATU and the SACP acted together to represent a candidate of their own choice to succeed Mbeki. They relied on Jacob Zuma, an important ANC leader who held high ranking positions in exile but remained closed to the party's traditional aristocracy (Southall, 2009, p. 2). Jacob Zuma, however, was facing accusations of corruption emanating from the government's 1998 arms deal with European arms companies. In this context, Mbeki claimed that Zuma was unsuitable as

²⁵ In Rose's (1964) terms, this can be conceptualized as tendencies.

²⁶ The constitution of South Africa does not grant the chance for a third term as state president but the ANC's own constitution imposed no such obstacle to Mbeki's re-election as party leader.

Deputy President and dismissed him from the position. In response, the ANC's alienated high-ranking party members - in addition to the leftist groups within the ruling alliance – argued that Zuma was a victim of political conspiracy²⁷ (Southall, 2009, p. 3).

In the face of high dissatisfaction of the allied governing partners, Zuma's ascendancy to power was based on the support of discontented ANC leaders and allied groups overlooked by Mbeki. Within the tripartite alliance, the SACP and COSATU, along with the ANCYL, played a central role in mobilizing oppositional forces. The rise of Zuma was also fuelled by branch-level discontent (especially from Mpumalanga, KwaZulu-Natal, Northern Cape, Free State and Gauteng) about unfriendly relations between the branches and high ranking officials in Mbeki's administration and the monopolization of patronage opportunities by incumbents leading to poor service delivery (Booyesen, 2011, pp. 63-64;21). Even the ANC's uncommitted catered to Zuma, believing that Mbeki's centralist project should not succeed and accepted Zuma's candidacy. This group can be label in Rose's (1964) terms as a "non-aligned group" because they were concerned with bringing ANC politics back into the state and less supportive of Zuma in particular. Finally, numerous discontented business people were willing to financially back Zuma in search of better allocation of empowerment opportunities (Butler, 2009, pp. 68-69).

On the other side of the ANC's polarized conflict, Mbeki counted on the mobilization of the incumbency and the accompanying patronage. However, Mbeki overestimated the reverence for his position at the top and as a result, it became clear that his support base was not enough to contain the discontented group (Booyesen, 2011, p. 62;364).

Factionalism in the Context of the Mangaung Conference

The support of many ANC members for Zuma's candidacy translated the dissatisfaction of the government's alienation from the party in the decision making process. With the rise of Zuma to power, this point of controversy was solved (Booyesen, 2011, p. 359). However, the unity among members in

²⁷ The charges against Zuma remain unproven.

opposition to Mbeki did not last and the right-left tensions that had ruled the alliance during the Mbeki years reemerged (Holden & Plaut, 2012, p. 63).

The right wing faction gathered itself around the ANC Youth League (ANCYL) and its president, Julius Malema. He allied with the new black elite, benefited by the Black Economic Empowerment (BEE) programme, to gain wealth and influence. The claim of the ANCYL for state intervention via nationalization is rather a call for the bail-out of BEE companies that are not able to repay their loans, instead of a progressive demand. To put it into context, the largest barrier to a significant increase in black ownership within the corporate sector has been the lack of capital and as result, most of the BEE deals are financed by debt (Holden, 2012, p. 219). The COSATU and SACP rejection of nationalization is not on ideological grounds, but is critical to nationalization relying on state finances to bail out the new rich. So far the position of the left wing within the ANC continues to prevail and the party refuses to use state finances to bail out the new rich (Holden, 2012, pp. 63;235-236).

In the period between the Polokwane and Mangaung Conferences, the succession battles centered on whether Zuma should be retained for two terms as President and if not, who would be a potential candidate (Booyesen, 2011, p. 67;72). In the end, Jacob Zuma and his Deputy President Motlanthe were both nominated as candidates for the ANC Presidency. For the Deputy President, three important leaders in the ANC with close business relations were running for the positions, namely Cyril Ramaphosa, Tokyo Sexwale and Mathews Phosa. The results of the Mangaung Conference indicated Jacob Zuma's re-election against Motlanthe and an "easy" victory of Cyril Ramaphosa as Deputy President.

While the conferences at Polokwane and Mangaung were marked by high contestation for top positions in the ANC, many of the issues were handled in the safe and contained forums of the ANC and the alliance (Booyesen, 2011, p. 217). Given the restrictive openness of internal political competition, it is a challenge for any researcher to fully grasp the realities of factionalism inside the party. A further understanding of factionalism would be extended if open campaigning were allowed in the ANC election rather than factions articulating in the shadows (Friedman, 2012a).

Summary

This chapter was divided into three major parts. The first part provided a conceptualization of the PT and ANC as mass-based membership parties (Durverger, 1954). It was also provided a brief introduction to PT and ANC in the context of policy making. The difference from previous administrations in Brazil relates to the implementation of a new style of diplomacy by introducing a partisanship dimension. It means the inclusion of new political figures in policy formulation which were major supporters of a new developmentalist project. Indeed the ideological orientation of key Brazilian government officials and their influence in the policy making process have been crucial. While progressive forces supported the shifts in policy orientation and the inclusion of new actors in the policy process, the conservatives in opposition have criticized the lack of economic gains to the detriment of an excessive politization of trade agenda.

In South Africa, a crucial aspect in the policy formulation debates relates to the “multi-hats” phenomenon. The overlap of positions between the ANC as an organization and the ANC in government and between the executive and legislative challenges researchers to define the boundaries of the ANC in policy processes. The ultimate decisions lie within the ANC elite, even if at times with Mbeki it seemed that state power was enough to make the President of the country rule supreme.

The second part explained the push factors for party influence in policy making based on a power-dependence approach. It has been argued that the factors for political parties to push forward a developmentalist approach in trade policy has to do with resource exchange. There can be at least six different forms of resources: constitutional, legal, organizational, financial, political, and informational. Given space constraints, the focus was on organizational, financial, and political party resources. In order to make visible the location of these resources, the channels of influence in the legislative, party funding strategies and party politics with labor as a core constituency were considered.

The third part focused on factional politics in a comparative perspective with five different categories: institutionalization of factions, ideology and factional politics, leadership, party electoral system and the overflow of party factional politics in other domains. For a more in-depth analysis of factionalism in PT and

ANC, the study focused on the *Construindo um Novo Brasil* and the Mbeki-Zuma battle. It was shown that parties' internal dynamics are influencing the parties' capacity to come to power and/or maintain power. Specifically, the factional politics played out in PT resulted in the move towards political moderation which allowed the establishment of a broader alliance with other conservative parties and the business sector. This has been a very important factor for assuring PT's rise to power. In the ANC case, factional politics was determinant for reassuming the party agenda in state affairs by rearranging dissident factions centered on Zuma's candidacy, resulting in his election as President of the country.

The main aim of this chapter has therefore been to help to explain why it has been possible for both parties to pursue a developmental trade agenda in trade policy from an intra-party perspective. Beyond the internal perspective of intra party politics, both parties have guaranteed important organizational, political, and financial resources to optimize their influence in policy making in the pursuit of a developmental trade agenda.

Chapter X. Mapping Trade Policy Network: Processes and Agencies

The changes in the trade environment have become increasingly visible at both national and multilateral levels. First, there has been an increase in complexity in trade negotiations with the inclusion of 'new' issues such as financial services, telecommunication, and intellectual property. Inevitably, these world-wide developments are affecting the range of participants involved in trade policy and diplomacy (Hocking, 2004, pp. 5-6). In the last decades, many countries (e.g. Brazil and South Africa) established domestic mechanisms to improve the transparency of trade negotiations and agreements, and to promote social dialogue between state actors and non-state actors. At the global level, multilateral organizations have been promoting initiatives that are more inclusive of civil society representation (e.g. attendance at WTO Ministerial Conference).

While acknowledging that domestic and external dimensions are increasingly intertwined (Soares de Lima & Hirst, 2006, p. 40), the objective of this chapter is to identify, from the literature review and interviews, the most relevant domestic actors in Brazil and South Africa, and to describe their major positions in trade policy. This is an important step for the policy network analysis in the following chapter.

Given the complexity and variety of actors involved in trade policy (and the horizontality of trade issues), some simplification is required. The selection of actors is three-fold: the executive, legislative and other civil society representations such as business and non-governmental organizations followed by labor.

Brazil

In the 1990s, trade policy formulation in Brazil significantly changed due to the process of democratization and the opening of the economy. With the Import Substitution Industrialization (ISS), the agenda of civil society organizations and even government had an inward perspective. However, the opening of the economy and the increasing insertion of the country into global markets, made

domestic and external affairs increasingly intertwined (Fernando Pimentel, Interview, 2012).

In this context, the channels of communication between state and civil society organizations in trade negotiations was particularly strengthened with the negotiations of the Free Trade Area of the Americas (FTAA)(Veiga, 2007, p. 71). The FTAA negotiations were a key event for the mobilization of a variety of actors that, until recently, were not at the front of trade negotiations. Business and labor organizations recognized the need for better articulation of demands and the need for collectively organizing interests with its constituencies. As the FTAA became a highly debated issue among civil society, it also attracted the attention of parliamentarians.

Beyond the context of the FTAA negotiations, the most engaged domestic actors in the international agenda are: business groups; non-governmental organizations and social movements with transnational links; the Army; governmental bureaucracies involved with international cooperation; sub-national entities; and metropolitan cities (Soares de Lima, 2010, p. 16). As result, the international agenda is part of presidential campaigns as well as the agenda of civil society organizations, which in turn helps to formulate public opinion (França & Badin, 2010, p. 7).

Executive

The Executive, more specifically the Ministry of Foreign Relations (MRE or Itamaraty), has constitutional responsibility for foreign policy formulation. In the postwar period, the Itamaraty had virtually total control over the design and execution of foreign policy, including trade policy (Cason & Power, 2009, pp. 119-120). However, given the complexity and the broadening of the international agenda, the Itamaraty's monopoly of policy formulation has been significantly contested (Veiga, 2007, p. 129; Veiga & Iglesias, 2002, p. 71).

The importance of the advisory board within ministries was highlighted by França and Badin (2010). They conclude that nearly half of the state bureaucracies are involved with the international agenda. Among the 22 ministries researched, 17 have at least half of their structures related to international issues and nearly all of them have secretaries or advisory boards for this specific area (França & Badin, 2010, p. 18). The research results point

to the horizontality of foreign affairs within the state apparatus and therefore challenges the monopolistic role historically played by the MRE. Furthermore, the MRE's leading role is challenged particularly from the export-oriented industries that advocated, especially in the period of the opening of the economy, the allocation of trade negotiations to the Ministry of Industry, Development and Commerce (MDIC) or to create a agency inspired by the United States Trade Representative (USTR) (Soares de Lima, 2010, p. 17). A specific agency for trade issues was not created when President Lula came to power (as proposed in the electoral manifesto) because he had decided to grant this responsibility to Minister Luiz Furlan of the MDIC, formerly an exponent business representative (Alessandro Teixeira, Interview, 2012).

