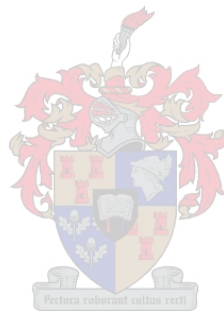


# **Social Forces, State Pensions, and Welfare State-Building in South Africa and Mauritius**

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Dissertation presented in fulfilment of the requirements for the degree of Doctor of Philosophy (Political Science) at Stellenbosch University

Promoter: Professor Janis van der Westhuizen

March 2015

## **Declaration**

By submitting this dissertation, I declare that the entirety of the work contained therein is my own, unaided, original work; that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Signature: .....

Date: .....

### **Dedications:**

I would like to make the following three dedications:

Firstly, I dedicate this dissertation to my father, Mokgubi Phaahla, who passed on before he could bear witness to its completion. This work would have made him immensely proud since it serves as a culmination of the values of hard work he sought to instil in me.

Secondly, I dedicate this dissertation to the young people of (South) Africa – to always dare to dream and never be shy to challenge conventions.

Lastly, but not least, I dedicate this dissertation to our beloved father of the nation, the late Nelson Rolihlahla Madiba Mandela. He remains even in death a towering figure of goodwill and global humanity. May his inspiration and quest for social justice not cease to echo through the ages.

## Abstract

This study traces the development of the welfare state in Mauritius and South Africa from the early 1900s until the present, with specific reference made to the non-contributory old-age pension scheme. It seeks to understand the intersections between big capital, the state and broad-based social forces in heralding different welfare outcomes in the two countries. Mauritius has retained its long-standing traditions as a social democratic welfare state stretching back to the late 1950s. In contrast, the current welfare model of South Africa continues to be the embodiment of the liberal welfare state, similar to that of the *ancien regime* set up in 1928, even though it has maintained a generous social grants system since the advent of democracy in 1994.

As a result it is important to unravel patterns of historical evolution that are responsible for different welfare outcomes in seemingly identical socio-political contexts. Similarly, it is important to scratch below the surface of these historical patterns of evolution to account for these disparate welfare frameworks which, nonetheless, exhibit identical outcomes in the social security sector in terms of their unfaltering commitment to old-age pensions. To this end the dissertation employs the comparative historical analysis approach in a bid to draw cross-national parallels between the social processes that unfolded and consequently underpinned development paradigms over time.

This study suggests that accounting for the divergent policy outcomes is the disproportionate powers being wielded by neoliberal market forces within the main arteries of the South African economy, which hindered the state from defining the policy direction of its welfare framework to dovetail with expansive social reforms. This restraint was compounded by the left as a 'labour aristocracy', whose alliance with the political ruling class compromised their ability to champion the pro-poor agenda with as much vigour as they would have if they had pursued an independent course. This is a far cry from the welfare trajectory of Mauritius, in which a mutual understanding between the state, cross-class movements and capitalist market forces bridged contesting class interests by reconciling market economics with social fundamentals.

Unlike in South Africa, the independence of the working classes in Mauritius – whose mobilising traditions cut across the class spectrum – has added special impetus to the social

reform movement, having served as the bulwark against welfare retrenchments and/or less egalitarian reforms in the past. That the universal pension scheme and the state's commitment to the pro-poor cause remain intact in Mauritius is a result of these pro-active class contestations. On the other hand, the absence of the balance of power struck between social actors and the economic élite in South Africa propelled a class compromise that allowed for the dominance of pensions to come at the cost of extensive social reforms. Such outcomes would not have come into effect in South Africa had the playing field for all relevant stakeholders been level, as in Mauritius.

## Opsomming

Hierdie studie volg die ontwikkeling van die welsynstaat in Mauritius en in Suid-Afrika vanaf die vroeë 1900's tot op hede, met spesifieke verwysing na die nie-bydraende ouderdomspensioenskema. Dit poog om die snypunte tussen groot kapitaal, die staat en breë-basis maatskaplike kragte wat gelei het tot verskillende welsynuitkomstes in die twee lande te begryp. Mauritius het sy langdurige tradisie as 'n sosiale demokratiese welsynstaat, wat sedert die 1950's bestaan, behou. In kontras gaan die huidige welsynmodel in Suid-Afrika voort as die beliggaming van die liberale welsynstaat, soortgelyk aan die *ancien regime* wat in 1928 ingestel is, selfs al het dit 'n vrygewige stelsel van maatskaplike toelae sedert die vestiging van demokrasie in 1994 onderhou.

As gevolg hiervan is dit belangrik om die patrone van historiese evolusie te ontsyfer wat verantwoordelik is vir verskillende welsynuitkomstes in blykbaar identiese sosiaal-politiese kontekste. Eweneens is dit belangrik om onder die oppervlak van hierdie historiese patrone van evolusie te krap om hierdie uiteenlopende welsynraamwerke te verklaar wat nietemin identiese uitkomstes in die maatskaplike sekuriteitsektor vertoon in terme van hulle onwrikbare verbondenheid tot ouderdomspensioene. Ten einde dit te bereik gebruik hierdie proefskrif die benadering van vergelykende historiese analise in 'n poging om dwarsliggende nasionale ooreenstemmings te vind tussen die maatskaplike prosesse wat gelei het tot die skep van ontwikkelingsparadigmas oor tyd en hulle gevolglik onderskraag het.

Hierdie studie stel voor dat die verklaring vir die uiteenlopende beleidsuitkomstes berus in die ongelyke magte wat binne die belangrikste kanale van die Suid-Afrikaanse ekonomie deur neoliberale markkragte beheer word, wat die staat daarvan weerhou het om 'n beleidsrigting vir sy welsynraamwerk te definieer wat by die breedvoerige maatskaplike hervormings pas. Hierdie remming word vererger deur die linkersy as 'n 'arbeidsadelstand', wie se alliansie met die politieke regerende klas hulle vermoë gekompromitteer het om die pro-arm agenda met soveel lewenskrag voor te staan as wat dit moontlik sou gewees het as hulle 'n onafhanklike koers ingeslaan het. Hierdie verskil hemelsbreed van die welsyntrajek in Mauritius, waar 'n wedersydse begrip tussen die staat, bewegings wat klas oorskry, en kapitalistiese markkragte kompeterende klasbelange oorbrug het deur die markeconomie met maatskaplike grondbeginsels te rekonsilieer.

Anders as in Suid-Afrika het die onafhanklikheid van die werkersklas in Mauritius – wat se mobiliserende tradisies oor die klasspektrum heen sny – besondere impetus gevoeg by die maatskaplike hervormingsbeweging, aangesien dit gedien het as verskansing teen welsyninkortings en/of minder gelykmakende hervormings in die verlede. Dat die universele pensioenskema en die staat se verbondenheid tot die pro-arm saak in Mauritius onaangestas bly, is as gevolg van hierdie proaktiewe klasstryd. Andersins het die afwesigheid van 'n magsbalans tussen maatskaplike akteurs en die ekonomiese elite in Suid-Afrika gelei tot 'n klaskompromis, wat toegelaat het dat die oorheersing van pensioene gekom het ten koste van breedvoerige maatskaplike hervormings. Sulke uitkomstes sou nie in Suid-Afrika ingetree het nie as die speelveld vir al die relevante belanghebbers gelyk was, soos in Mauritius.

## Acknowledgements

When my Biology teacher in high school, the late Mr Gabriel Thema, called me professor and sometimes ‘doctor’, it never dawned on me that God had set my life on a path towards achieving that particular title. Although not quite the medical doctor he wished for me to become, I do trust this PhD will serve as enough an accomplishment to preserve his precious memory.

Such truly has been the story of my life – in which one’s accomplishments – however big or small in the eyes of man – are underpinned by the grace of the Almighty God. On that note, I am taken back in time to I reminisce over the guidance of my teachers throughout my entire schooling career in instilling in me the values of hard work and self-belief. As such, a special mention goes to Mrs Bapela, as well as my GP Dr Matthews Masemola, for sowing the seeds back in primary school.

To say that I achieved this milestone purely on my own would be untrue. I owe a great debt of gratitude to my family, especially my parents, for their moral and financial support as well as putting up with my absence from home during most of the course of my studies. They undeservingly bore the brunt of my tempestuous outbursts, owing to me being overwhelmed by the unrelenting demands of school work, especially in the final stretch of my writing. Both my parents never stopped believing in me, even when there seemed to be no indication of a silver lining. For that I am grateful. My brothers Gavin and Calvin, as well as my sister Letumile – your concerns and contributions during this journey had a meaningful impact. To the members of my extended family, thanks for the words of encouragement and support during the course of this journey.

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During the course of writing this dissertation I have come into contact with several persons at the various institutions I travelled to in and outside of South Africa in search of the ‘Holy Grail’. In this regard, I want to thank specifically the staff at the National Library of



Mauritius, the National Archives of Mauritius and the Library of Parliament of Mauritius, all located within the vicinity of Port Louis, for their invaluable assistance. I am also grateful to the staff of the JS Gericke Library of Stellenbosch University, including those of the Africana Section of the same library, for their always willing and helpful assistance.

Last but not least, I want to thank my supervisor, Professor Janis van der Westhuizen, for walking this journey with me and putting up with many of my shortcomings as I walked on the path towards becoming refined in my craft. I never harboured any illusions that it would be a smooth sail, but I did realise from the outset that the completion of this project would certainly mark a true labour of love. You encouraged me to hold fort during the bumpiest of times and for that I am profoundly grateful.