In trade policy formulation, the prominent ministries are the following: Agriculture, Agrarian Development, MDIC, Foreign Affairs, and Treasury. Though not exclusively, while agribusiness tends to consult with the Ministry of Agriculture, Treasury and MDIC, the industrial sectors are usually in contact with the MDIC and Foreign Affairs (Christian Lobhauer, Interview, 2012). The National Treasury is also a prominent force in policy formulation at various levels, including an influential role in industrial policy formulation (Soraya Rosar, Interview, 2012).

Apart from the variety of ministries increasingly involved in international negotiations, the Presidency is particularly relevant. President Collor's active engagement was later strengthened during Cardoso's and Lula's terms. During Lula's administration, however, there were some important shifts because of the creation of the presidential international advisory body. President Lula appointed the formal international secretary of the Workers' Party to become a special advisor of the Presidency. It was an innovation because this is a position that had usually been held by diplomats with a generally minor role.

From the expert interviews, it is observed that representatives of different segments in society including business, labor, academia, and government agree on the visible influence of the PT ideology in relation to government's trade agenda, particularly to the external factors of trade policy. The divergence is to be found in the perceived outcome (whether positive or negative) and the extent of party influence. Organized labor welcomes the government discourse of non-submission to few developed countries, and the focus on strengthening

the political and economic South-South agenda (Kjeld Jacobsen, Interview, 2012; Joao Felicio, Interview, 2012). From a business perspective, the agenda of the government (e.g. South-South relations, loans to Brazilian multinationals from public banks) does not translate into the economic interest of many business groups. It is not denied that some business groups have particularly benefited from such a political arrangement (e.g. oil, mining and contractor groups), but other sectors often complain about the marginalization of an offensive trade agenda with other markets such as the US and Europe. Soraya Rosar (Interview, 2012) also agrees that party influence in trade policy, especially concerning the external factors of the trade regime, are very visible. This influence is, however, less clear when trade policy is understood by considering the domestic factors (e.g. investment, policies for boosting innovation). She also points to qualitative improvement in the skills of the bureaucracy in MDIC as many of them have retired and a young new generation with more technical expertise has come into office, less by political appointment.

From a governmental representative, Alessandro Teixeira (Interview, 2012) agrees that there has been an “inflection” of party politics to the trade agenda, but trade policy is firmly grounded in the defense of the national economic interest and in line with broader national developmental goals set by the government. It is a pragmatic policy in the end, despite the criticism of some business sectors.

Legislative

While the 1988 Brazilian Constitution appoints the executive as the primary body for keeping relations with other states, the legislative’s role is to approve or veto the international agreements made by the President as well as to authorize the President to declare war and peace. Concerning the approval of international agreements, the parliament is not entitled to change the agreement signed by the President and refusal of an international agreement signed by the President is rare (Alcantara, 2001, pp. 14-15).

The Brazilian legislative is often regarded as apathetic or indifferent to foreign policy issues. Some of the justifications pointed out in the literature relate to: parliamentarians’ lack of expertise in trade policy (Alcantara, 2001, p. 13) or

incapacity to visualize electoral gains, and the fact that the Brazilian Constitution itself attributes parliamentarians to manifest themselves around a certain international act after a previous negotiation conducted by the executive with foreign agents (Diniz & Ribeiro, 2008, p. 11).

Contrary to such pessimism, the involvement of the legislative in trade policy might facilitate or constrain the trade policy process significantly. While the engagement of the legislative in the negotiation process is limited, leading parliamentarians have an important role to play in assuring the approval of the matter without delays and in avoiding possible resistance of the legislative. The urgency request, therefore, challenges the perception that the legislative has a limited function in foreign policy, or trade policy more specifically (Diniz & Ribeiro, 2008, pp. 23-34). An important reference is legislative approval of Venezuela's entry into Mercosur. The parliamentarians in opposition managed to delay the decision repeatedly in order to politically pressure the government. There was also strong criticism in relation to Brazilian alliances with Iran and with the nationalization of oil and gas from Petrobrás (Brazilian oil company) by the Bolivian government under Evo Morales (Souza Neto, 2011, p. 102).

From the perspective of sectoral business associations, most of the activities concentrate on the executive (Christian Lohbauer, Interview, 2012; Fernando Pimentel, Interview, 2012). The National Industry Confederation, however, has a specialized department focused on negotiations with the legislative. Industrial policy issues take up most of the agenda with the legislative, while broader issues related to foreign relations are mostly negotiated with the executive (Soraya, Interview, 2012).

Civil Society

While Mercosur and World Trade Organization (WTO) negotiations are important forums for societal groups to engage in trade negotiations, the mobilization of civil society around the FTAA reached unprecedented levels, leading to the creation of several mechanisms for dialogue and consultation among state and civil society (Veiga, 2007, p. 131). During Cardoso's government, the representation of civil society groups in the consultative forums was dominated by big interest groups in a corporatist style. Under President Lula, trade policy formulation was re-considered to include civil society

participation more actively (Veiga, 2007, pp. 146-147). In this context, two non-governmental actors are particularly relevant in trade discussions: the Brazilian Business Coalition (CEB) and the Brazilian Network for People's Integration (REBRIP), which coordinates the interests and actions of trade unions, social movements, and other civil society organizations. Despite significant improvement in the dialogue with civil society, there is still a lot work to do in the institutionalization of consultation channels between public and private spheres in international trade negotiations (Veiga, 2007, p. 146).

The Business Sector and the Brazilian Business Coalition (CEB) Lobby

While the participation of the business sector in the international agenda was weak or nonexistent until the mid-1980s, the engagement of business in trade negotiations was improved in the 1990s through: the unilateral opening of the economy; Mercosur negotiations; the creation of the World Trade Organization and later the FTAA negotiations (Santana, 2001, p. 171). At the domestic level, competition with external markets brought business together under the *Custo Brasil* (Brazilian Cost) agenda to reduce costs compromising business competitiveness. At the external level, business is organized around the Brazilian National Business Coalition (CEB), a political initiative of the National Confederation of Industries (CNI).

The creation of the CEB in 1996 was a reactive initiative of the FTAA negotiations. At the 1996 Ministerial meeting for the formation of the FTAA in Cartagena, Brazilian business realized the magnitude of the agreement and the need for organizing themselves collectively (Oliveira & Milani, 2012, p. 378). Therefore, the CEB was founded with the purpose of improving business collective action in agriculture, industrial and service sectors in Brazil. Inspired by the Mexican Coordinator for Foreign Trade Business Organizations (COECE), the CEB has three major goals: to represent and coordinate the distinctive interests of the business sector; to formulate a position or a project for the private sector; and to exercise influence within government decision making (Mancuso & Oliveira, 2006, p. 162).

The CEB positions may be summarized in three major areas: the WTO negotiations; the South American regional integration; and the integration with countries outside the South American region. Considering multilateral

negotiations, CEB has a positive view on the process and may offer some protection to sensitive sectors of the industry and at the same time can open opportunities for competitive sectors, particularly agriculture. The Mercosur negotiations are also positively seen, as competition within the region is not so feared. Concerning negotiations outside the South American region, the CEB position varies according to the countries Brazil negotiates with. The call for a wide and fast second opening of the economy is not a priority on the agenda, despite the great interest of the agriculture sector in pushing for an agreement between Mercosur and the European Union (Oliveira & Milani, 2012, p. 386). Another important area relates to the innovative strategy of the PT-led government to emphasize South-South relations. Despite the enthusiastic reaction from corporations such as Petrobras, Odebrecht, Banco do Brasil, Vale do Rio Doce, Votorantim, Companhia Siderúrgica Nacional, Camargo Corrêa, Gerdau, and JBS-Friboi (Hirst et al., 2010, p. 26), the CEB criticizes the limited economic and commercial dimensions of these agreements to the detriment of political gains (Oliveira & Milani, 2012, p. 382; Veiga, 2007, p. 135). The criticism has not been stronger because South-South cooperation has coincided with outward-oriented business interests in the context of a commodity boom in exports under Lula (Cason & Power, 2009, p. 129).

Non-Governmental Organizations (NGOs)

Founded in 1996, the Brazilian Network for People's Integration (REBRIP) is comprised of trade unions, social movements, and other NGOs with a particular target on trade negotiations. Similarly to the CEB for business organization in trade negotiations, the REBRIP represents an institutional innovation for labor in light of WTO and FTAA negotiations (Veiga, 2007, p. 138).

With the FTAA and the WTO negotiation deadlock, the network diversified its trade agenda. The network's priorities are in the field of agriculture with emphasis on familiar agriculture, services (particularly social services), non-agriculture market access, investment, rights for intellectual property, and environmental sustainability. For REBRIP members, liberal logic is against civil society's interests as it undermines the development of national economies and job creation. Instead, the network proposes to rethink national development and

regional development by focusing on social and sustainable initiatives (Oliveira & Milani, 2012, p. 388).

Trade Unions

Trade union participation is expected to be more persuasive in trade negotiations when there is threat of further opening of the economy (Santana, 2001, p. 177). Indeed, the negative impact of the process of internationalization in the 1990s on the labor market was an important factor for pushing trade unions such as Centra Única dos Trabalhadores (CUT), a Confederação Geral dos Trabalhadores (CGT) and Força Sindical (FS) to engage in trade policy (Carvalho, 2003, p. 378). Among the trade union confederations, CUT is the one most engaged in international affairs, more specifically trade (Veiga, 2007, p. 135).

The CUT introduced trade negotiations and international integration to the agenda in the mid-1990s. In the Mercosur negotiations, the organization was very involved in the debate about the inclusion of a social clause in trade agreements (under strong pressure from trade unions in developed countries) (Veiga, 2007, pp. 135-136). In 1994, CUT officially supported the inclusion of a social clause in trade agreements, despite Itamarty's strong opposition. The government feared that social clauses could be used as a protectionist measure by developed countries (Carvalho, 2003, p. 379).

Similar to the collective mobilization of business, the FTAA negotiation was a watershed for trade union involvement in trade negotiations (Santana, 2001, p. 177). Despite some involvement in trade negotiations through REBRIP, the participation of CUT in international affairs remains a secondary relevance, leaving the International Secretariat as the main driver of CUT's position in this area. In the absence of a contradictory trade issue, CUT leaves REBRIP as the leading voice in trade policy (Fernandes, 2011, p. 26). Moreover, the involvement of trade unions in general may also be undermined given the lack of formal and institutionalized channels of consultation with civil society in relation to trade policy (Veiga, 2007, p. 138). The closest point of contact between CUT and the government is through the Presidency General Secretary and the Labor Ministry. The other ministries, especially the Treasury and MDIC,

are less open for dialogue. Another channel is via the PT, especially through the Secretary of Trade Unions (João Felício, Interview, 2012).

South Africa

The power constellation in South Africa is composed of six major actors: the Presidency, the National Treasury, the ANC, big business and its informal networks and last, civil society with COSATU as a major reference (Calland, 2006, p. 271). During the Mbeki Presidency, the center of influence on policymaking was established outside the elected representative system and concentrated around the various presidential working groups. Mbeki was very hands-on and rarely allowed alternative centers of power to be established (Calland, 2006, p. 16). Political decisions were funneled into the cabinet process through three main channels: first, the Presidency, which its own policy-making capacity; second, the department of finance (“a government within a government”); and lastly, through the ANC (Calland, 2006, p. 48). The policy programmes were later presented to Parliament and the public without room for negotiation (Gumede, 2009, p. 45). One of the outcomes of the ANC Polokwane Conference in 2007 was the fragmentation of policymaking within the ANC and the state, despite the Treasury’s continuous influence in setting policy given the control of the central bank budget and macroeconomic policies (Nimrod Zalk, Interview, 2011).

While the executive continues to dominate trade policy agenda (Kenneth Creamer, Interview, 2011), it has to balance demands from civil society. One of the formal channels of influence is the National Economic Development and Labor Council (NEDLAC), a tripartite institution. The second area is the Parliament, normally through a portfolio committee on trade and industry. A third area relates to the mandates from the ANC, particularly from the resolutions of the National General Council (Xavier Carim, Interview, 2011).

The NEDLAC is divided into four different Chambers, including Trade and Industry. While there is strong criticism from labor about government bypassing NEDLAC consultations (such as the Treasury and Health Ministry) (Rudi Dicks, Interview, 2011), the Trade and Industry Chamber remains as a relevant channel for trade policy formulation.

In 2011, the Trade and Industry Chamber continued to be the busiest of all NEDLAC's Chambers, accounting for over 50 percent of the total work of the tripartite institution (NEDLAC, 2011, p. 7). Indeed the output of trade and industry issues within NEDLAC has culminated in an overwhelmingly defensive trade agenda. This may be partially due to the South African business community's inability to collectively organize an offensive agenda (Draper, 2007, pp. 259-260), in contrast to the influence of key industries such as the automobile industry and the clothing and textile industry exercised within BUSA decision-making (Peter Draper, Interview, 2011). The strong engagement of COSATU further strengthens the defensive trade agenda. The intensity of discussions in the Trade and Industry Chamber has also to do with the significant efforts of DTI to strengthen tripartite consultation for trade negotiations (Draper, 2007, p. 260). From 2002, there has been a qualitative change as the DTI established an intensive work programme with NEDLAC (Xavier Carim, Interview, 2011). More specifically, the leadership of DTI Ministry, Rob Davies, supported by COSATU and a high-ranking official in SACP, played a key role in this process (Rudi Dicks, Interview, 2011).

Executive

In South Africa, the executive branch is solely responsible for trade policy formulation. While the DTI is the leading department in trade policy formulation, there is a clear intergovernmental interface with other ministries such as: the Department of International Relations and Cooperation (DIRCO or simply the Foreign Ministry), the Department of Agriculture, National Treasury the Presidency (Rashad, 2007, p. 19), and the recently established Economic Development Department (EDD). While the Foreign Affairs Ministry plays a marginal role in trade policy formulation²⁸, it has been playing an important role with promoting South Africa's investment opportunity and/or promoting South African exports. As a result, there are DTI representatives in most of the Foreign Ministry missions (Xavier Carim, Interview, 2011). The Department of Agriculture (NDA) is also an important actor, particularly in the regional context,

²⁸ During the early years of South Africa's transition, the tensions between the DTI and the DFA were one of the most visible ones in government interdepartmental relations. Nevertheless, these conflicts had by 1994 significantly reduced as the DTI received a clear orientation for leading trade policy (le Pere & van Nieuwkerk, 2004, p. 124).

where agriculture is a central concern to most Southern African Development Community (SADC) states. The NDA appears to be the best-organized department, with the Agricultural Trade Forum as a well-established consultative mechanism to discuss trade negotiations. Despite the political influence of the National Treasury, engagement in the actual formulation of trade policy is marginal (Draper, 2007, pp. 248-249).

One potential player in trade policy formulation is the newly created Economic Development Department (EDD). Given its recent presence in the political arena, its role in policy formulation is insufficiently researched. Indeed business appears to be unsure about its role in economic policies and how leadership will be played out (Peter Draper, Interview, 2011). The EDD has launched the New Growth Path as their major policy proposition, which has some overlaps with trade issues. The strong convergence of daily work activities between the DTI and EDD appears to be working well at the moment (Nimrod Zalk, Interview, 2011), including the convergence of responsibilities between the DIRCO and DTI (Xavier Carim, Interview, 2011).

Legislative

Parliament engagement in policy making on international issues is marginal (Ahmed, 2009, p. 291; le Pere & van Nieuwkerk, 2004, p. 125). Nevertheless, the parliament might play a role in foreign policy, specifically through the traditional committee system as well as the more recently established Parliamentary Group on International Relations (PGIR). The PGIR manages parliament's international relations agenda and member participation in bilateral and multilateral forums. The activities of the PGIR are collectively referred to as 'parliamentary diplomacy' (Ahmed, 2009, p. 292). While many of the activities in these committees are not very visible to the wider public, they are the real forums for discussion in parliament (Calland, 2006, p. 86). Although final decision-making remains with the plenary, it tends to simply reflect what has been already asserted in the committees (Murray & Nijzink, 2002, pp. 61-62).

The brain-drain effect from parliament to other government areas and even the private sector also affect the capacity of the legislative to influence policy. In the beginning of the ruling years of the ANC, the parliament was an exciting and important place; but the institutional momentum was lost after some time. From

1997, the parliament entered into a new period of “downgrading” as the ANC appointed a large number of senior members of parliament to take government positions. By 2003, 186 of the 252 parliamentarians with positions since 1994 had been deployed to other areas (Calland, 2006, pp. 94-95). This weakening of parliament led to a slow but inevitable decline in its capacity (Pottinger, 2008, p. 44). Despite the challenges in relation to skills, the parliament attempts to have a more assertive role in policy decisions beyond mere ratification. One strategy adopted to assert itself is to request the executive to report to parliamentarians in the various committee meetings more frequently, before the ratification process (Xavier Carim, Interview, 2011).

Business

The history of business representation in South Africa is closely related to the development of the mining sector in a context of high ownership concentration of capital. Indeed Fine and Rustomjee (1996) define the South African system of accumulation as the Mineral-Energy Complex (MEC). It refers to a set of national economic activities concentrated on mining, but integrally related to a set of correlated industrial and manufacturing activities.

Despite concentration of a few conglomerates in mineral production, energy provision, chemicals and finance, this has not been translated into class unity. In the absence of “instrumental-rational, class conscious institutions”, informal personal relationships with high ranking party and state officials has been an important mechanism for capital’s interest representation. With the end of apartheid, the emergence of vibrant black business adds another dimension to the business-government relationship.

One of the major challenges of the ANC-led government when it came to office in 1994 was to overcome the imbalances of power between the minority white population and the majority blacks, a clear legacy from the apartheid era. In this context, the government implemented policies to foster the emergence of a black capital-owning class, most commonly through Broad-Based Black Economic Empowerment (BBEE). The BBEE turned out to be a corner stone of government’s strategy for extending the influence of the black elite beyond the political spectrum. For some, the key issue is to boost a black middle class to

become the vanguard of black integration into the economic mainstream (Iheduru, 2004, p. 2). This “patriotic bourgeoisie” (Southall, 2004, p. 313) would facilitate a ‘trickle-down’ effect towards improvement of the socio-economic position of all black South Africans (Ponte, Roberts, & Sittert, 2007, p. 940). For others, the BBE is less related to upward social mobility of the poor but more to an implicit agreement between the ANC government and white business to protect the interests of the capitalists. While the ANC commits to macroeconomic stability and international openness, business engages in capital reform to restructure asset ownership (Holden & Plaut, 2012, pp. 37-39; Rumney, 2004, p. 405). In this context, the emergence of a new black elite led to the formation of various Black Business Associations (BBAs)²⁹. However, the capacity of business for collective action remains limited as most are highly fragmented and financially dependent on corporations and government (Iheduru, 2004, pp. 22-23).

Despite continuous distrust between white business and the government³⁰, a unified non-racial business organization body was established in 2003. There was a joint move by the Chambers of Commerce South Africa (CHAMSA) and by the Black Business Council and Business South Africa (BSA) to form Business Unity South Africa (BUSA).

Apart from unilateral channels of representation via BUSA, big business may also rely on powerful employer bodies such as the Chamber of Mines or Business Leadership South Africa. During Mbeki’s term, the big business working group and the international investment advisory council were important channels for dialogue between government and business (Peter Draper, Interview, 2011). Finally, business representation may also be established in the NEDLAC. This tripartite mechanism appears to be particularly relevant for business sectors in support of a protectionist agenda. Indeed the role of the private sector in influencing and driving trade reform has more effect in maintaining protection in some areas such as the motor industry, clothing sector

²⁹ Such as the Chamber of Commerce and Industry South Africa (CHAMSA) and Business Unity South Africa (BUSA).

³⁰ Personal observation: attendance at the EDD Annual Conference, 2011 – Johannesburg: panel Manufacturing: Re-gearing industrial policy in South Africa, lessons from the past, lessons for the future with MP Ben Turok (Chair), Nimrod Zalk (DTI), Lauraine Lotter, Tony Ehreinrich.

and a few others (Rashad, 2007, p. 18), and many of these defensive demands are expressed within NEDLAC.

It is argued that much of the influence the business community exercises on the policymaking process derives from the relative size and strength of the private sector's contribution to the South African economy. The relatively open and internationalized nature of the South African economy also boosts the influence of international opinion and capital. Much of the impact of the private business sector on policy is thus indirect, and derives from such intangible and globalised perceptions about the 'right' way to manage an economy, alongside the vicissitudes of international investor sentiment and local 'business confidence' (Handley, 2005, p. 213).

South Africa shows that in a market-driven context, business influence may not be most powerfully felt as the result of direct lobbying efforts. Rather, it may be felt indirectly, as a result of the broader power of the community to shape economic and hence social and political outcomes, for example through the movement of investment capital or support for the national currency. In South Africa the reality that the business community was predominantly white, and that the government was newly black, also shaped the capacity of business to influence government policymaking (Handley, 2005, p. 213). As a result white business remains a powerful, but frequently silent, player in the South African state, preferring to operate behind the scenes (Holden & Plaut, 2012, pp. 350-351).