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## List of Abbreviations and Acronyms

|               |   |
|---------------|---|
| AB            | Afrikaner Brotherhood / <i>Afrikaner Broederbond</i>      |
| ACP           | African, Caribbean and Pacific (ACP)                      |
| Agang SA      | Agang South Africa  |
| ALA           | Amalgamated Labourers Association                         |
| AMCU          | Association of Mineworkers and Construction Union         |
| ANC           | African National Congress                                 |
| APF           | Anti-Privatisation Forum                                  |
| ARV           | Anti-retroviral Treatment                                 |
| BBBEE         | Broad-based Black Economic Empowerment                    |
| BEE           | Black Economic Empowerment                                |
| BIG           | Basic Income Grant  |
| BIG Coalition | Basic Income Grant Coalition                              |
| BRP           | Basic Retirement Pension                                  |
| CAM           | Comité d'Action Musulman                                  |
| CASR          | Centre for Applied Social Research                        |
| CBOs          | Community-based Organisations                             |
| CEM           | Club des Étudiants Mauricien                              |
| CEPPWAWU      | Chemical, Paper, Packaging, Wood and Allied Workers Union |
| CMEs          | Coordinated Market Economies                              |
| COMESA        | Common Market of East and Southern Africa                 |
| COPE          | Congress of the People                                    |

|        |   |
|--------|---|
| COSATU | Congress of South African Trade Unions                      |
| CPI    | Consumer Price Index  |
| CSG    | Child Support Grant   |
| CSO    | Central Statistics Office                                   |
| CSR    | Corporate Social Responsibility Tax                         |
| DA     | Democratic Alliance   |
| DRC    | Dutch Reformed Church                                       |
| EEC    | European Economic Community                                 |
| EOI    | Export-Oriented Industrialisation                           |
| EPWP   | Expanded Public Works Programme                             |
| EPZs   | Export Processing Zones                                     |
| ETWA   | Engineering and Technical Workers Union                     |
| EU     | European Union  |
| FSB    | Financial Service Board                                     |
| GEAR   | Growth Employment and Redistribution                        |
| GHS    | General Household Survey                                    |
| GNP    | Gross National Product                                      |
| GWU    | General Workers Union                                       |
| HIV    | Human Immune Virus  |
| HNP/V  | Re-United National Party / <i>Herenigde Nasionale Party</i> |
| IDASA  | Institute for Democracy in South Africa                     |
| IFB    | Independence Forward Block                                  |



|        |  |
|--------|--|
| IFIs   | International Financial Institutions           |
| IFP    | Inkatha Freedom Party                          |
| ILO    | International Labour Organisation              |
| IMF    | International Monetary Fund                    |
| ISI    | Import Substitution Industrialisation          |
| JEC    | Joint Economic Commission                      |
| LDCs   | Least Developed Countries                      |
| LMEs   | Liberal Market Economies                       |
| LP     | Labour Party                                   |
| LPM    | Landless Peoples Movement                      |
| LSE    | London School of Economics & Political Science |
| MACOSS | Mauritius Council of Social Services           |
| MALA   | Mauritius Agricultural Labourers Association   |
| MCCI   | Mauritian Chamber of Commerce and Industry     |
| MEC    | Mineral-Energy Complex                         |
| MEF    | Mauritius Employers Federation                 |
| MEPZA  | Mauritius Export Processing Zone Association   |
| MLP    | Mauritius Labour Party                         |
| MMM    | Movement Militant Mauricien                    |
| MP     | Member of Parliament                           |
| MSM    | Mauricien Socialist Movement                   |
| MTUC   | Mauritian Trade Union Congress                 |

|              |   |
|--------------|---|
| MWU          | Mineworkers Union / <i>Mynwerkersunie</i>                         |
| NAFTA        | North American Free Trade Agreement                               |
| NBR          | National Remuneration Board                                       |
| NDP          | National Development Plan   |
| NEDLAC       | National Economic Development and Labour Council                  |
| NEM          | Normative Economic Model  |
| NGOs         | Non-governmental Organisations                                    |
| NICs         | Newly Industrialised Countries                                    |
| NP           | National Party  |
| NUM          | National Union of Mineworkers                                     |
| NUMSA        | National Union of Metalworkers of South Africa                    |
| OECD         | Organisation for Economic Co-operation and Development            |
| OFS          | Orange Free State   |
| OHS          | October Household Surveys   |
| PACT         | Labour/National Party Coalition                                   |
| PAT          | Permanent Arbitration Tribunal                                    |
| PLSD         | Project for Statistics on Living Standards and Development Survey |
| PMSD         | Parti Mauricien Sociale Democraté                                 |
| PPP          | Purchasing Power Parity   |
| R (Currency) | South African Rand  |
| RDB          | Rescue Act Alliance / <i>Reddingsdaadbond</i>                     |
| RDP          | Reconstruction and Development Programme                          |

|                 |  |
|-----------------|--|
| Rs (Currency)   | Mauritian Rupee                                      |
| SACP            | South African Communist Party                        |
| SADC            | Southern African Development Community               |
| SAIRR           | South African Institute of Race Relations            |
| SALDRU          | Southern Africa Labour and Development Research Unit |
| SAP             | South African Party                                  |
| SAPs            | Structural Adjustment Programmes                     |
| SASSA           | South Africa Social Security Agency                  |
| SAT&LC          | South African Trades and Labour Council              |
| SJC             | Social Justice Coalition                             |
| SOAP            | State Old Age Pension                                |
| SSR             | Sir Seewoosagur Ramgoolam                            |
| STATS Mauritius | Statistics Mauritius                                 |
| STATS SA        | Statistics South Africa                              |
| TAC             | Treatment Action Campaign                            |
| TCSB            | Termination of Contacts and Services Board           |
| TEC             | Transitional Executive Council                       |
| UCT             | University of Cape Town                              |
| UIF             | Unemployment Insurance Fund                          |
| UK              | United Kingdom                                       |
| UN              | United Nations                                       |
| UNDP            | United Nations Development Programme                 |

|      |  |
|------|--|
| UP   | South African United Party   |
| USD  | Dollar of the United States of America                               |
| VOC  | Dutch East India Company / <i>Vereenigde Oost-Indische Compagnie</i> |
| Wasp | Workers' and Socialist Party   |
| WB   | World Bank   |
| WIC  | White, Indian and Coloured   |
| WWI  | First World War  |
| WWII | Second World War   |

## **Social Forces, State Pensions, and Welfare State-Building in South Africa and Mauritius**

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*“We need to bring politics in, centrally, to the analysis [...] of pro-poor development and welfare regimes”.*

(Leftwich, 2008: 5)

# Chapter I: Unravelling historical antecedents behind the remarkable variance in welfare policy outcomes in South Africa and Mauritius

## 1.1. Background

The welfare paradigms of South Africa and Mauritius have spanned over half a century. So, in 1990, when the World Bank urged developing countries to prioritise social security for the elderly<sup>1</sup>, both countries had already established a social grant system devoted to addressing the plight of the dispossessed, most notably the aged. Since then the welfare state has continued to dominate the political economies of these two countries by forming part of the discourse on poverty alleviation, social equity, adjustment to the global economy, and the social mandate of the state as a whole, to mention but a few.

The year 1994 marked a turning point in the history of South Africa. The end of Apartheid ushered in a renewed commitment by the state to prioritise pro-poor goals to accord with the spirit of political freedoms attained<sup>2</sup>. As a nation that had always been battling with poverty and inequality, the need for a redistributive paradigm in South Africa was more than ever apparent. Even though South Africa has shed the quagmire of apartheid, the end of white minority rule has not translated into the overwhelming majority of citizens participating in the economic mainstream. This reality is further compounded by the overlap of race and class, which has put in the spotlight the government's responses to the plight of those on the margins of society<sup>3</sup>. A generous means-tested social grants system characterises the government's interventionist approach, without which research has shown that social equity will remain unachievable. Hence, currently over four per cent of the gross domestic product is channelled towards social assistance alone, and since 1994 the number of households dependent on social grants has more than doubled, from 20 per cent to 45 per cent<sup>4</sup>. When factoring in the bleak economic prospects due to poor growth, coupled with high unemployment, one can assume that this dependence is nowhere near

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<sup>1</sup> World Bank: Averting the old age crisis: policies to protect the old-age and promote growth, Washington, D.C: International Bank for Reconstruction and Development / The World Bank Group, 1994, p. 238

<sup>2</sup> Seekings, Jeremy, "Pathways to redistribution: the emerging politics of social assistance across the global south", in Journal für Entwicklungspolitik, Vol. XXXVIII, No. 1, 2012, p. 28

<sup>3</sup> Habib, Adam: South Africa's Suspended Revolution: Hopes and Prospects, Johannesburg: Wits University Press, 2013, pp. 1 – 320

<sup>4</sup> Statistics South Africa (Stats SA), "General Household Survey 2013", released 18 June 2014, accessed on: 02 July 2014, p. 31

waning in the foreseeable future. Notwithstanding these facts, the prospect of erecting an expansive welfare state in South Africa remains out of sight, with the government more and more exhibiting disdain in favour of mechanisms that are minimalist in approach. These welfare outcomes, which contradict the promise of the liberation struggle to champion social reformist ideals that resonate with a classless society, have become the epitaph of a social democratic welfare state that almost was.

Standing in stark contrasts to South Africa's development experience is Mauritius, an island state that is not overwhelmed by the scale of social challenges bedevilling modern-day South Africa. It has won plaudits for its high human development scores, which have always been pursued in terms of the framework of its universal welfare state approach. Indeed, a social democratic state not only characterises Mauritius's approach to the goal of achieving equity, but it has also been regarded as the key ingredient to achieving economic success as well as social cohesion<sup>5</sup>. The universal old-age pension scheme remains the pride of Mauritius as a welfare state, and it enjoys broad societal support that regards the scheme as sacrosanct, thus serving as a symbol of the state's commitment to advancing the cause of social justice. The social budget is reflective of this commitment, with the budget for social assistance in particular accounting for 6.6 per cent of the Gross Domestic Product (GDP) when combined with general welfare expenditure, of which a disproportionate portion of 35 per cent funds the old-age pension scheme<sup>6</sup>. As a result, since the advent of independence in 1968, successive governments in Mauritius have consistently married neoliberal economic interests with those that resonate with the interests and aspirations of the broader spectrum of society through its social democratic approach to averting social risks.

Unlike South Africa, Mauritius has managed to wear two hats, as a stable and competitive economy that has made significant strides while advancing the cause of social equity through a socially responsive public budget. Most importantly, unlike other relatively stronger economies, such as her counterpart South Africa, the relentless commitment of

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<sup>5</sup> Stiglitz, Joseph, "The Mauritius Miracle", <http://www.project-syndicate.org/commentary/the-mauritius-miracle>, Accessed: 15 June 2014

<sup>6</sup> Statistics Mauritius (STATS Mauritius), "Social Security Statistics, 2009 – 2013", <http://statsmauritius.gov.mu/English/StatsbySubj/Pages/Social-Security-2013.aspx>, Accessed: 06 August 2014, p. 2; and Statistics Mauritius (STATS Mauritius), "Digest of Social Security Statistics, 2012", <http://statsmauritius.gov.mu/English/StatsbySubj/Pages/Social-Security.aspx>, Accessed: 06 August 2014, p. 18



Mauritius towards the social reform agenda must be viewed with the hindsight of her humble economic beginnings. In the 40 years since the attainment of independence, Mauritius has had to make a virtue of the little that was available. This was done by elevating the humble sugar-based economy to catalyse more productive sectors that facilitated Mauritius's entry into the rank of most economically successful island states<sup>7</sup>.