Non-Governmental Organizations (NGOS)

The non-profit organization Trade and Industrial Policy Strategies (TIPS) was founded in 1996 to assist the new government in trade policy formulation, with the Department of Trade and Industry (DTI) as its main client. The TIPS integrates research, analysis and capacity building in three main areas: Trade and Industrial Policy, Inequality, and Economic Inclusion and Sustainable Growth (TIPS, 2013).

The South African Institute of International Affairs (SAIIA) and Trade Law Centre for South Africa (TRALAC) are also engaged in trade policy. The SAIIA was founded in Cape Town in 1934 and has been located since 1960 on the campus of the University of the Witwatersrand in Johannesburg. Its project funding is derived from grants from international governments, multilateral organizations, and private foundations. It has produced research reports, publications and organized conferences on international affairs, including trade policy (SAIIA, 2013). TRALAC was established in 2003 with a focus on research and capacity building on trade related issues. The NGO works closely with government, the private sector and other civil society organizations to improve trade law (TRALAC, 2013).

Trade Unions

The Congress of South African Trade Union's (COSATU) influence in the movement against apartheid was translated in the democratic period into a firm standing in the ruling alliance, along with the ANC and the South African Communist Party (SACP). The influence of the federation within government is multifaceted, involving a combination of advocacy via its parliamentary office in Cape Town, negotiation in the NEDLAC through mass mobilization, and working through the political process of the tripartite alliance (Jonas Mosias, Interview, 2011). The relationship with government is, however, uneven. While the Treasury often bypasses the consultation process with civil society, other ministries such as Labor and Trade and Industry have closer relationships with COSATU leadership (Cherry, 2006, p. 152). Despite the variety of channels of influence, including the Alliance Summit (held every two years) and the Economic Transformation Committee, these are political structures and have

limited influence on policy programmes (Jonas Mosias, Interview, 2011). The dissatisfaction of labor towards the government's lack of meaningful consultation was particularly visible during Mbeki's ruling period (Hachmann & Scherrer, 2012, p. 144).

While COSATU's strong record of engagement in trade policy and trade negotiations and industrial policy is long, it has been intensified in the past five years (Rudi Dicks, Interview, 2011). More specifically, the Southern African Clothing and Textile Workers' Union (SACTWU) is very active in this debate and has substantially assisted COSATU in its policy formulation (Jonas Mosias, Interview, 2011). Further assistance for COSATU in the negotiation forums comes from 'in-house' research expertise and policy advice through the National Labor and Economic Development Institute (NALEDI). In the past, COSATU devoted considerable resources to building capacity for trade policy and trade negotiations within NEDLAC. However, this capacity seems to have diminished somewhat over the past few years due to the brain-drain of staff to the parliament, government and associated agencies (McGuire, 2013, p. 93). The issue of brain-drain also affected the trade unions as some important COSATU leaders went on to become ANC members in different government offices and the corporate sector (Pillay, 2008c, p. 15). COSATU's loss of key leadership seriously diminished the pool of skilled and experienced leaders developed over years of struggles (Webster, 2001, pp. 267-268).

Summary

Executive

In Brazil and South Africa, the executive branch is responsible for trade policy formulation and negotiating international trade agreements. While several departments interface with trade policy matters, the Ministry of Foreign Relations has the constitutional responsibility for foreign policy formulation in Brazil. However, this responsibility is shared with other key ministries such as the Ministry of Industry, Development and Commerce (MDIC) and the Ministry of Agriculture. While offensive interests in the agribusiness and mining sectors are often concentrated in the Ministry of Agriculture, the defensive interests among the manufacturing sectors are channeled through the MDIC. The Ministry of Foreign Affairs mainly backs the protectionist agenda.

In South Africa, the Department of Trade and Industry (DTI) is the leading department in trade policy formulation. The Department of Foreign Affairs, the Department of Agriculture, and the National Treasury are also key players. One influential actor in trade policy formulation is the newly created Economic Development Department (EDD). However, given its recent presence in the political arena, its role in policy formulation remains understudied.

Legislative

The legislative role in trade policy is regarded as marginal in Brazil and South Africa. While the Brazilian legislative is often regarded as apathetic and/or indifferent to foreign policy, the involvement of the legislative in trade policy might facilitate or constrain the trade policy process significantly. Leading parliamentarians have an important role to play in assuring the approval of the matter immediately and in avoiding possible resistance of the legislative (e.g. the legislative approval of Venezuela's entry into Mercosur). In South Africa, despite similar criticism of its limited participation in trade policy, the Parliament might play a role in foreign policy, specifically via the Parliamentary Group on International Relations (PGIR). The effectiveness of this channel, however, might be limited given the brain-drain effect from parliament to other government areas and even the private sector.

Civil Society

The mobilization of Brazilian civil society around the FTAA reached unprecedented levels and resulted in the creation of some important civil society organizations. The Brazilian Business Coalition (CEB) and the Brazilian Network for People's Integration (REBRIP) are cases in point. Among the trade union confederations, CUT is the one most engaged in trade matters but in the absence of a contradictory trade issue, the organization leaves REBRIP with the leading voice in trade policy.

In South Africa, one important voice of business representation comes from key figures within the 'Broad-Based Black Economic Empowerment' (BBEE). The BBEE turned out to be a corner stone of government's strategy for extending the influence of the black elite beyond the political spectrum - a clear legacy from the apartheid era. Despite the formation in recent years of a number of Black Business Associations (BBAs), the capacity of business for collective action is limited as most are highly fragmented and financially dependent on corporations and government. With regards to NGOs, key organizations have been identified such as the Trade and Industrial Policy Strategies (TIPS), South African Institute of International Affairs (SAIIA) and Trade Law Centre for South Africa (TRALAC). As for labor representation, COSATU is the dominant voice at the national level. The influence of the federation within government is multifaceted, involving a combination of advocacy, negotiation in the NEDLAC through mass mobilization and through the political process of the tripartite alliance via government departments and ministries.

Chapter XI. Trade Policy in Brazil and South Africa: A Dialectical Analysis of the Policy Network

As an attempt to gain distance from the uni-dimensional view of policy network and policy outcome, this chapter proposes a dialectical model inspired by the work of Marsh and Smith (2000) and Marsh (1998b). They suggest that in the relationship between networks and outcome there are three interactive or dialectical relationships: the structure of the network and the agents operating within them; the network and the context within which it operates; and the network and the policy outcome (Marsh & Smith, 2000, p. 5) (Figure 1).

In the structure and agency debate, the authors suggest that while networks are political structures which constrain and facilitate agents, the agents use their skills to interpret and negotiate constraints or opportunities. Moreover, networks are not neutral, but they rather reflect past power distributions and conflicts and shape present political outcomes (Marsh, 1998b, p. 188). In this study, the relationship between political parties and factions is located in this first dimension.

The second dialectical proposition refers to network and context. It is suggested that in order to understand how networks affect outcomes, it is important to recognize the dialectical relationship between the network and the broader context in which it is located. Within this dimension, this study considers the trade policy networks of Brazil and South Africa and the contexts within which they are located, including political and economic issues at national and international levels.

This study applies the three dialectical relationships as a guiding tool for analyzing the trade policy network in relation to outcome in Brazil and South Africa. Therefore, the first two dialectical relationships (structure and agency; network and context) are used to summarize some of the core arguments of this study. In the third dialectical dimension, between network and outcome, the study comes closer to answering the research question: why has it been possible for parties to pursue a developmental trade agenda given neo-liberal constraints? In this dimension, the macro, meso and micro levels of analysis are integrated. The rationale for integrating these various levels is that for the policy network to be an explanatory concept of the policy process and outcome, it

needs to be linked with the macro and micro levels of analysis (Chapter IV). While the micro-level deals with the role of individual actions and decisions of actors within the networks in relation to particular policy decisions, the macro-level of analysis is concerned with broader questions of distribution of power within contemporary society. Moreover, it deals with the broader structures and processes of government within which networks operate, and the relationship between the state and civil society (Marsh, 1998a, p. 15; R.A.W Rhodes & Marsh, 1992, p. 3).

The Two Dialectical Relationship: Structure and Agency, Network and Context

First Dimension of Structure and Agency: Political Parties and Factions

In the structure and agency analysis, political parties are considered as structures and members of the party as agents. This research, however, focuses on the agency of members within the party via factions. It is argued that the affiliation of party members to certain factions within the political party offers interesting insights as to how members allocate economic and political resources and therefore, articulate their interests. In other words, factionalism, as the product of political divisions, makes explicit the dynamism of agency within the party.

As the dialectical relation between political party and faction was already explored, but not explicitly (Chapter IX), this section provides further clarification. This research focuses on PT and ANC factional politics, particularly on the faction “*Construindo um Novo Brasil*” (CNB) and on the Mbeki-Zuma factional battle. In the case of the Brazilian faction, the focus on the CNB faction is due to its historical relevance in leading the broader institutional development of the party. In this context, two arguments were made: (a) the faction *Construindo um Novo Brasil* was a leading force towards political moderation of the party programme, and (b) the moderation and professionalization of the party (articulated by the same faction) was fundamental in the election of President Lula in 2003. These events illustrate not only the relevance of intra-party politics for explaining party institutional development, but also make visible the dialectical relation between these two levels of analysis.

For analytical purposes, the PT can be ideologically divided into two major blocks: left and right. While there is a common understanding that building democratic-socialism is the strategic goal of the party, the factions diverge on the tactic for reaching this objective (João Vaccari, Interview, 2012). For instance, while the leftist factions support a medium-long term agenda detached from liberal and institutionalist principles, the right wing factions defend the maintenance of liberal representative institutions along with the improvement of direct democracy (Lacerda, 2002, p. 57). Given the dominance of *Construindo um Novo Brasil* (formally called the *Campo Majoritário*) for many years, they were able to translate their factional political visions as a party programme. This had repercussions, therefore, in building the campaign strategies of the party.

Since PT's foundation, the party has openly supported the achievement of state power in order to build the envisaged democratic socialism. The PT political pragmatism and the focus on professionalizing the party culminated in the formation in 2003 of a broader alliance with political and economic forces beyond the traditional societal base of the party. More specifically, it represented an alliance with the Liberal Party (PL) and with the internal bourgeoisie. It meant, therefore, more political and economic resources for the presidential campaign, which helped the party come to power.

It might be tempting to explain Lula's rise to power in 2003 with the open commitment to orthodox macroeconomic principles referred in the "Letter to the Brazilians" – launched before the election date to assure the market that neoliberal macroeconomic principles would be maintained. However, the historical and dialectical analysis of factional politics reveals that the moderation of PT discourse was already in place. Thus, the rise of PT to power under moderate political discourse simply consolidated a process already taking shape in the 1990s.

In South Africa, a similar analysis is elaborated. Factionalism remains visibly entrenched within the ANC, particularly in three phases: (a) during apartheid and towards the beginning of democracy, (b) the Mbeki-Zuma divide and (3) more recently the groups for and against Zuma's re-election plan for 2012. The role that key leaders played in the ANC is so vivid that factional politics tends to be organized around leadership succession battles such as the one between Mbeki and Zuma.

The central issue of conflict in the Mbeki-Zuma divide was not fundamentally based on policy or ideological divergence but most importantly on Mbeki's style of governance of the South African state and the ANC unleashing great discontent among the governing alliance (Booyesen, 2011, p. 20;43). Furthermore, the left political groups within the ruling alliance felt marginalized under Mbeki's rule. Therefore, COSATU and the SACP organized their political forces to replace Mbeki with Jacob Zuma, an ANC leader who held high ranking positions in exile but remained close to the party's' traditional aristocracy (Southall, 2009, p. 2).

Important as COSATU and SACP may be in building a political coalition against Mbeki and pro-Zuma, the fact that even the ANC was marginalized in the government's decision-making process was a crucial step for Mbeki political decline. Therefore, the rise of Zuma to power pointed to (a) the necessity of the President's actions to be in harmony with ANC elite interests, and (b) the party's capacity of mobilization and influence in re-capturing government decision making (Booyesen, 2011, pp. 404-407). That is when the alliance with SACP and COSATU becomes particularly valuable. In the dialectical relations between parties and factions in the South African case, it is therefore argued that factional politics in the ANC is an important factor for reassuring the party agenda in state affairs by rearranging dissident factions centered on Zuma's candidacy.

Second Dimension of Network and Context

In exploring the dialectical relation between network and context, it is important to first highlight the arguments already raised which contribute to this particular analysis. From the literature review, the Developmental State debate was used to contextualize and broadly introduce the trade policy discussion in Brazil and South Africa (Chapter II). The rationale is that as Developmental State literature provides the theoretical underpinning for analyzing the East Asian states in "governing the market" (Wade, 2004 [1990]), it helps to strengthen the argument that in times of neo-liberal hegemony, national government remains with some policy space to implement a national agenda.

Empirically, there are important events at national and international levels that may be considered in the dialectical relation between context and the trade policy network in Brazil and South Africa. One event of major significance is the 2007-2008 global financial crisis. The speed of world trade growth was exceptionally fast in the period between 2000 and 2008, largely due to the commodity boom induced by the rising demand for natural resources (Nissanke, 2010, p. 6). Consequently, commodity exporters such as Brazil³¹ and South Africa³² improved their trade performance (de Bolle, 2013, p. 4). However, the eruption of the 2007-2008 global financial crisis interrupted this cycle, affecting all countries in the world, some more harshly than others. Structural factors such as economic openness, trade and capital flow composition, and resiliency of banking systems determined the level of impact. The evidence suggests that economies most negatively affected by the crisis were those with “greater trade openness, tighter trade links with the advanced economies, higher share of manufacturing exports, and weaker banking systems” (World Bank, 2009, p. 5). The global financial crisis had specific impacts on international trade, most visibly as a transmission channel of financial spillovers and given its impact on the real global economy, it weakened the demand for commodities. Moreover, financial sustainability is an important determinant of export behavior measured by the availability of domestic bank lending and trade credit to exporters (Nissanke, 2010, pp. 22-23).

Arguably, the economic performance of countries depends not only on domestic policies but also on the strength of global recovery and the level and sustainability of world growth. The recent global financial crisis had not only clear implications for international trade performance but also influenced national trade policy as well. The influence on national policy was evident when governments and organized civil society groups lobbied at the national level to mitigate the negative effects of such economic turmoil and therefore, to promote the interests of their constituencies. In Brazil and South Africa, the governments proposed a set of policy responses to the financial crisis unrestricted by monetary and fiscal policies to include measures on external trade policy,

³¹ The six major export commodities are iron ore, crude oil, soya, sugar, and coffee (Banco Central, 2012).

³² South African exports are dominated by minerals, particularly platinum and gold (DTI, 2013) .

sectoral policies, employment and social policies (ECLAC, 2009, pp. 11-12; NEDLAC, 2009). The development of policy responses to the crisis by governments took place in a context where several tripartite, sectoral institutional forums were established to deal specifically with responding to the impacts of the crisis (including legislative and executive levels). Thus, the global crisis influenced the negotiating process and bargaining position of members of the trade policy network. It may be explained by how key interest groups in the trade policy network in both Brazil and South Africa have lobbied within the government to mitigate the impact on their particular constituencies. In South Africa, the mining sector organized some efforts via the Mining Industry Growth Development and Employment Task Team (MIGDETT). Alternatively, business and labor promoted their agenda at other tripartite consultation forums such as the NEDLAC. In Brazil, the Economic Development Council, an already established forum for social dialogue, developed a set of recommendations to the government to better tackle the impacts of the crisis. Moreover, a new special internal commission at the Senate was also created.

The creation of specific commissions and channels of consultation in both countries points to the close relationship between international and domestic economic affairs. Furthermore, in the dialectical relation between context and the trade policy network in Brazil and South Africa, the recent global financial crisis offered more policy space for governments to implement interventionist policies. The implementation of countercyclical policies by advanced economies, the epicenters of the crises, may have offered more freedom to other countries to adopt similar measures (Cunha, Prates, & Ferrari-Filho, 2011, pp. 701-702).

Third Dialectical Relation: Trade Policy Network and Policy Outcome

The third dialectical relationship is between the network and outcomes. One central argument is that causal links between networks and outcomes are not unidirectional. As much as resource exchange within the trade policy network may affect policy outcomes, it may conversely affect networks. The aim of this section is therefore two-fold. The first goal is to explain how networks affect outcomes in the trade policy network in Brazil and South Africa. In this pursue, it

explains how the three-level of analysis is operationalized in this study. The analytical framework integrates the macro, meso and micro level analysis (Chapter IV). The second part analyzes the effects of the outcome on the trade policy network for both countries. Outcomes may affect policy networks in at least three ways: (a) a particular policy outcome may change membership and resources within the network; (b) policy outcomes may have an effect on the broader social structure which weakens the position of a particular interest in relation to a given network; (c) policy outcomes can affect agents (Marsh, 1998b, p. 198; Marsh & Smith, 2000, p. 9). With this structure, the section attempts to avoid a unidirectional analysis between networks and outcomes and rather focus on the dialectical relations between them.

Operationalization of the Three-Level Analysis Framework

Some specific research steps are necessary in the operationalization of the three-level approach (macro, meso and micro). They can be divided into three broad steps. The first step is to define the scope of trade policy analysis. With the analytical boundaries of trade policy established, the second step involves mapping trade policy network in order to identify key members of the network. Following the power-dependence approach in the study of policy network, the third step identifies the resources of actors in the network and the channels of resource exchange over selected trade issues within the policy network.

Step 1: Defining the scope of trade policy analysis

A classical view of trade policy is the set of rules and procures for the exchange of goods and services between countries. The classical trade policy instruments range from tariffs, to trade remedies (safeguards, anti-dumping), export restrictions or distorting incentives (subsidies), quantitative non-tariff barriers (quotas, bans, licensing) and other regulations (OECD, 2010, p. 38). Trade policy is not, however, applied in this study from a narrow point of view but instead based on internal and external conditional factors. They are not necessarily detached from each other and one dimension is not given priority to the other. External factors in trade policy result from multilateral negotiations, either regional or sub-regional, in which countries may be directly or indirectly

involved. Internal factors relate to the “political economy of protection”, while macroeconomic aspects and structural factors relate to business competitiveness, whether internal (e.g. innovation) or external (e.g. infrastructure) (Abreu, 2002, p. 1;30). For the purpose of this research, the external factors of trade policy in Brazil and South Africa are the South-South and regional political and economic agenda. The internal factors of trade policy relate to government strategies for improving competitiveness.

Step 2: Mapping Trade Policy Network

Based on the literature review and on expert interviews, key actors in trade policy network in Brazil and South Africa are identified (Chapter X). While not exhaustively, the prominent actors in the trade network are the state apparatus, and organized representation of business and labor.

The state apparatus is folded into the key ministries concerned with trade policy making, and the Presidency. In South Africa, the Department of Trade and Industry (DTI), the Economic Development Department (EDD), the Ministry of Foreign Affairs, the Treasury and the Ministry of Agriculture are considered. In Brazil, the Ministry of Foreign Affairs (MRE), Ministry of Development, Industry and Commerce (MDIC), Treasury, and the Ministry of Agriculture are included in the analysis. It is observed that, in both countries, there is a horizontality of decision-making processes across different state apparatuses. This is particularly evident in the leadership of the DTI and EDD in South Africa, and the MDIC, MRE and Agriculture in Brazil in trade policy formulation.

Concerning business and labor representation in the trade policy network, national actors were prioritized. Given space limitation, the focus is on the Brazilian Business Coalition under the leadership of the National Industry Confederation (CNI), and the Central Única dos Trabalhadores (CUT). For South Africa, the Business Unity South Africa and the Congress of South Africa Trade Unions (COSATU) are considered. Finally, ANC and PT factional politics are included in the network analysis.

Step 3: Resource Allocation

Once key actors are selected, the following procedure is to identify their resources. The aim is to explain how these resources have helped political parties to better access policy-making and to push forward their political agenda

to a developmentalist approach in trade policy. Considering the power-dependence approach on resource exchange (Chapter IV), there can be at least six different forms of resources: constitutional, legal, organizational, financial, political, and informational (R.A.W Rhodes, 2006, p. 431). Due to space limitations, the focus is on financial and political resources, expressed at different dimensions: in the channels of influence in the legislative (party discipline and policy cohesion), party funding strategies; and support of labor as a core constituency.

The Brazilian political system of “presidentialism of coalition” (Abranches, 1988) expresses the polarization of political parties and the unlikelihood of government rule with a single party majority. In 2003, President Lula was elected with a coalition of seven other political parties. In Dilma’s term, it increased to ten allied parties, the largest government coalition in a campaign since 1989 (Bresciani & Cardoso, 2013). On one hand, the broad coalition helped to form a majority in the legislative, thus assuring more political resources for the party and the PT-led government. On the other hand, some of these resources are undermined because broad coalitions require exchange to maintain stability. Indeed the distribution of ministries is one key instrument for ruling parties to accommodate coalition interests (Budge & Keman, 1990, p. 32;89;42). In the case of trade policy, PT and ANC managed to appoint state officials actively in the defense of the parties’ agenda, especially on issues supported by leftist groups within the ruling alliance.