A cursory look at both South Africa and Mauritius reveals obvious variations in the approach to the premise of ameliorating social risks, even though welfare paradigms in both countries share the similarity of being defined mainly by social assistance. Hence, Mauritius embodies a social democratic welfare state model that advances social justice, whereas in South Africa, the welfare framework prizes developmental, market-based principles to mitigate social contingencies. Likewise, a detailed study of the two countries' welfare paradigms indicates structural designs that echo those implemented by the old systems of political control. This reality suggests that the current social development frameworks in South Africa and Mauritius have traces that are rooted deeply in historical circumstances. A further investigation of these historical circumstances in South Africa and Mauritius demonstrates that economic interests were on a collision course with those of the broader society, which caused a convergence that spawned variations in welfare outcomes. The differences in the manner in which these intersections happened in the two countries produced divergent welfare approaches that were compelling enough to form the subject of scientific inquiry in this study.

## **1.2. Problem Statement**

Whilst the welfare regimes of Mauritius and South Africa share strong similarities in terms of their staunch pro-poor focus, their different welfare designs mirror stark contrasts in resolving the conflict between market economics and social politics, which have had a bearing on overall social policy choices in the two counties. Certainly, the literature has yet to unravel the effects of the configuration of social and economic forces on production and distribution regimes<sup>8</sup> in the two countries from a comparative perspective. Whilst the

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<sup>7</sup> Brautigam, Deborah., Rakner, Lise, and Taylor, Scott, "Business associations and growth coalitions in Sub-Saharan Africa", in *Journal of Modern African Studies*, Vo.4, No. 4, 2002, pp. 525 – 528 & p. 540

<sup>8</sup> A production regime is conceived as a configuration of institutions that yield the convergence of relevant institutions – i.e. public and private enterprises, association of capital interests, labour, labour market institutions, and government agencies – and the patterns of interaction among them. On the other hand, a

advent of industrialisation in Mauritius engendered vibrant social resistance politics over time, an unanswered question remains why the promise of industrialisation did not yield social politics of a similar nature in South Africa. In line with this inquiry, the literature remains tasked to unravel the reinforcing mechanisms between societal resistance and the structural makeup of an industrial economic system within the wider context of welfare policy outcomes in relatively advanced industrial societies in the global South. This study is intended to fill this void with the hope that it casts light on the divergence of production and distribution regimes in South Africa and Mauritius against the background of social forces that champion social reforms in the two countries. Likewise, was the convergence of distribution and production regimes supposed to have been the norm in these relatively industrialised societies, and if so, how did differences in the configurations of social and economic forces produce contrasting welfare approaches.

### **1.3. Research Question(s)**

This study is informed by the quest to answer the following main question:

- a. *What role did social forces play in shaping the different welfare frameworks of South Africa and Mauritius?*

To narrow down the scope of this research, the question of social security, especially old-age pensions, was focused on. This is borne out of the need to further understand the status and social dynamics of the old-age pension scheme as a preeminent feature of the dissimilar welfare regimes of Mauritius and South Africa. In this respect, the following sub-research question will serve as the guide to tackle the foregoing main research question:

- b. *To what extent does the dominance of the old-age pension scheme in the welfare frameworks of the two countries reflect the efficacy of social forces in achieving egalitarian social policy outcomes?*

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distribution regime denotes established norms and alignments which carry out the function of dispersing resources as set out by the actors which preside over the production mainstreams. On production regimes, see: Huber, Evelyne, and Stephens, John. D, "Welfare state and production regimes in the era of globalisation", Institute for Advanced Study, Occasional Paper No. 1, 1999, p. 2. On distribution regimes, see: Rudra, Nita, "Welfare states in developing countries: unique or universal?", in *Journal of Politics*, Vol. 69, No. 2, May 2007, pp. 378 – 396

In the next section, the notion of the welfare state will be defined to explore its different meanings across various geopolitical settings.

#### 1.4. Conceptualising the Welfare State

The concept of the welfare state can be traced back to 1601, when Britain adopted the Elizabethan Poor Laws out of the need to enforce the moral responsibility and acceptance of wage labour by the poor and to create a national market. It then gradually developed into the 19<sup>th</sup> century middle-class 'benevolence' that was aimed at relieving destitution without reducing the incentive to work<sup>9</sup>. This shows that, since the time of the industrial revolution, the welfare of the citizens became the concern of the business class only if such a move had a direct bearing on the capital accumulation project. Hence, for capitalism to exist and continue to thrive, it requires a healthy and intellectually sound workforce to labour efficiently in offices and on factory floors.<sup>10</sup>

From a broader perspective, the welfare state can be defined as the state that is concerned with the business of alleviating social risks for its most economically vulnerable citizens. To that effect it goes so far as to adopt measures that are capacitated to contain further deprivation. The welfare state is characterised by having its social policy geared towards meeting the prevailing social conditions<sup>11</sup>. Although the notion of social welfare emanates from the Christian doctrines of the protestant ethic - the premise that the rich must help the poor and the healthy must help the weak<sup>12</sup> - most contemporary nation-states currently understand the notion of the welfare state from the context of the division of citizen responsibilities. It is conceived in this context that the *political office bearers* should concentrate on their mandate to draft policies that would tackle lingering social problems, whilst the *social servants* are charged with the duty to give much of their personal income to help others (usually done in the form of tax)<sup>13</sup>. To this end, the state feels morally compelled to protect "standards of income, nutrition, health, housing and

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<sup>9</sup> Romanyshyn, John and Romanyshyn, Anne.: Social Welfare: Charity to Justice, Random House: New York, 1971, p. 10

<sup>10</sup> Fergusson, Ian; Lavelette; and Mooney, Gery.: Rethinking Welfare Capitalism: A critical perspective, Sage Publishers: New York, 2002 p. 31

<sup>11</sup> Gil, David. G.: Unravelling Social Policy: Theory Analysis and Political Action Towards Social Equality, Cambridge, Massachusetts: Schenkman Publishing Company, 1973, p. 6

<sup>12</sup> Ponsioen, J.A et. al.: Social Welfare Policy: Contribution to Theory, Gravenhage, Mouton & Co. , 1962, p. 18

<sup>13</sup> Ibid, p. 19

education for every citizen assured to him as a [social] right"<sup>14</sup>. This will result in the restoration of dignity for those who have been economically marginalised<sup>15</sup>.

As illustrated above, the quest to alleviate social exclusion through policies that are sympathetic to the ideal of egalitarianism is traditionally understood as the primary duty of the state. However, it has been accepted that the provision of public goods is not purely the duty of the state alone, since various non-state actors can fulfil a similar function: the private sector (based on market demand or welfare for own employees), familial arrangements, and voluntary non-governmental organisations (in situations where government apparatus is ambivalent to social change or simply incapacitated to provide social benefits from the fiscal point of view)<sup>16</sup>. As a result, social security sits at the centre of the welfare policy of most countries. By social security it is broadly meant the provision of public safety nets through public health facilities and public education, amongst others, as it is intended to pre-empt and prevent the various kinds of injustice and unfairness inherent in the capitalist economy by ascertaining precisely the *needs* of the society<sup>17</sup>. *It is important to note, however, that the type of welfare regimes will serve as the unit of analysis in this study, instead of state-building itself. This is so even though state-building and welfare state-building are processes that are naturally inclined to be mutually reinforcing.* Welfare state-building, on the other hand, entails political, social, and economic processes that create the conditions for the creation of a socially responsive state.

Social scientists distinguish between social security and social assistance, as the latter focuses primarily on poverty relief. It entails deliberate acts of specialised relief intended to meet the needs of clearly distinguishable groups among people without adequate means for self-sustenance. Increasingly, social grants have come to include not merely cash grants for maintenance, but also for health and other services designed to reduce the need for insurance in the future<sup>18</sup>. *In the cases of both South Africa and*

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<sup>14</sup> Romanyshyn, John and Ramonyshyn, Anne, p. 1971, p. 10; Leibfried, Stephen.: Welfare State Futures, Cambridge University Press: Cambridge, 2001, p. 26

<sup>15</sup> Chan, Chak. Kwan, and Bowpitt, Graham.: Human Dignity and Welfare Systems, Bristol: MPG Books, 2005, p. 4

<sup>16</sup> Kunhle, Stein, "The Nordic Welfare State in a European Context: Dealing with new economic and ideological challenges in the 1990s", in Leibfried, Stephen.: Welfare State Futures, Cambridge University Press, 2001, p. 8

<sup>17</sup> Lampram, Robert.: Social Security Perspectives: Essays by Edwin E. Witte, Madison: University of Wisconsin Press, 1962, p. 16

<sup>18</sup> Loc cit

*Mauritius, the concepts social security and social assistance will be used interchangeably to refer to publicly-funded means of income support such as social grants, against occupation-based ones, which will be referred to specifically as occupational social security.*

The fear that universal welfare programmes, which are in certain political contexts perceived as handouts, give rise to the disincentive to be self-sufficient is perhaps driven by its stressing of indiscriminate redistributive origins. Although deeply rooted in socialist orthodoxy, it is apparent that welfare policy is different from socialism in the sense that, with welfare policy, human need is placed above the interest of profit maximisation, whereas with socialism the quest to control wealth and profit remains the key priority of the working class. It is premised in this sense that such a move would arouse a democratic approach to social reform in favour of collective control of economic resources<sup>19</sup>. It is for this reason that there has been strong advocacy for the democratisation of the capitalist system, for it is envisaged that such a move will automatically enable organised labour to transform capitalism in a way that it is as sympathetic to human needs as it is to the quest to sustain profit margins. By so doing it shall reflect what others like to call *class compromise*<sup>20</sup>. At the heart of class compromise is the acceptance by the rich of a degree of redistribution in exchange for the acceptance of a liberal economic framework that is generally responsible for the underlying inequalities<sup>21</sup>. The nature of this compromise is not uniform across the board; it differs over time and is country specific<sup>22</sup>.

For the purposes of the scope of this study, it is imperative that the working class be differentiated from social forces. According to Joel Migdal, social forces are those elements in society which seek to shape public policy regarding issues they have been conceived to be in conflict with the collective interests of the society<sup>23</sup>. Although it originally denoted the

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<sup>19</sup> Loc cit

<sup>20</sup> Przeworski, Adam, "Material Interests, Class Compromise, and the Transition to Socialism", in Politics and Society, vol. 10, no. 2, March 1980, pp. 125 – 153

<sup>21</sup> Natrass, Nicoli and Seekings, Jeremy, "Democracy and Distribution in Highly Unequal Economies: The Case of South Africa", in The Journal of Modern African Studies, Vol. 39, No. 3, September 2001, p. 472

<sup>22</sup> Loc cit

<sup>23</sup> Migdal, Joel. Samuel, "The state in society: An approach to struggles for domination", in Migdal, Joel. Samuel, Kohli, Atul, and Shue, Vivienne (eds.): State Power and Social Forces: Domination and Transformation in the Third World, Cambridge: Cambridge University Press, 1994, pp. 9 & 21

industrial working class, the concept of social forces has become an umbrella term that incorporates actors such as social classes, the state, civil society, labour, and the like<sup>24</sup>.

The notion of the working class having direct ownership of the economy is rooted deeply in Marxist traditions, since it renders the growing accumulation of wealth (in the hands of the few) and poverty to be co-relational<sup>25</sup>. It is for this reason that radical Marxists deem social benefits as sacrosanct ideals. Hence, they conceive of the capitalist world as one that is divided between the bourgeoisie and the proletariat. The former are the owners of capital/the means of production, whilst the latter constitute the working class, who are commodified by selling their labour to the bourgeois class for daily survival. A relationship exists between these two starkly opposing socioeconomic classes, but it is certainly not symmetrical, nor is it mutually beneficial. The wealth of the modern society is created by the labour of workers, but the commodities they produce generate wealth for the bourgeoisie to the workers' monetary equivalent of the value their labour produces. To maintain this wealth, the workers are compelled to work extra hours, while the wealthy remain the overseers of the production processes. For Marxists, this pattern as a result not only perpetuates an exploitative relationship, it also creates a class struggle between these two forces. And because the market is primarily embroiled in the pursuit of profit maximisation, the needs of the people are often forgotten<sup>26</sup> - usually taking priority if doing so proves apparently beneficial to the interests of the business élite.

Therefore it is from this form of class compromise described above that the journey to social democracy begins – whereas, in contrast to socialism, the former embraces efficiency of the market, national economic improvement, success with the capitalist economic system, and the pursuit of national interests abroad. On the other hand, the latter champions the cause of eradicating the worst manifestations of poverty and inequality, and seeks to expand social benefits to all through state intervention<sup>27</sup>. The creation of this middle ground sparks what Karl Polanyi regards as a concerted effort of the political and

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<sup>24</sup> Cox, Robert. W, "Social forces, states and world orders: Beyond International Relations Theory", in Millennium, Vol. 10, No. 2, 1980, p. 141

<sup>25</sup> Fergusson, Ian; Lavelette; and Mooney, Gery. Op. Cit, 2002, p. 13

<sup>26</sup> Goodin, Robert.: Reasons for Welfare: The Political Theory of the Welfare State, New Jersey: Princeton University Press, 1988, p. 154

<sup>27</sup> Fergusson, Ian; Lavelette; and Mooney, Gery: Op. Cit, p. 39

economic élite to reconnect the market economy with social communities<sup>28</sup>. It is believed that, in this form, the despotic nature of the capitalist accumulation project can be tamed by having the state taking the driver's seat in the running of the economy, whilst remaining cognisant of the interests of the general public without frightening off market forces.

Nation states have not all adopted a homogenous approach to tackling the social pathologies of inequality. For Esping-Andersen, public expenditure and the scope of welfare programmes are important determinants of the extent to which society remains commodified and stratified. It is for this reason that he proposed a threefold typology of welfare states, thereby revealing how different countries have different conceptions of the alleviation of deprivation. The social democratic model of welfarism is the most desirable of the three. Normally associated with Scandinavian countries, this is the most generous of the three types, as it entails universal access to social benefits, even beyond the area of social services (health care and education). Universal access to non-contributory social assistance is the hallmark of social democratic welfare states and provides an enabling environment for union activity to champion the policy discourse. Perhaps, if there is anything that explains the popularity of social democratic regimes amongst readers of social policy, it is the component of *universal non-contributory old-age pensions* that come with it, as they have been proven to be the most effective anti-poverty mechanism in the lives of the poor<sup>29</sup>. According to Esping-Andersen, a welfare regime is differentiated from a welfare state in that it comprises the "combined, interdependent way in which welfare is produced and allocated between state, market and family"<sup>30</sup>.

The liberal/Anglo-Saxon welfare state is the most residual one of the three. It conceives of social protection from the narrow confines of poor relief for the most desperate. The liberal market economy is deemed the most efficient, thus it is entrusted with the responsibility of providing social goods, which in turn results in reinforcing the process of the commodification of labour. The continental typology, commonly known as the conservative type, is characterised by a mix of statist, familial and corporatist traditions.

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<sup>28</sup> Bugra, Ayse and Agartan, Kaan.: Reading Karl Polanyi for the Twentieth-First Century: Market Economy as a Political Hegemony, New York: Palgrave MacMillan, 2007, p. 34

<sup>29</sup> Esping-Andersen, Gosta et.al.: Why we need a new welfare state, New York: Oxford University Press, 2002, p. 26

<sup>30</sup> Esping-Andersen, Gosta: Social foundations of post-industrial economies, Oxford: Oxford University Press, 1999, pp. 35 – 35

It modestly provides public goods beyond education and health care, and it focuses on guaranteeing employment as a result of its corporative associations.<sup>31</sup>

Although the three typologies provide a framework to make an assessment of other social protection measures in other areas of the world, it goes without saying that they are riddled with fundamental errors. In continental Europe, the rudimentary nature of the social protection measures in southern Europe are quite incompatible with the above, as the latter group of countries rely heavily on traditional forms of social protection, where family ties assume much of the welfare responsibilities and where religious doctrines of sharing and looking after the needy are commonplace. Looking northwards in continental Europe, countries such as the Netherlands, which have been classified as having conservative welfare regimes, have been shown to possess traits of both social democracy (as a result of their generous spending) and conservative features<sup>32</sup>.

As a result of this shortcoming, readers of social policy in the global south have proposed a typology of welfare states tailor-made to suit the developmental contexts of these countries. Drawing on Esping-Andersen's *Three Worlds of Welfare Capitalism*, Jeremy Seekings incisively divides these states into three: *Agrarian*, *Workerist* and *Pauperist*. With regard to the agrarian welfare state, the provision of social benefits is dependent upon accessibility to land and/or kin. On the other hand, a workerist state is characterised by occupational welfare policy, where access to benefits is dependent on employer and employee contributions to the pension fund, without major involvement of the state for the unemployed; whilst a pauperist state encompasses a two-tier social security sector with both contributory and non-contributory pension benefits deemed by the state to be *sine qua non*. Mauritius certainly fits into the latter group, as access to non-contributory social assistance benefits is universal and non-means-tested. On the other hand, the welfare regime of South Africa reflects both workerist and pauperist traits: employer-based contributory pension arrangements legislatively still dominate the social security sector for those in the labour market, but the state nonetheless still makes provisions of pension benefits for the unemployed. To put it in a global comparative perspective, South Africa

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<sup>31</sup> Hemerijck, Anton, *Op. Cit*, p. 11

<sup>32</sup> Pierson, Christopher, "Contemporary Challenges to Welfare State Development", in *Political Studies*, Vol. 46, No. 4, 1998, p. 796



leans more towards the liberal model as a welfare regime because of its focus on generous social security schemes which seems to have eclipsed other safety nets as market-based doctrines of individualism and self-sufficiency hold sway. Mauritius's universal approach to welfare is resonant with the social democratic welfare state in Scandinavia, which focuses on social security services. Services are all-inclusive and encompass areas such as health care, education, recreation, as well as recreation services<sup>33</sup>. The next section provides an outline of the art of the literature on welfare state-building. It begins with the general overview of the literature, which focuses on the welfare experiences in the global north and south, before delving into Africa. It thereafter will address the literature on the question of welfare state-building in South Africa and Mauritius respectively.

## **1.5. Literature Review**

### **1.5.1. State formation and welfare state-building in the Global North and South**

The responsiveness of the state is tied closely with the process of state formation. From early times, the mere existence of the state was a culmination of a social contract agreed upon by the propertied classes and those at the bottom rung of the social hierarchy governed by the former<sup>34</sup>. This reality renders the mandate of the state – elitist as it may have been – to extend beyond presiding over the bureaucratic structures of the apparatus and centralisation of power. The state also was charged with the mandate to be socially sensitive by way of safeguarding the wellbeing of the dispossessed, and not just that of the élite.

Nevertheless, the franchise remained the preserve of the propertied classes and, as a result, it evolved to be a subject of much contestation within the social caucuses. Due to the exclusion of the subordinate classes from mainstream political processes, the state lost sight of the mandate to safeguard the interests of the broader spectrum of society. Instead, it created a value commitment that prioritised meeting the interests of the affluent classes to the exclusion of the poor. Douglas North, Peter Katzenstein and Theda Skocpol note the

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<sup>33</sup> Hochfeld, Tessa, and Ulriksen, Marianne, "What can Africa learn from Scandinavian social policies?", <http://naiforum.org/2013/09/what-can-africa-learn-from-scandinavian-social-policies>, 30 September 2013, Accessed: 02/09/2014

<sup>34</sup> Atkinson, Michael. M, and Coleman, William, D., "Strong states and weak states: sectoral policy networks in advanced capitalist economies", in *British Journal of Political Science*, Vol. 19, No. 1, January 1989, p. 47

preoccupation of the state as the institutor of property rights as well as the regulator and distorter of the market<sup>35</sup>. Their theses indirectly emphasise the point that the state and the market are inseparable in the advancement of private accumulation.

Meanwhile, Martin Doornbos contends that the state has demonstrated the ability to 'penetrate' the society that enabled it to carry out policy frameworks<sup>36</sup>. This became a trend that James Coleman has termed 'political penetration' to denote the existence of the political-administrative-judicial as the centre of the new state, through which it performs the following tasks: (1) establishing an effective and authoritarian presence across the 'geographical' and 'sectoral' peripheries, and (2) acquiring the capacity to extract and mobilise resources to implement policies<sup>37</sup>. That the state extracted resources from the public through tax bolstered the notion of a social contract and social ownership amongst the lower classes, which made them feel justified voicing their grievances against social exclusion<sup>38</sup>. Indeed, their exclusion from the mainstream political processes and the state's continued ignorance of their plight triggered resistance from the lower classes, who made a case for the extension of political rights to the erstwhile excluded quarters of society<sup>39</sup>. With the small-holding middle classes also on board, it gave new impetus to the reform movement, which resulted in the state extending universal suffrage to educated adult males. A class compromise underpinned the outcome of these power contestations, which took the form of the welfare state<sup>40</sup>. What added to the difficulty in striking a class compromise in the South as opposed to in the North was the sequencing of

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<sup>35</sup> Douglas, North. C, "A framework for analysing the state in economic history", in Exploration in Economic History, Vol. 16, No. 3, 1979, pp. 249 – 259; Katzenstein, Peter, "Conclusion: Domestic Structures and Strategies of Foreign Economic Policy", in International Organisations, Vol. 31, No. 04, 1977, pp. 879 – 920; and Skocpol, Theda, "Bringing the state back in: Strategies of analysing in current research", in Evans, Peter. B *et al* (eds.): Bringing the state back in, Cambridge: Cambridge University Press, 1985, pp. 3 - 37

<sup>36</sup> Doornbos, Martin, "The African State in Academic Debate: Retrospective and Prospect", in Journal of Modern African Studies, Vol. 28, No. 2, June 1990, p. 181

<sup>37</sup> Coleman, James, "The concept of political penetration", in Cliffe, Lionel, Coleman, James. S, and Doornbos, Martin (eds.): Government and Rural Development in East Africa: essays on political penetration, The Hague: Martinus Nijhoff, 1977, p. 3

<sup>38</sup> Loc cit

<sup>39</sup> Krasner, Stephen. D, "Approaches to the State: Alternative Conceptions and Historical Dynamics", in Comparative Politics, Vol. 16, No. 2, January 1984, p. 225

<sup>40</sup> Sandbrook, Richard *et al*, Op. Cit, p. 18

industrialisation, democratisation and social citizenship. In the core these phases took individual and separate turns, whereas at the periphery they tended to overlap. By implication, the demand for social democratic reforms by the subordinate classes preceded the accumulation of a substantive material base by the capitalist forces, and this was done against the background of a distinctive and complex class structure<sup>41</sup>.