In the Brazilian case, once PT came to office, it introduced a partisanship dimension in diplomacy (de Almeida, 2012, p. 35; Soares de Lima & Hirst, 2006, p. 21). This meant that the center of foreign policy decision making began to include the five key policy makers: the President, the Chief of Staff, the special advisor for international affairs (Marco Aurélio Garcia), the General Secretary of Foreign Affairs Ministry (Samuel Pinheiro Guimarães) and the Foreign Minister (Celso Amorim) (de Almeida, 2012, pp. 35-36). Therefore, the decision making process goes in the hands of these few policy makers, which share similar ideological Marxist and national populist views. They express such views by supporting a new developmentalist project (Albuquerque, 2005, p. 86). In South Africa, the ANC has for many years appointed representatives of the SACP to lead the Ministry of Trade. Indeed from 2002, there has been a

qualitative change as the DTI started a more intensive work programme within the NEDLAC on trade policy (Xavier Carim, Interview, 2011). The increasing relevance of the Trade and Industry Chamber in overall NEDLAC output has to do with the significant efforts of DTI to strengthen tripartite consultation for trade negotiations (Draper, 2007, p. 260). More specifically, the DTI Ministry, Rob Davies, supported by COSATU and a high-ranking official in SACP, has played a key role in leading this process (Rudi Dicks, Interview, 2011).

Another political resource of the parties is derived from electoral performance. While PT is more vulnerable to electoral defeat given the plurality of parties in the political system, there is a clear dominance of the ANC in the electoral realm. In South Africa, there is no political party with capacity to electorally defeat the ANC any time soon. In the 1999, 2004 and 2009 national elections, the party consolidated its electoral dominance with a total of 66.4, 70 and 65.9 percent, respectively, of the votes (Schulz-Herzenberg, 2009, p. 2). However, the ANC's probability of ruling the country for many years to come shall not be seen as an ultimate win-win situation for the ANC. It might indeed alienate business groups, discouraging them to negotiate within ANC political influence and instead engaging with other political forces, especially foreign capital. In the "two-level-game" theory, Putnam (1988) asserts that interest groups might channel their efforts to the international level, and these forces would pressure domestic interest groups in return.

The electoral performance of both PT and ANC is closely related to their historical ties with labor. They are important sources of social mobilization. Despite some dissatisfaction of labor with the government in maintaining market-oriented policies, the social policies implemented were in line with the expectations of the trade unions in Brazil and acted to neutralize its controversial orthodox macroeconomic policies. In light of these positive economic developments, especially with regards to labor market improvement and new channels of communication with trade union leadership, there is open support from CUT for the PT-led government (Hachmann & Scherrer, 2012, p. 145). This support has been made particularly visible in moments of political crisis, such as with the corruption scandal in 2005, and the July 2013 protests. Similarly to the Brazilian case, there is a close historical relation between the leading trade union, COSATU, and the ANC. COSATU's status as a key social

movement in the campaign against apartheid gave the organization a distinctive position in the tripartite alliance. Although intra alliance battle is continuous, especially around the implementation of orthodox macroeconomic policies, COSATU remains consistently loyal to the ANC. Electoral performance leads to another political resource of parties: party discipline in the legislative. In Brazil, the Worker's Party parliamentarians are most aligned with party orientations (Neiva, 2011, pp. 189-190). Furthermore, PT political resources might also increase given the political influence of the President in the legislative in Brazil. The fact that the President exercises a great deal of influence in the legislative agenda is not only related to his or her personal capabilities, but such a role is also assured by the 1988 Federal Constitution (Limongi, 2006, p. 27).

Similarly to the Brazilian case, the primacy of government executives over legislatures in South African politics is widely recognized (Booyesen, 2011, p. 422). Given the proportional representation with a party-list system, the allocation of seats in the National Assembly to political parties is based on the exact outcome of their respective electoral performance in elections. The "pure" proportional system of representation also means that members of parliament are accountable only to their parties. This process puts enormous power in the hands of the party bureaucrats and inevitably strengthens political leadership intent on consolidating personal power. This gives controlling power to party managers, especially the party whip, who is responsible for organizing the groups and maintaining party discipline (Calland, 2006, p. 109).

With regards to financial resources, PT is financed through different channels: public funding (statutory contributions); donations from private companies; organization of events and commercialization of products; and via membership fees (especially from members with positions in the legislative and executive) (Ribeiro, 2010, p. 105). The traditional major donors to PT's presidential campaigns are leading firms in the construction sector, banks and firms offering services to the state (transport, garbage collection, etc.). As for Dilma's presidential campaign in 2010, a few companies were responsible for the largest part of financial donations. Half of all donations declared by the party came from 27 donors. Among the five largest donations, three were from the construction sector (Camargo Corrêa, Andrade Gutierrez e UTC Engenharia). From the analysis of party funding of PT's presidential campaign during the

2000s, increasing financial support from productive capital can be observed. This only reaffirms Boito Júnior and Galvão's (2012) claim concerning the political ascension of a particular fraction of the bourgeoisie within the power bloc. This "internal bourgeoisie" (Poulantzas, 1975) was never completely outside the power bloc, but have in the last years significantly improved its influence within the power bloc. This fraction of capital has been a pivotal player in supporting the new developmentalist agenda in trade policy implemented by the PT-led government (Chapter II). Therefore, alliance with certain fractions of the bourgeoisie substantially increased the financial resources of the party.

In South Africa, the ANC has financed itself on three main fundraising models: the foreign charity model, the comrades in arms model and the party business model. The first two models were sidelined in recent years in favor of the party business model, which has made the ANC a wealthy political party (Holden & Plaut, 2012, pp. 194-196). Focused on a portfolio of investments, the ANC founded a commercial enterprise, the Chancellor House Holding, to fund the ANC. Since its foundation in 2003 it gained shares in a wide number of companies, mostly focusing on large-scale engineering, mining, logistics and energy projects, thus turning the ANC into an extremely rich party (Holden & Plaut, 2012, pp. 204-206; Jolobe, 2010, pp. 207-208). Therefore, the party business strategy has provided greater financial resources to the organization.

The Relation Between Outcome and Policy Networks

It has been argued that both the Brazilian and the South African governments have pushed forward a developmentalist trade policy agenda. While the developmentalist approach in trade policy in Brazil did not promote a radical change in the composition of trade policy network, it affected the level of influence of some societal groups in policy decisions. The strategy adopted by the PT is to continue with harmonic relations with labor and to broaden the coalition with the internal bourgeoisie. The internal bourgeoisie is an important ally for building South-South and regional economic and political relations (as externals factor of trade policy), and to strengthen state intervention in the economy to boost competitiveness. Moreover, with the support of the this fraction of the bourgeoisie, the PT-led government found more policy space to

de-prioritize the demands of the groups allied with international capital and in defense of closer economic relations with developed countries. Furthermore, the developmentalist approach in trade policy helped the PT to keep internal dissidence under control because this is an approach in line with the expectations of the leftist groups in the ruling alliance. Therefore, given conservative macroeconomic policies, trade policy is an area that accommodates the diverging interests of the left. Finally, the plan to build a developmentalist approach in trade policy made some players more influential: the special advisory of international affairs of the Presidency, and the General Secretary of Itamaraty are two positions that have gained political influence during the PT-led government.

Similarly to the Brazilian case, there are no radical shifts in the composition of the trade policy network with the developmentalist approach in trade policy. However, it had some repercussions. The creation of the EDD was aimed at strengthening the government's capacity to implement the electoral mandate in economic development policy. Given its recent activity in the network, the extent of its influence in the trade policy decision making process remains an open question. From informal consultation with experts in South Africa, the Ministry of EDD attempts to increase influence in economic policy orientation. Finally, the Developmental State debate in South Africa has helped to keep the ruling alliance together, particularly the leftist groups. This agenda helps the ANC government maintain a progressive rhetoric, despite orthodox macroeconomic principles.

Chapter XII. Research Findings, Contributions of the Dissertation, and Conclusion

Research Findings

The aim of the research was to explain why it was possible for PT and ANC to pursue a developmental state trade policy, despite of neoliberal constraints. The focus was on the influence of the parties in setting the agenda and in the formulation of policies, instead on the efficiency of policy implementation. This study focused on identifying the differences in trade policy agenda in recent years and in explaining, through a three-level analysis, the political parties' influence in this process.

To introduce the developmentalist debate, the literature of the Developmental State (DS) and its reception in Brazil and South Africa was initially explored. The DS literature suggests that East Asia high economic growth was achieved by states' allocation of financial resources to strategic industrial sectors in combination with high bureaucratic capacity and autonomy from society. In the context of the Import Substitution Industrialization (ISI) dismantling as a development strategy and the pursuit of new developmental paradigms in a democratic political and institutional framework, the DS debate has gained visibility in some developing countries at both academic and policy levels. Concerning the reception of the discussion in Brazil, the study identified the influence of the Economic Commission for Latin America (ECLAC) strategies in the progressive developmental thinking in Latin America. Moreover, the Brazilian government does not use publically the rhetoric of a DS, leaving the debate mostly within the academic field. On the contrary, the creation of a democratic DS occupies a prominent position in the government policy documents in South Africa, with the East Asian experience being influential in shaping the ANC's ideas particularly of Malaysia's attempts to combine economic growth with racial redistribution.

The Brazilian state may be considered as developmental given the support to industrialization, state intervention in favor of economic growth, the presence of nationalism as part of the political discourse, and a distributive political economy. However, there are pockets of inefficiencies in relation to the

technical capacity of public service because state positions are often exchanged for access to private wealth, and contracts are awarded in many cases on political connections rather than on technical principals. Similar outcome is observed in South Africa. While the government actively promotes the South African state as developmental, the “impossibility thesis” (Von Holdt, 2010b) is well documented by scholars. Therefore, this study considers Brazil and South Africa as “intermediate states” (Evans, 1989) with predatory and clientilistic features along with some Weberian features to assure the implementation of a developmental strategy.

To provide the research findings, this chapter returns to the hypotheses presented in the first part of the study. The hypotheses were based on three distinctive levels of analysis: macro (state theory), meso (policy network analysis), and micro (factionalism).

Hypothesis 1 (state theory): *Given that the state is not monolithic and offers unequal chances to different forces (“strategic selectivity”), mass-based membership parties are more influential if they articulate their interests within states structures that are more open to their political strategy.*

In Brazil, PT maintains orthodox macroeconomic policies. This reflects the pressure from external neoliberal economic forces, along with the influence of the domestic comprador and financial capital class fractions in the power bloc. However, the internal and external pressure to maintain neoliberal principles has not equally influenced the various structures of the state apparatus. It was argued that, despite neoliberal constraints, the PT managed to push forward a developmental state trade policy agenda within the state apparatus.

In South Africa, while the DS discourse was already visible during Mbeki’s second term, it was intensified during Zuma administration. There were no radical shifts in macroeconomic policies, with the neoliberal thinking continuing to reign within National Treasury – the ruling voice in the South African economic debates. However, the progressive forces within the alliance have been working closely with the Department of Trade and Industry to pursuit a developmental agenda in this area. These efforts were strengthened with the

political agenda agreed at the ANC National Conference in Polokwane, which led to by the creation of the Economic Development Department (EDD).

Therefore, it was argued that while pro-market forces continues to be influential in guiding policy, the social forces in support of a different approach in trade policy have managed to find certain structures within state apparatus to push forward their demands. In the case of Brazil, the Ministry of Foreign Affairs, the MDIC, the BNDES are important actors in promoting a developmental trade policy. Similarly, in South Africa, the DTI and EDD are important channels for pursuing a trade developmental agenda.

The conceptualization of the capitalist state provided by Nicos Poulantzas and the “strategic selectivity” developed by Bob Jessop were helpful in developing the argument. First, Poulantzas considers the state as a condensation of a relationship of forces between classes and class fractions, and can therefore, never be a monolithic bloc. Second, Poulantzas argues that the contradictions and divisions within the power bloc reflect on the internal divisions of state personnel. As political parties are responsible for appointing key public officials, they might use this tool to promote the interest of party members. Third, Poulantzas’s recognition of bourgeois class fractions suggests that political parties, when rising to power, might be able to find more political and economic support from certain bourgeoisie class fractions than others.

The idea that governments have progressive position in one policy field, but maintain a conservative agenda in another is further clarified by Jessop’s view on “strategic-relational-approach”. It implies that the state system is a site of strategy and that the “strategy selectivity” of the state involves a system with a structure and modus operandi that are more open to some types of political strategy than others.

Hypothesis 2 (policy network analysis): *If mass-based membership political parties strategically use their economic and political resources in the trade policy network, it is expected that their influence in the policy making process will increase.*

While the PT and ANC managed to pursuit a developmental approach in trade policy agenda, the political parties did not promote this strategy unilaterally.

From a meso-level analysis, the study argues that the exchange of resources in the trade policy network influences policy outcome.

Considering the power-dependence approach on resource exchange, the economic and political resources of the political parties were considered. To make visible how these resources are exchanged, and how it helped PT and the ANC to push forward their political agenda, the focus was on the politics in the legislative, party funding strategies, and labor and party relationship. With regard to the performance in the legislative, the political resources of PT were optimized in the recent years. First, the broad inter-party coalition assured a sufficient support in the legislative. Second, the role of the President in setting the legislative priorities was also utilized and optimized the PT-led government agenda. The influence of the President's agenda is strengthened by the support of appointed ministries. Third, the PT party discipline in the legislative is well documented, increasing the political support in the legislative. In the South African case, the influence of the ANC in the legislative is even more acute. The fact that the ANC sees its members of parliament as primarily representatives of the party, gives a significant political resource to the ANC. This influence is strengthened due to the dominance of the ANC with the electorate, in the formation of governments, and in determining public agenda.

The party funding strategies are related to the financial resources of the party. The PT managed to extend its coalition with other parties and other capital class fractions, particularly the internal bourgeoisie. This capital fraction was important in providing financial support to electoral campaigns. On one hand, PT managed to convince this capital fraction that radical leftist's policy programmes against capital accumulation would not be implemented. Indeed this process is closely related to the marginalization of radical leftist factions in PT (See in hypothesis 3). On the other hand, as the internal capital fraction lost space in the power bloc during FHC government, this class fraction identified the PT-led government as a potential partner for re-assuring the hegemonic position within the power bloc. The ANC has prioritized a party business model of party funding that offered more reliability as it depended less on external money. Focused on portfolio of investments, the ANC founded a commercial enterprise, the Chancellor House Holding, to fund its activities. Since its foundation in 2003, it gained shares in a wide number of companies, mostly

focused on large-scale engineering, mining, engineering, logistics, and energy projects.

Considering the relation between labor and party, the historical ties between CUT-PT, and ANC-COSATU are well known. It is argued that the political alliance with labor increases the political resources of both parties for several reasons. First, the party and the government are benefited when there is a political crisis (e.g. July 2013 mass protests in Brazil and Mbeki and Zuma internal dispute). During presidential campaigns, organized labor in both countries is actively engaged in promoting the party's programme, and it also legitimizes its leftists' and democratic credentials.

In Brazil, the resource exchanged between PT and the internal bourgeoisie and organized labor was crucial for establishing the political support for a developmental approach in trade policy, despite of the pressure from the bourgeoisie comprador and the financial international capital. Some initiatives of PT-led government in trade policy were in harmony with the interests of the internal bourgeoisie and labor: (a) the focus on the South-South relations, (b) policy of financialization through the BNDES to promote Brazilian firms and Brazilian investment abroad (c) the economic and political strengthening of Brazilian state companies, (d) active intervention of the state in promoting national industries.

In South Africa, political and economic resources of the ANC were promoted with the continuous alliance with labor, particularly in gathering political support for Zuma's rise to power. The alliance with BBEE elite, particularly from mining and finance sectors, are also important actors in promoting the ANC political and economic resource. Nevertheless, the BBEE capital does not form a typical "national/patriotic bourgeoisie" but it is rather compradorist and parasitic. Generally, the emerging class fraction did not accumulate its own capital and relies on special access to state power to establish itself.

Given the characteristics of BBEE capital fraction, it does not help to explain the push for a developmentalist trade policy in South Africa. This study suggests that the developmentalist approach in trade policies is related much more to a political move to meet the demands ANC leftist and labor constituencies, particularly articulated by the Jacobins and developmentalist ANC elite. The former group intends to promote social transformation by using the state, while

at the same time defending bourgeoisie interests, particularly in the promotion a class of black capitalists. Furthermore, the government's call for establishing a DS is an attempt to connect with economically disempowered constituencies and maintain a leftist rhetoric.

A theoretical clarification at this point is needed. The analysis of the parties' economic and political resources was based on the power-dependence approach. It was argued that power resides implicitly in other's dependency: "A depends upon B if he aspires to goals or gratifications whose achievement is facilitated by appropriate actions on B's part" (Emerson, 1962, p. 32). Considering the political and economic resources of PT and ANC, both parties managed to increase their power in relation to other influential actors in trade policy network. In Brazil, the internal bourgeoisie was dependent of PT's political strength to the extent that this capital fraction benefits from state finance (e.g from BNDES), or market protection in order to improve competitiveness. Moreover, a coalition with the political base of the PT-led government meant to the internal bourgeoisie further access to the state apparatus and to re-established its hegemony within the power bloc. Indeed, this situation reflects Emerson's (1962) argument that dependence of actor A upon actor B is proportional to A's motivational investment in goals mediated by B. Furthermore, the power of PT was also improved with the support of labor. CUT was particularly active in supporting the government developmental policies because it represented some of the aspirations of the organized labor agenda. At some extend, CUT is dependent on PT because of the fear of right-wing political parties coming back to power, such as the PSDB. There is great support from labor to the current government because, first, of the lack of viable left-wing alternatives, and second, the strong historical ties with PT. This situation also echoes Emerson's (1962) argument that the dependence of actor A upon actor B is inversely proportional to the availability of those goals to A outside of the A-B relation.

In South Africa, a similar outcome is observed. While important capital fractions, particularly related to BBEE initiatives, are dependent on state for financial support, COSATU continues to work closely with the ANC because of the access to policy decisions and the lack of viable political alternatives. The racial aspect, although beyond the focus of the research, must not be underestimated.

In a post-apartheid era, the ANC continues to represent the aspirations of the black people, which help to consolidate its hegemony in the South African political terrain. Furthermore, in a country where racial and social inequality remains at high levels, and where leftist discourse is historically prominent, it is difficult for capital fractions (particularly capital fractions in mining and finance) to openly support a political discourse that is not pro-poor or not pro-development. Therefore, the possible criticism of business of a developmental trade policy agenda is hard to sustain, leaving the ANC with the leading rhetoric of the Developmental State.

The theoretical lenses of policy network analysis guided the elaboration of the arguments presented. This study applied three dialectical relationships for analyzing the trade policy network in relation outcome in Brazil and South Africa: the structure of the network and the agents operating within them; the network and the context within which it operates; and the network and the policy outcome (Marsh & Smith, 2000). The second dialectical dimension, between network and context, the focus was on the trade policy networks of Brazil and South Africa in relation to the global financial crisis. It was argued that the recent global financial crisis offered more policy space for governments to implement interventionist policies, and influenced national trade policy. The influence on national policy was evidence when governments and organized civil society groups lobbied at the national level to mitigate the negative effect of such an economic turmoil and therefore, to promote the interests of their constituencies. In Brazil and South Africa, the governments proposed a set of policy responses to the financial crisis unrestricted to monetary and fiscal policies to include measures on external trade policy, sectoral policies, employment and social policies. Thus, the global crisis influenced the negotiating process and bargaining position of members of the trade policy network. The creation of specific commissions and channels of consultation in both countries points to the close relationship between international and domestic economic affairs.

Hypothesis 3 (party factionalism): *Considering that political parties are characterized by internal divisions and factional conflicts, if political parties*

manage to build institutional and strategic capacity to respond to dissidence, it impacts their ability to come to power or stay in power.

It was argued that the affiliation of party members to certain factions within the political party makes explicit the dynamism of agency within the party. The focus was on PT and the ANC factional politics, particularly on the faction “*Construindo um Novo Brasil*” (CNB) and on the Mbeki-Zuma factional battle. This study suggested that the CNB faction was a leading force towards political moderation, which was a crucial for electing President Lula. These events illustrate not only the relevance of intra-party politics for explaining party institutional development, but it makes visible its influence in the electoral performance of the party. Under the leadership of the CNB faction, PT established a broader alliance with political and economic forces beyond the traditional societal base of the party. More specifically, it represented an alliance with conservative political parties and with the internal bourgeoisie. Therefore, the historical and dialectical analysis of factional politics reveals that the rise of PT to power with a reformist agenda simply consolidated a process already taken shape in the 1990s.