In the global South, the rise of capitalism also carved the path towards the welfare state. These experiences were marked by cross-class collaborations with the small-holding classes, leading the reform movement in the quest to have universal suffrage extended to the subordinate classes. Concerning the welfare experiences of Mauritius, Chile, Costa Rica and Kerala, Richard Sandbrook *et al* contend that these forms of class compromise yielded social democratic welfare outcomes. It is worth mentioning at this stage that the emergence of social democracy in the large industrialised states in the North and the South did not follow similar historical evolutions. In the former, social democracies followed the admission by the left in the aftermath of WWII that capitalism was not coming to its demise, since all indications were of the rise of private enterprises and the propertied classes instead of a downward trend<sup>42</sup>. Finding a healthy middle ground between the left (organised labour) and the right (private enterprise) defined this compromise, and social democracies were the penultimate. In the South, social forces felt ambivalent about the capitalist-based Establishment being given free reign. In a move to balance the power of the forces of capitalism – and so following in the footsteps of the small industrialised states in the North – cross-class mass movements in the South fought relentlessly to have the tables turned. Some of these welfare states adopted social democratic traditions that were underpinned by universal social entitlements and policies focusing on employment creation<sup>43</sup>.

### **1.5.2. Finding the Puzzle: The Art of Literature on Welfare Policy in the Global South**

Historical conditions are significant to understanding welfare outcomes in various socio-political contexts. They have carved the path on which policies are carried out at each stage of welfare state formation. A large part of the work done by Richard Sandbrook *et al* entails

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<sup>41</sup> *Ibid*, p. 19

<sup>42</sup> *Ibid*, p. 11

<sup>43</sup> Schmidt, Vivien. A, "How, where and when does discourse matter in small state's welfare adjustment?", in *New Political Economy*, Vol. 8, No. 1, 2003, p. 128

creating a linkage between contemporary welfare outcomes and the patterns of historical evolution of those social democracies in the global South, as mentioned in the previous section. I have conceived the inferences reached in the work of Sandbrook *et al* to have been guided by the ideological traditions of the institutional and structuralist perspectives combined, which draw the relationship between historical process tracing and policy choices over time.

Concerning social democracies in the global South, colonialism has had a lasting impact on the welfare trajectories of these countries. What this assertion implies is that history weighs heavily in the emergence of social democracy at the periphery, where conditions generally are not hospitable to the values of democracy and social justice. The end of colonialism was marked by authoritarianism, which disposed of the ideals of social justice to dominate the socio-economic discourse. Be that as it may, colonialism in certain cases did bequeath the legacy of social justice to continue dominating the progressive caucuses. South Africa and Mauritius are amongst those countries in the global South that continue to be characterised by considerable welfare budgets that try to advance the pro-poor agenda. Mauritius remains resolutely a quintessential social democracy, and South Africa a liberal welfare state. Although significantly different in character, both welfare models emulate policies adopted in the North due to their focus on social assistance, which is mainly in the mould of old-age pensions<sup>44</sup>. As a result it is important to unravel the patterns of historical evolution that are responsible for different welfare outcomes in seemingly identical socio-political contexts. Similarly, it is important to scratch beneath the surface of these historical patterns of evolution to account for these variations in welfare frameworks that, nonetheless, exhibit similar outcomes in the social security sector in terms of their unfaltering focus on old-age pensions maintained throughout the course of history.

Just as colonial legacies left an indelible mark on statecraft in the global South, so did the advent of industrialisation on the character of the welfare outcomes that came into being. Liberalisation became the conveyer belt that underpinned most of these nascent industrial societies, and it was so entrenched within the social life that it left scores of the lower classes exposed to a host of social risks without adequate means of averting them. The plight of the poor during the initial stages of industrial take-off was highlighted by the

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<sup>44</sup> Midgely, James.: Social Security, Inequality and the Third World, New York: John Wiley & Sons, 1984, p. 129

working class, who echoed the evocations of their counterparts in the industrialised North in pursuit of a living wage, decent living conditions, health-care benefits, safety and occupational social insurance, to name but a few amenities<sup>45</sup>.

Across the developing world, the choice of welfare policies over time provides strong indications of social forces having intersected the system of economic control in a bid to ensure that the market does not remain out of touch. Indeed, where these structural platforms remain nonexistent for social forces, the system tends to remain obstinately less reformist. The political economies of Latin America and Asia continue to be presided over by a neoliberal system of control that takes umbrage at the social reform agenda<sup>46</sup>. The presence (or absence) of social forces in counterweighing the disproportionate powers of market forces during various phases of economic progress has exposed the vulnerability of the progressive policy agenda in the face of the dominance of global economic capitalism.

While noting the obvious differences in the welfare outcomes of Mauritius and South Africa, *the compelling question relating to the influence of social forces in advancing progressive social reforms has yet to be sufficiently addressed within the institutional and structural configurations shaping them. This debate furthermore needs to be localised within the geopolitical context of the South, in which we can unravel the reasons why these social forces have elicited different welfare outcomes in countries that have similar institutional and structural alignments. Undertaking this task requires that we put the working class in the spotlight in an effort to understand the development and sustenance of different welfare paradigms* (a detailed exposition is provided in Chapter 2). *Responding to this call is especially important, considering the different approaches workers have employed to spur social reforms in the various industrial societies in the South throughout the course of history.* I echo Carles Boix's sentiments that the presence of the working class or centre-left parties does not guarantee social reforms<sup>47</sup>. However, the working class in developing countries plays a significant role in defining the course of social reforms, especially when

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<sup>45</sup> Fuentes, Marta, and Frank, Andre. G, "Ten theses on social movements", in World Development, Vol. 17, No. 2, 1989, p. 180

<sup>46</sup> Rudra, Nita, "Globalization and the decline of the welfare state in less-developed countries", in International Organization, Vol. 56, No. 2, Spring 2002, p. 416

<sup>47</sup> Boix, Carles, "Political parties and the supply side of the economy: The provision of physical and human capital", in American Journal of Political Science, Vol. 41, No. 3, July 1997, p. 819

they do not face draconian labour legislation or give in to the temptation of serving the sectional interests of the élite. Unlike the organised working class, social movements are susceptible to aging and early death, as they are cyclical in nature<sup>48</sup>. A close collaboration between the workers and lower classes can spur a vibrant, progressive social discourse to penetrate the social fabric, thus keeping the centre-left political ruling classes in check. The absence of an inclusive class usually leaves centre-left political parties to their own devices, and they can end up embracing sweeping pro-market causes at the cost of the egalitarian agenda, as happened in Chile<sup>49</sup>, Brazil<sup>50</sup> and India<sup>51</sup>.

To conclude this section, social forces assumed as crucial a role steering developmental trajectories in the South as they did in the North. We certainly can claim that the reason southern countries are more unequal than their industrialised counterparts<sup>52</sup> is due in part to social forces being less widespread and less preponderant in those geopolitical settings. Income inequality is further compounded by the high levels of unemployment, which factor in the aspect of contributory social security coverage. Those in the informal economy are likely to fall into the cracks because of the lack of contributory social security coverage for those in that sector of the economy. According to the International Labour Organisation (ILO), informal employment in the southern countries accounts for 45 to 85 per cent of non-agricultural employment<sup>53</sup>. According to Sandbrook *et al*, only Costa Rica in the whole of Latin America can boast universal social security coverage<sup>54</sup>. Apart from those countries in the Maghreb region, most of Africa has a poor

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<sup>48</sup> Fuentes, Marta, and Frank, Andre. G, *Op. Cit.*, p. 184

<sup>49</sup> Kay, Cristóbal, "Chile's Neoliberal Agrarian Transformation and the Peasantry", in *Journal of Agrarian Change*, Vol. 2, No. 4, October 2002, p. 467

<sup>50</sup> Gwynne, Robert. N, and Kay, Cristóbal, "Views from the periphery: Futures of neoliberalism in Latin America", in *Third World Quarterly*, Vol. 21, No. 1, February 2000, p. 146

<sup>51</sup> Besley, Timothy, and Burgess, Robin, "Land reform, poverty reduction, and growth: Evidence from India", in *Quarterly Journal of Economics*, Vol. 155, No. 2, May 2000, p. 412; Kohli, Atul, "Politics of Economic Growth in India, 1980-2005: Part I: The 1980s", in *Economic & Political Weekly*, Vol. 41, No. 13, April 2006, p. 1252; Kohli, Atul, "Politics of economic growth in India, 1980-2005: Part II: The 1990s and beyond", in *Economic & Political Weekly*, April 8 2006, pp. 1361 – 1370; and Ahluwali, Montek. S, "Economic performance of states in post-reforms period", in *Economic & Political Weekly*, Vol. 35, No. 19, May 2000, p. 1067

<sup>52</sup> Betcherman, Gordon, "An overview of labour markets worldwide: key trends and major policy issues", Social Security Discussion Paper, World Bank, Social Security Unit, Washington D.C, 2002, p. 13

<sup>53</sup> International Labour Organisation (ILO): *Decent Work and the Informal Economy*, Report VI, Geneva: International Labour Organisation, 2002, pp. 16 - 20

<sup>54</sup> Sandbrook, Richard *et al*, *Op. Cit.*, p. 40

record, with many citizens not having access to publicly-funded social security nets<sup>55</sup>. As a result, informal social security arrangements have emerged to compensate for the absence of the government in that regard. Geoffrey Wood and Philippa Bevan attest to this trend by showing that various communities have taken the matter of social (in)security into their own hands by devising a broad range of offerings that encompass, *inter alia*, microfinance and burial schemes<sup>56</sup>. Countries in Southern Africa have set themselves apart in this regard, with Mauritius, South Africa, Namibia, Botswana and Lesotho now dispensing social security to the elderly. The rest of Africa lags behind due to the continent being a nascent democracy with poorly developed civil society. According to Steven Block, democratic experiments on the continent have coincided with neoliberal reforms, which have resulted in the market-based growth approach becoming prioritised more than pro-poor goals<sup>57</sup>. Mauritius's unique universal welfare state, the only longstanding one of its kind on the continent, mirrors the persistent campaigns of social forces to retain the social commitment by the state. The following section provides a review of the literature focusing on Africa, which adds credence to the argument made above.