In South Africa, factionalism remains visibly entrenched within the ANC and tends to be organized around leadership succession battles such as the one between Mbeki and Zuma. The central issue of conflict in the Mbeki-Zuma divide was not fundamentally based on policy or ideological divergence but most importantly in Mbeki’s style of governance. The left political groups within the ruling alliance was marginalized under Mbeki’s ruling. Important as COSATU and SACP may be in building a political coalition against Mbeki and pro-Zuma, the fact that even the ANC was marginalized in government’s decision-making process was a crucial step for Mbeki political decline. Therefore, the rise of Zuma to power pointed to (a) the necessity of the President actions to be in harmony with the ANC elite interests, and (b) the party’s capacity of mobilization and influence in re-capturing government’s decision making. It was therefore argued that factional politics in the ANC is an important factor for explaining the reassuring of the party agenda in the state affairs by rearranging dissident factions centered on Zuma candidacy.

Unpacking Research Gaps: Contributions of the Dissertation

This research contributes to further knowledge in three ways: it first offers an innovative combination of theoretical bodies applied to analyze the object of studies (Poulantzas state theory, developmental state, policy network analysis, political parties factionalism); it highlights the socio-political relevance of comparatively progressive policy frameworks (e.g. Industrial Policy Action Plan in South Africa and the *Brasil Maior* in Brazil) and expands the debate on how to re-gain national policy space for progressive reform policies even under neoliberal constraints; and lastly, the comparative perspective offers further insights for South-South research, particularly related to the BRICS literature. This chapter explains in more details how the theories applied contribute to further knowledge.

Strengthening the Developmental State Literature

The literature on Developmental States (DS) is mostly based on the East-Asian cases under authoritarian forms ruling. In this context, the analysis of political parties was largely neglected. While there are enough evidence that political parties were important actors in the process of democratization in many developing countries, the political parties' input on developmental strategies remain under-researched. Thus, the comparative analysis of Brazil and South Africa overcomes the restrictive analysis on authoritarian regimes (almost as a pre-condition for developmental policies). Moreover, this study adds a labor perspective in the DS literature as it considers the historical relations between the parties PT and ANC with their national and leading trade unions confederations. Therefore, the inclusion of democracy and labor in the DS context is a valuable approach to the DS debate.

Additionally, the comparison of Brazil and South Africa strengthens the literature on BRICS and supports the growing evidence that developing countries are willing to rethink over their developmental strategies, despite of neoliberal constraints. The external pressures of financial liberalization as well as market-opening measures might limit some developmental ambitions in the domestic arena but this research pointed out to the remaining scope for state guidance in national economic management. In this context, this study highlights the

relevance of a political strategic coalition with labor and certain fractions of capital.

Linking the Developmental State and Policy Networks Literature

On the one hand, the DS concept is grounded in the argument that the state plays a central role in promoting economic development. While the political school focuses on the nature and capacity of the state to adopt developmental policies, the economic school is committed to state intervention, especially in industrial and trade policy and state control of finance. On the other hand, the policy network analysis, as a model of interest group intermediation, emphasizes the structural aspect of resource dependency in the networks. It is argued that the distribution and type of resource within a network explain the relative power of its members and that the structure of networks affects policy outcomes. Therefore, the policy network was applied for classifying the patterns of relationships between interest groups and governments.

While these two bodies of literature might appear to be in contrast to each other, they were rather in this study applied as a complementary approach to one another. While the network is one component of the policy process and its outcome explanation, the DS literature pays attention to the nature and capacity of the state to adopt policies. It was argued that for networks to go beyond the classification of patterns of relationship to include explanatory relevance, policy network approach was used in conjunction with models of the distribution of power and state theory. In this sense, the state constitutes a strategic terrain for organization and representation of the long-term political interest of the dominant class or class fraction: the “power bloc”.

Another contribution of this study relates to one criticism of the policy analysis on the overemphasis on the structure. The study’s contribution tackles this criticism with a three-pronged theoretical perspective: state theory, policy network analysis, and factionalism. The focus on internal dynamics of the political parties provides additional insights as to how to approach policy outcomes.

Filling Gaps in the Political Parties Literature

Political economists have downplayed the significance of party preferences and partisan programs to explain policies and economic outcomes because until the early 1980s, corporatism was the paradigm for explaining how politics was conducted in most parts of the advanced industrial world. Despite recent studies reaffirming the influence of partisan orientations on domestic public policy there is still a lack of studies on partisan politics in relation to trade policy. The limited literature is largely because the main theories of trade policy predict that partisan influences are unimportant, particularly the political realism (realpolitik) school. Therefore, this research contributes to this field of research by focusing on the influence on partisan politics and the channels and resources exchanged by political parties to optimize their power in policy decisions.

Another contribution to the advancement of knowledge provided by this study relates to the focus on intra-party analysis in relation to policy outcome. The focus on factional politics challenges, therefore, the rational-choice approach unitary view of political parties and in attempting to incorporate economic assumptions into the political world without contextual considerations.

Conclusion

This research aimed at explaining why it was possible for PT and ANC to push forward a developmental trade policy agenda. While a developmental strategy is broadly understood as a moderate state intervention in the economy and economic nationalism in a democratic regime, trade policy was analytically divided into internal and external conditional factors. The classical conceptualization of trade policy as a set of rules and procedures for exchange of goods and services between countries was therefore broadened. While external factors in trade policy result from multilateral negotiations, regional or sub-regional, the internal factors relate to the “political economy of protection”, to macroeconomic aspects and structural factors related to business competitiveness.

In the comparison between the PT and ANC, similar policy orientations are observed in relation to trade policy. Both countries highly emphasize the importance of multilateral negotiations; have increasingly promoted South-South and regional political and economic alliances; the role of industrial policy,

and the need for this policy to be in accordance to trade policy have become a major concern in policy agenda; and there has been greater participation of the state in the economy. Therefore, in the attempt to explain why both parties were able to pursue such goals and translate them into policy agenda, the aim was to concentrate on the different processes that led to similar outcomes. In this pursue, the policy network literature based on three-levels of analysis was considered.

At the micro level, PT is marked by a very dynamic intra-party politics in which the leading factions managed internal dissidence – marginalized the leftists and moderated the discourse. The CNB was the driver of this process. In the case of the ANC, factionalism is also prominent but the ANC elite chooses to discredit this argument by stressing unity instead of promoting an institutionalization of factional politics. The micro-level analysis pointed out that the internal organization and distribution of power inside the parties is a relevant explanatory factor, as it influences leadership selection to government and policy preference formulation. The difference in the PT and ANC is the following: while PT factionalism helps to explain how the party managed to come to power, in the ANC case, factionalism explains how the re-affirmation of the party in the forefront of decision making in government played out.

At a meso level, it was argued parties have been exchanged resources with key members of the trade policy network in order to gain influence in decision making. Considering the political and economic resources of PT and ANC, both parties managed to increase their power in relation to other influential actors in trade policy network.

Politically, PT managed to increase its resources by: (a) broadening inter-party coalition, (b) PT party discipline in the legislative, (c) leadership of the President and its influence in setting the legislative priorities, (d) and the support of a large number of appointed ministries of the political base of the government. In the South African case, the influence of the ANC in the legislative is even more acute as members of parliament are primarily representatives of the party. Other political resources of the ANC include: (a) electoral dominance, (b) active leadership of the President, (d) unchallenged control of the state apparatus. One crucial difference between the capacity to accumulate political resources in the PT and ANC, relates to the dominance in the political system and the

electoral performance. While PT is part of a very competitive multiparty system and working hard to win every election, the ANC does not face real electoral threats and the party leadership sets the government agenda with the perspective of a continuous hold of power.

Considering the economic resources, the PT managed to extend its coalition with other parties and other capital class fractions, particularly the internal bourgeoisie. The internal bourgeoisie was very important financial back up for PT electoral campaigns, and turned the key capital fraction in the political base of the ruling government.

While there is a coalition with certain capital fractions, PT find the political legitimacy of a developmental trade agenda with an alliance with labor. CUT was particularly active in supporting the government developmental policies not only because of the historical ties with the ruling parties but because it represented some of the aspirations of labor agenda. The ANC has prioritized a party business model of party funding on portfolio of investments. Moreover, the BBEE elite, though not a monolithic bloc, has supported Zuma, particularly during the political campaign for Mbeki resignation. While great part of the BBEE elite is part of a comprador capital fraction, this study suggested that the developmentalist approach in trade policies is largely supported by the Jacobins and developmentalist ANC elite. With the developmentalist approach in trade policy, and with the DS agenda in general, the ANC connects with economically disempowered constituencies and most importantly, maintain the tripartite alliance (particularly the leftists group) together. In the context of intense conflicts inside the ruling alliance, the DS agenda turns to be an important political tool for the ANC for keeping the alliance together.

At the macro level, the PT made sure to appoint several government positions to either party members or very close allies. This can be seen as a compensation for maintaining an orthodox macroeconomic team in the first term of Lula in power. With the large influence of the advisor of the President for international relations affairs, the General Secretary and Ministry of MRE, along with MDIC, Lula created a tight decision making process. Indeed this tight group of decision makers has much to do with the promotion of South-South relations. In the South African case, the ANC elite made sure to promote a shift in policy priorities at the 2007 ANC Polokwane Conference. Within trade policy realm, it

was an important event because it made explicit the need for a balanced relation between industrial policy and trade policy and a more active agenda in the promotion of a DS in South Africa. The cohesiveness of the ANC agenda under a progressive discourse has much to do with the active participation of labor in support of Zuma candidacy. The fact that the left groups were very much involved with the bringing of Zuma to power was an important step for a strong discourse on developmental trade agenda and a DS in general.

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Appendix : Schedule of Interviews

South Africa (2011)	Brazil (2012)
Nimrod Zalk <i>Deputy Director General, Department of Trade and Industry</i>	Joao Vaccari <i>Secretary of Finance, PT</i>
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Ben Turok <i>Member of Parliament, ANC</i>	

Pursuing a Developmental State Trade Agenda in a Neo-Liberal Context: *Brazil and South Africa in Comparison*

Labor and Globalization | Volume 7

Luciana Hachmann

This book explains why it was possible for the Worker's Party (PT) in Brazil and the African National Congress (ANC) in South Africa to pursue a developmental state trade policy, in spite of neoliberal constraints. The major theoretical lenses are three-fold. It applies state theory (macro-level), policy network analysis (meso-level) and theories on political parties with emphasis on factional politics (micro-level). This book highlights the socio-political relevance of comparatively progressive policy frameworks and expands the debate on how to re-gain national policy space for progressive reform policies even under neoliberal constraints.

Key Words: Developmental state, political parties, trade policy



In 2014 *Luciana Hachmann* concluded her doctorate at the International Center for Development and Decent Work (ICDD) at Kassel University, Germany. She is also a graduate of the Masters in Labour Policies and Globalization programme of the Global Labour University.

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