### 1.5.3. Literature on African welfare generally

Prior to the 1980s, the discourse on the state of social development in Africa was largely absent, as it was overshadowed by the narrative that centred entirely on the politics of independence. According to Thandika Mkandawire, this dearth was compounded by the fact that the notion of development as a whole carried the heavy connotation of 'rights', a luxury new nation states dreaded to embrace so as to avoid overloading the national agenda<sup>58</sup>. Also, this proclivity was fuelled by the fact that, in the post-colonial period,

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<sup>55</sup> Hammouda, Hakim. Ben, "Globalisation and Social Ambivalence in the Maghreb", in Aina , Tade. Akin *et al* (ed): Globalization and Social Policy in Africa, CODESRIA Publication: Dakar, 2004, p. 68

<sup>56</sup> Bevan, Philippa, "The dynamics of Africa's in/security regimes", in Gough, Ian and Wood, Geoffrey (eds): Insecurity and Welfare Regimes in Asia, Africa, and Latin America: Social Policy in Development Contexts, Cambridge University Press: Cambridge, 2004, pp. 202 – 249; Bevan, Philippa, "Conceptualising in/security regimes", in Gough, Ian and Wood, Geoffrey (eds): Insecurity and Welfare Regimes in Asia, Africa, and Latin America: Social Policy in Development Contexts, Cambridge University Press: Cambridge, 2004, pp. 88 – 121; and Wood, Geoffrey, "Informal security regimes: the strength of relations", in Gough, Ian and Wood, Geoffrey (eds): Insecurity and Welfare Regimes in Asia, Africa, and Latin America: Social Policy in Development Contexts, Cambridge University Press: Cambridge, 2004, p. 49

<sup>57</sup> Block, Steven, "Political business cycles, democratization, and economic reform: The case of Africa", Working Paper, Fletcher School, Tufts University, 1999, p. 3

<sup>58</sup> Mkandawire, Thandika, "Social sciences and democracy: debates in Africa", in African Sociological Review, Vol. 3, No. 1, 1999, pp. 20 – 34

research on African politics, and the political economy of Africa as a whole, was inclined to zoom in on the redefinition of the African continent in the wake of independence. This research agenda also included the quest to understand the ripple effects of political emancipation as Africa advanced to assume control over her own affairs with external politico-economic interests<sup>59</sup>. To reinforce the sentiments of Andrew Kirby and Michael Ward, and Cameron Thies, the epithets of African statehood and African statecraft remained elusive, as Africa was still trapped in the early cycles of state creation<sup>60</sup>.

Suffice it to say that the 1980s saw, for the first time in the post-colonial period, research on the African social development agenda reaching its high-water mark. In John Dixon's edited work, the contributors consider the ideological framework underpinning the social welfare systems in Africa<sup>61</sup>. Countries that were under consideration included South Africa, Zimbabwe and Mauritius, for which the historical and socio-political context formed the frames of reference to evaluate the structures and administration of each welfare system. However, no explicit comparisons were made in that respect, as each country was studied individually to draw general conclusions about the welfare systems on the continent.

John Iliffe adopted an explicitly historical approach to account for the prevalence and persistence of poverty in Africa against the background of the structural defects that deprived the indigenes of productive resources and skills<sup>62</sup>. In a direct and sympathetic response to this reality, John Iliffe makes a deliberate attempt to understand the dynamics of poverty and what it means to be poor in Africa. This is done by exposing the various adaptations and mechanisms of survival adopted by different societies in the context in which structural configurations perpetuate non-pro-poor ideals. In this case, John Iliffe notes the persistence of colonial patterns of capitalism in the post-colonial state that

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<sup>59</sup> Jackson, Robert. H, "Quasi-states, dual regimes, and neoclassical theory: International jurisprudence and the Third World", in International Organization, Vol. 41, No. 4, 1987, pp. 519 – 549; Jackson, Robert. H, and Rosberg, Carl. G, "Why Africa's weak states persist: The empirical and the juridical in statehood", in World Politics, Vo. 35, No. 1, 1982, pp. 1 – 24; and

<sup>60</sup> Kirby, Andrew, and Ward, Michael. D, "Modernity and the process of state formation: An examination of 20<sup>th</sup> century Africa", in International Interactions, Vol. 17, No. 1, 1991, pp. 113 – 126; and Thies, Cameron. G, "The Political Economy of State Building in Sub-Saharan Africa", in Journal of Politics, Vol. 69, No. 3, August 2007, pp. 716 – 731

<sup>61</sup> Dixon, John (ed.): Social Welfare in Africa, London and New York: Croom Helm, 1987, pp. 1 – 358

<sup>62</sup> Iliffe, John: The African Poor: A history, Cambridge: Cambridge University Press, 1987



conditioned the new regimes to undervalue the notion of social justice, as did their predecessors in the colonial period.

The lack of explicit comparisons on the welfare front was filled by Thomas Callaghy, who studied the social budgets of selected African countries in the aftermath of structural adjustments that were imposed by international financial institutions. Although drawing general conclusions about the impact of the adjustments on social gains on the continent, Callaghy focused mainly on Zambia, Nigeria and Ghana to fit Joan Nelson's intent of making tentative comparisons to similar experiences in Latin America and Asia in *Economic Crisis and Policy Choice*<sup>63</sup>.

The 1990s saw most research on Africa veering away from the social development agenda. According to Basil Davidson, research on political instability and intra-state conflict on the continent was at the top of the agenda<sup>64</sup>, whereas Nicolas van de Walle reckoned the research enterprise had a predilection for understanding the relationship between governance and the continent's economic prospects<sup>65</sup>. Little attention was paid to social development, as illustrated by Arthur Goldsmith, who also notes the impressive social gains of Mauritius and Botswana attained within the framework of civil rights and a competitive political environment<sup>66</sup>. Indeed, Arthur Goldsmith's focus on the social budgets of the aforementioned countries is an indirect plea for the research agenda to be oriented towards social development, which is echoed throughout his thesis.

The current research on social security measures in Africa, which casts in comparative perspective the continent's performance on the social policy front and that of other developing regions elsewhere, seems to make up for the drought of the 1990s. In her assessment of contemporary Africa's social development landscape, Philippa Bevan bemoans Africa's disdain for the notion of social justice, which is reflected in the general lack of state commitment on the welfare front. She discovered that, compared to her Latin-

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<sup>63</sup> Callaghy, Thomas. M, "Lost Between the State and Market: The Politics of Economic Adjustment in Ghana, Zambia and Nigeria", in Nelson, Joan. M (ed.): *Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World*, Princeton, NJ: Princeton University Press, 1990, pp. 237 – 320

<sup>64</sup> Davidson, David: *The Black Man's Burden: Africa and the Curse of the Nation-State*, New York: Random House, 1992

<sup>65</sup> Van de Walle, Nicolas, "Political liberation and economic policy reform in Africa", in *World Development*, Vol. 22, No. 4, 1994, pp. 483 - 500

<sup>66</sup> Goldsmith, Arthur. A, *Op. Cit.* pp. 520 – 546

American counterparts, Africa seemed to demonstrate quite a strong presence of informal insecurity arrangements that inextricably are linked to a clientelist approach to social security<sup>67</sup>. Not only is the research lacking explicit comparisons between Mauritius and South Africa, it is also reluctant to note the socioeconomic and socio-political factors that mould certain welfare paradigms over time.

Tade Akin Aina *et al* contribute a collection of thoughts on the effects of economic liberalism driven by the globalisation of African public spending and how different states have adopted a wide array of adaptive measures to countervail those effects. They contest that the weakening of power to deliver social welfare in the current form would seem to lead to the understanding that social policy in this era is acquired within a broader 'Pan-African' context<sup>68</sup>. Whilst globalisation and welfare state resilience are the primary focus Tade Akin Aina *et al*'s thesis, it does not acknowledge countries in Africa whose welfare frameworks have shown resilience in the face of global economic pressures that dictate national economies. The exception of Mauritius in this regard would have been given the attention it deserves, not forgetting the unsettled tug of war between socialist ideals and neoliberal economic interests underpinning South Africa's generous, yet less expansive, approach to reforms in the welfare sector. The need to understand the composite factors that account for the welfare approaches of Mauritius and South Africa in the comparative perspective has become ever more apparent. More so, although sharing stark contrasts in approach, it is also important that we understand the reasons why these welfare trajectories have come to be defined by social assistance, and pensions in particular. While noting the variations in approach between the two welfare regimes in South Africa and Mauritius, a study preoccupied with tracing the foundations of the current welfare approach would have unearthed those salient elements that have shaped the current welfare framework and its entanglement with pensions. This study is inspired mainly by the quest to fill this gap within the confines of the convergence of economic and social forces that have a

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<sup>67</sup> Bevan, Philippa, *Op. Cit.* 2004, pp. 202-249; in the same volume, she provides a conceptual introduction to the thesis of insecurity regimes from as a broader concept, see: Bevan, Philippa, *Op. Cit.* 2004, pp. 88-121. *Informal social security arrangements may include community-based saving schemes, burial societies and other systems of mutual support that provide temporal relief at critical times.*

<sup>68</sup> Chachage, Chachage S. L, and Anna-Yo, Elisabeth, "Conclusion – Future Agenda: Beyond Globalisation", in Aina, Tade Akin et. al (eds.): *Globalisation and Social Policy in Africa*", CODESRIA Publication: Dakar, 2004, p. 338

bearing on social reforms over time. The literature survey conducted on South Africa and Mauritius below illustrates this need.

#### **1.5.4. Literature on South Africa**

An understanding of the roots of the current welfare framework in South Africa requires a survey that would help identify the gaps in the literature on this subject. It is clear that an assessment of the works of Frances Lund, Sampie Terreblanche, Servaas van der Berg, Jeremy Seekings and Leila Patel, who have written extensively and most authoritatively on the subject of welfare and welfare state development in South Africa, completes this exercise.

Writing in the period just before democracy, Frances Lund sheds light on the dominance of pensions from a sustainability point of view, thus providing evidence of the growing culture of dependence in rural communities, which she deems to be a concern<sup>69</sup>. Elsewhere, Frances Lund recognises that the growing dependence on pensions has rendered this income safety net an intrinsic part of the nascent welfare framework of post-apartheid South Africa<sup>70</sup>. I hasten to say that there is a need to gain a comprehensive understanding of the foundations that give the current system of ameliorating social risks its meaning. In this respect, Frances Lund recognises that the area of social protection in South Africa, and the field of social security in particular, has yet to “receive sufficient attention”. This awareness calls for a deeper understanding of the “economic and social meaning of the system”<sup>71</sup>. Based on an analysis of Frances Lund’s works, it is clear that the power struggles between the various forces within the socioeconomic landscape have not been given the consideration they deserve.

Leila Patel pondered the kind of social security South Africa should consider implementing when it becomes a democracy. It is in this case that the question of old-age pensions is featured in the analysis in which they are painted as primary buffers against social insecurity for white people and as the *raison d’être* for economic and political

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<sup>69</sup> Lund, Frances, “Welfare under Pressure: Financing South African Social Welfare”, in Transformation, vol. 13, 1990

<sup>70</sup> Lund, Frances, “Understanding South African social security through recent household surveys: new opportunities and continuing gaps”, in Development Southern Africa, vol. 16, no. 1, Autumn 1999, pp. 1 – 13

<sup>71</sup> Lund, Frances, “State social benefits in South Africa”, in International Social Security Review, vol. 46, no. 1, 1993, pp. 5 – 25

stability. Moreover, Leila Patel explicitly casts pensions as instruments that have served the purpose of maintaining white political support<sup>72</sup>. It is clear that attempting a deeper understanding of the social dynamics at play in articulating the basis of state support falls outside the remit of the objectives of her research undertaking. Instead, her work focused mainly on providing the conceptual basis for the social development approach to welfare in South Africa. In her other works, Leila Patel provides an appraisal of the welfare framework in South Africa, with specific reference to policies that were adopted in the wake of democracy and that overhauled the country's approach to tackling the plight of the poor. This shift in approach, she argues, carried far-reaching implications for the broader South African society, financial resources, policy and legislative reforms within the confines of the new constitution and the legislative frameworks in that respect<sup>73</sup>.

According to the work of Sampie Terreblanche, understanding the socioeconomic problems confronting modern-day South Africa requires consciousness of the effect of the politics of race and the dynamics of race relations prior to the dawn of democracy and after 1994. According to Terreblanche's observations, this consciousness is useful in drawing parallels between 'old' and 'new' as they help to shed light on the persistence of social problems in South Africa over time<sup>74</sup>. Implicit in Sampie Terreblanche's work is that, while the political dynamics have changed, poverty and social dislocation persist, and this calls for an understanding of the structural composition of the economy, which is steeped in historical traditions established centuries prior to the advent of democracy. The notion of social security is not a big theme of Terreblanche's thesis, which is about social injustice as a whole. Elsewhere, and more recently, Sampie Terreblanche has bolstered the argument that the economy and the global economic enterprise as a whole continues to call the shots in South Africa<sup>75</sup>. This is a reality he reckons to stifle the state's response to addressing the lack of social equity head-on.

Unlike Terreblanche, Servaas van der Berg assesses the adequacy of social security measures against the background of those provided by the state during the period of

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<sup>72</sup> Patel, Leila: Restructuring Social Welfare: Options for South Africa, Johannesburg: Ravan, 1992

<sup>73</sup> Patel, Leila: Social welfare and social development in South Africa, Cape Town: Oxford University Press, 2005

<sup>74</sup> Terreblanche, Sampie: A History of Inequality in South Africa, 1652 – 2002, Pietermaritzburg: University of Kwa-Zulu Natal Press and KMM Review Publishing, 2002

<sup>75</sup> Terreblanche, Sampie: Lost in transformation: South Africa's search for a new future since 1986, Johannesburg: University of Kwa-Zulu Natal Press and KMM Review Publishing, 2012

apartheid. To this end, Van der Berg makes explicit references to apartheid's methods of provision, as well as inferring that there are traces in the current system of alleviating social risks that resemble the system before the arrival of the democratic dispensation<sup>76</sup>. However, Van der Berg makes no attempt to uncover the forces that drove the system to remain unchanged insofar as the philosophies of social beneficence are concerned. In other words, Van der Berg moots the development prospects for South Africa during the concluding years of minority rule in terms of which he assesses the ability of economic growth to continue serving as the panacea for South Africa's socioeconomic woes<sup>77</sup>. Apart from the economic forces at play, Van der Berg makes no acknowledgement of the broader social context which intersects with the economy and the implications the nature of this intersection has on overall social policy outcomes. Key to Van der Berg's thesis, however, is that policy decisions lie solely within the domain of the economy. As a result, this line of reasoning has closed the debate to gauge policy choices within the context of the power struggles between the two spheres of influence, i.e. the economy and the society. In later work, Van der Berg responds to the question of fiscal incidents by looking exclusively at racial disparities in public expenditure during the apartheid era, which had implications on the shaping of social policy in the period afterwards<sup>78</sup>.

A critical appraisal of some of Jeremy Seekings's works is useful for the purpose of identifying the gaps in the literature with regard to South Africa's welfare trajectory. Jeremy Seekings has probably done the most work on the role of welfare and political legitimacy in South Africa. He has recounted South Africa's socioeconomic scene from a historical perspective. However, unlike Servaas van der Berg and Sampie Terreblanche, Seekings analyses social safety nets as instruments of political expediency that sustained the political dispensation prior to 1994<sup>79</sup>. In an assessment of the current system of social provision,

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<sup>76</sup> Van der Berg, Servaas, "South African Social Security under Apartheid and Beyond", in Development Southern Africa, Vol. 14, No. 4, Dec. 1997, pp. 481 – 503

<sup>77</sup> Van der Berg, Servaas, "Long Term Economic Trends and Development Prospects in South Africa", in African Affairs, Vol. 88, No. 351, Apr 1989, pp. 187 – 203

<sup>78</sup> Van der Berg, Servaas, "Trends in Racial Fiscal Incidence in South Africa", in The South African Journal of Economics, Vol. 69, No. 2, June 2001, pp. 243 – 267

<sup>79</sup> Seekings, Jeremy, "'Not a single white person should be allowed to go under': *Swartgevaar* and the origins of South Africa's welfare state, 1924 – 1929", in Journal of African History, Vol. 48, No.3 , 2007, pp. 375 – 394;

which breaks with the approaches of Van der Berg, Terreblanche and Patel, Seekings gives an account of the power of labour as a catalyst steering South Africa's social development to remain favourable to pro-poor ideals<sup>80</sup>. The analysis centres more on educational outcomes than on the philosophical foundations underpinning the current social wage system. Nevertheless, the dynamics of Seekings's account offers insights into the ever widening gap between the broader society and organised labour in terms of spearheading the social discourse as a collective.

In other works, using South Africa as a case study, Jeremy Seekings, along with Nicoli Nattrass, introduced the concept of "distributional regime" to combine welfare, the labour market and growth path policies to give account of South Africa's current social development sector<sup>81</sup>. The usefulness of Seekings's take on the social wage discourse is strengthened by his comparative approach, which parallels South Africa and her peers elsewhere in the global South. In this instance, he looked at the influence of the industrial working class in the early development stages of welfare systems in Argentina and South Africa during the 1930s<sup>82</sup>, as well as the development of welfare policies since the 1920s. A similar undertaking, informed by similar objectives, is adopted elsewhere to compare South Africa and Brazil, as well as India<sup>83</sup>. However, the debate *also* needs to be brought closer to home by comparing South Africa with an African counterpart whose welfare regime paths can be compared with those of the former. Indeed, in his attempt to explain the different welfare typologies in the global South, Seekings<sup>84</sup> presents the possibility of studying the welfare trajectories of Mauritius and South Africa in comparative perspective, as they are noted to fall in the same development scale.

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and Seekings, Jeremy, "The Carnegie Commission and the backlash against welfare-state building in South Africa, 1931 – 1937", in Journal of Southern African Studies, Vol. 34, No. 3, 2008, pp. 515 – 537

<sup>80</sup> Seekings, Jeremy, "Trade Unions, Social Policy & Class Compromise in post-Apartheid South Africa", in Review of African Political Economy, Vol. 31, No. 100, 2004, pp. 299 – 312

<sup>81</sup> Nattrass, Nicoli, and Seekings, Jeremy: Class, Race and Inequality in South Africa, New Haven and London: Yale University Press, 2005, pp. 1 – 405

<sup>82</sup> Seekings, Jeremy, "Workers and the Beginning of Welfare State-Building in Argentina and South Africa", African Studies, vol. 66, no. 2, 2007, pp. 253-272

<sup>83</sup> Seekings, Jeremy, Op. Cit., 2012, pp. 14 – 34

<sup>84</sup> Seekings, Jeremy, "Welfare Regimes and Redistribution in the South", in Shapiro Ian, Swenson Peter, and Donns, Daniela (eds): Divide and Deal: The Politics of Distribution in Democracies, New York: New York University Press, 2008, pp. 19 – 42

Herein lies the evidence that the task of providing a comprehensive narrative on the evolution of the welfare state in the two countries, and the factors presiding over their individual welfare regimes over time, is not complete. Jeremy Seekings's work offers further glimpses that suggest that the current welfare system in South Africa is conditioned by historical antecedents, which, if compared with the historical trials underlying Mauritius's contemporary welfare outcomes, can add to the discourse on the welfare systems in the global South. Hence, when giving account of the historical roots of South Africa, Jeremy Seekings studies the welfare state against the background of the politics of race that dominated the period of white minority rule. However, Seekings does not make allowance to assess the intersections of capital, labour and the emergence of the welfare state during white minority rule and the period thereafter. Unlike Seekings, what I intend to do in this study is to offer insights into the intersections between state, big capital and organised labour throughout the period of white minority rule, as well as in the period thereafter, in an effort to draw parallels between the structural and institutional configurations underlying the two welfare regimes in question. It would be useful to study the roots of welfare state-building within the aforementioned context, not forgetting the ideologies underpinning these welfare regimes.

### **1.5.5. Literature on Mauritius**

Not much has been written about Mauritius's welfare policy within the context of state legitimisation. The leading voices on the evolution the developmental character of Mauritius's welfare are Sheila Bunwaree<sup>85</sup>, Richard Sandbrook<sup>86</sup> and Larry Willmore<sup>87</sup>. Marianne Ulriksen has recently contributed to the welfare state debate in Mauritius. This is done by attempting to fill the important void in the understanding of the modern welfare state in that country in the era of globalisation and the deepening integration of national

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<sup>85</sup> Bunwaree, Sheila, "Economics, Conflicts and Interculturality in a small island state: The Case of Mauritius", Polis/RCSP/CPSR, Nuréospecial, 2002; Bunwaree, Sheila, "State-Society Relations: Re-engineering the Mauritian Social Contract", Draft Paper, CODESRIA General Assembly Conference, Maputo, December, 2005; Bunwaree, Sheila, "The Ballot and Social Policy in Mauritius", in Bangura, Yusuf (ed.): Democracy and Social Policy: New York, 2007, pp. 219 – 242

<sup>86</sup> Sandbrook, Richard, "Origins of a Democratic Developmental State: Interrogating Mauritius", in Canadian Journal of African Affairs, vol. 39, no. 3, 2005; Sandbrook, Richard, et. al, Op. Cit, 2007

<sup>87</sup> Willmore, Larry, "Universal Pensions in Mauritius: Lessons for the Rest of the Us", United Nations DESA Discussion Paper no. 32, 2003; Willmore, Larry, Universal age pensions in developing countries: The example of Mauritius", in International Social Security Review, vol. 59, no. 4, 2006; Willmore, Larry, Universal Pensions for Developing Countries", in World Development, vol. 35, no. 1, 2007

economies. The works of the aforementioned authors, along with others, will be explored in further detail below.

Sandbrook *et al*<sup>88</sup> and Bunwaree<sup>89</sup> separately give historical and descriptive accounts of old and contemporary welfare state debates on Mauritius from the context of social security measures. Although similar, what distinguishes Bunwaree's works from those of Sandbrook is that the former further explores the role of women in the alleviation of poverty within the broader scheme of the welfare state in Mauritius. The latter rather highlights Mauritius as a candidate for a model of development for her African counterparts.

The works of Bunwaree and Sandbrook should be assessed further in the wake of the need to understand the system of production and distribution in welfare provision, and the structural configurations that have compelled the welfare framework to remain in its current form. Bunwaree did not seek to understand the role of women in the social sector of Mauritius, including their ability to change the levers of power so that they sympathise with the broad spectrum of society. In this instance, questions regarding whether this propensity is a result of Mauritius having a mega civil society that adopts a pluralistic approach could have been addressed. By not recognising these social alignments, Bunwaree makes the *bona fide* mistake of overlooking the roots that encourage women's participation in fulfilling the welfare function. The works of Lange<sup>90</sup> and Mayput<sup>91</sup> attest to the fact that community-based groups, which initially were intended to serve ethno-cultural purposes, were introduced during colonial times to help rural communities in Mauritius to cope with various social challenges, including those speaking to the heart of the social development sector. Women played a pivotal role as supportive pillars that kept these community-based associations alive, and went on to grow into influential entities that tilted the balance of power in the state apparatus of the colonial state to resonate with the broader society.

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<sup>88</sup> Sandbrook, Richard, et.al, Op. Cit, 2007

<sup>89</sup> Bunwaree, Sheila, Op. Cit, 2007, pp. 219 – 242

<sup>90</sup> Lange, Matthew: Lineages of despotism and development; British colonialism and state power, Chicago: Chicago University Press, 2009, pp. 1 – 260

<sup>91</sup> Mayput, V, "Development and Activities of the Arya Samaj Movement in Mauritius, 1900 – 1968", Unpublished BA Thesis: University of Mauritius, p. 25



Sandbrook *et al*, on the other hand, address the universal character of old-age pensions in Mauritius as part of the country's general success on the socioeconomic front. No attempt is made to study pensions as an outstanding feature of Mauritius's welfare framework that warrants dissecting in isolation so as to understand its historical roots, social processes and sequences that played part in their structural makeup. The fact that Mauritius's welfare trajectory is compared with several others means that a detailed historical account of the welfare state, including its entanglement with pensions, falls outside the purview of Sandbrook *et al*'s research objectives. Thus, the research of Sandbrook *et al* pays attention to the contemporary age, although with not-so-detailed references to past dispensations.

If anyone comes close to giving a comprehensive historical account of Mauritius's socially responsive approach to governance, it is Matthew Lange. Lange provides an assessment of the impact of British colonial rule on development outcomes in her former colonies, which is done by way of comparing Mauritius with Guyana, Sierra Leone and Botswana, using statistical analysis alongside in-depth case studies<sup>92</sup>. Central to Lange's argument is that British colonialism in Mauritius created colonial structures of control that served as necessary preconditions for the bureaucratisation of the state and paved a path towards an inclusive approach to governance. The combination of a well-functioning state bureaucracy and inclusiveness became invaluable in generating socially responsive development outcomes. Whilst Lange's work provides a foretaste of the historical circumstances that conditioned the modern-day welfare state in Mauritius, his work is limited by the time period of his analysis, which extends beyond the dispensation of independence. Moreover, the welfare state, let alone pensions, is not the main subject of academic inquiry of Lange's thesis.

Mohipnarain Joynathsing provides an assessment of welfare policies in Mauritius from 1981 to 1985. He posits that the Mauritian welfare state perpetuated inequity rather than equality of opportunity<sup>93</sup>. Similar to Joynathsing's approach, Larry Willmore touches on

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<sup>92</sup> Lange, Matthew, *Op. Cit*, 2009, and Lange, Matthew, "British colonial legacies and political development", in *World Development*, Vol. 32, No. 6, 2004, pp. 905 – 922

<sup>93</sup> Joynathsing, Mohipnarain, "Mauritius", in Dixon, John (ed.): *Social Welfare in Africa*, London: Croom Helm, 1987, pp. 121 – 163

universal non-contributory old-age pensions within the overall welfare design of Mauritius, albeit in the contemporary age<sup>94</sup>. His analyses focus *inter alia* on the sequencing and patterns of distribution of such pensions, and their sustainability, although from the fiscal point of view, rather than exploring the actual societal implications of these forms of pension within the broader context of Mauritius's socio-political milieu. Hence, like Joynathsing, Willmore addresses only one side of the debate and shies away from delving deeper into understanding the structural make-up of Mauritius's welfare framework within the broader context of class-based social politics and the implications for policy outcomes. Indeed, Willmore's shortcomings are compounded by the inhibitions of the scope of the design of his inquiry, which remains conspicuously quantitative in nature. This, as a result, has robbed the researcher of the chance to explore the historical origins of social security in comprehensive detail and the factors that saw the welfare structure being shaped in the manner it was.

Recently, Marianne Ulriksen entered the debate to address the compelling question of welfare state sustainability in Mauritius<sup>95</sup>. Elsewhere, Ulriksen has had an impact on the analysis of the welfare state in Mauritius in winning the battle against poverty in that country in the age of globalisation<sup>96</sup>. In all her narratives on the welfare state, however, Ulriksen has compared Mauritius with Botswana by using the historical comparative approach to demonstrate the path towards welfare state-building, which is combined with statistical analysis to draw deductive inferences<sup>97</sup>. The drawback of Ulriksen's works is that, whilst a comparison is being made between the two cases, the focus is placed on Botswana, whereas Mauritius is used as a peripheral point of reference from which parallels are being drawn. Unlike Matthew Lange's work, which strikes a balance between in-depth historical analysis and regression, the historical comparative approach in Ulriksen's work assumes a marginal function in the analyses, as attention is paid to the statistical use of analyses to

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<sup>94</sup> Willmore, Larry, "Universal age pensions in developing countries: The example of Mauritius", in *International Social Security Review*, Vol. 59, No. 4, 2006, pp. 67 – 89, and Willmore, Larry, "Universal pensions for developing countries", in *World Development*, Vol. 35, No. 1, 2007, pp. 24 – 51

<sup>95</sup> Ulriksen, Marianne. S.: *Politics, Policy, and Poverty in Botswana, Mauritius and other developing countries*, Unpublished PhD Dissertation: Aarhus University, 2009

<sup>96</sup> Ulriksen, Marianne. S, "Social policy development and global financial crisis in the open economies of Botswana and Mauritius", in *Global Social Policy*, Vol. 11, No. 2-3, pp. 194 – 213

<sup>97</sup> Ulriksen, Marianne. S, "Welfare policy expansion in Botswana and Mauritius: Explaining the causes of welfare regime paths", in *Comparative Political Studies*, Vol. 45, No. 2, 2012, pp. 1483 – 1509

draw conclusions. Moreover, safety nets do not form the central theme of Ulriksen's analyses. The next section outlines the comparative historical approach as an anchor helping to unpack an in-depth account of the welfare trajectories of Mauritius and South Africa in historical detail.

### **1.6. Comparative Historical Research**

Comparative historical analysis was used as a tool to unpack the roots of current policy choices and the reasons they have remained inflexible through the ages. Understanding the developmental variations of Mauritius and South Africa, and the historical processes underpinning their policy outcomes, necessitates the use of comparative historical analysis to make detailed and well-informed inferences. Adopting this approach on its own and not using it in tandem with quantitative methods of research corresponds with the focus of this study, which is preoccupied *inter alia* with finding the historical roots of current-day policy outcomes. Therefore, relying on comparative historical analysis is predicated on the reason that it provides an opportunity to delve deep into the socio-political and socioeconomic aspects of the two countries and consequently to unearth similarities and differences playing out within the broader context of welfare state-building.

Current conventional methods of research, which are dominated by standard regression analysis, are unable to fit our ontology and provide an understanding of the world we strive to theorise. The task of unravelling the complex relationship between causal variables has been termed by Peter Hall as ontologies. In Hall's tradition, "[a]n ontology consists of premises about the deep causal structures of the world from which the analysis begins and without which theories about the social world would not make sense"<sup>98</sup>. The reliance on statistical analyses becomes more pronounced as a problem when we seek to unravel complex causal relationships spanning an extensive period of time. Likewise, the situation continues unresolved when one seeks to ascertain path-dependent outcomes<sup>99</sup>. To resolve this problem, comparative historical analysis was relied upon to fill these gaps. Mauritius and South Africa remain societies influenced greatly by colonialism. Colonial

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<sup>98</sup> Hall, Peter. A, "Aligning ontology and methodology in comparative politics", in Mahoney, James and Rueschemeyer, Dietrich (eds): Comparative Historical Analysis in the Social Sciences, Cambridge and New York: Cambridge University Press, 2003, p. 374

<sup>99</sup> Jackson, John. E, "Political Methodology: An Overview", in Goodin, Robert. E, and Klingemann, Hans-Dieter (eds.): A New Handbook of Political Science, New York: Oxford University Press, 1996, pp. 730 - 745

domination altered social formation and spawned social, political and economic consequences that defined approaches to ameliorating social contingencies. And since submission to a foreign political power was characterised by a strong, racially stratified system of control in both countries, we notice the different welfare approaches employed to address social contingencies for the subservient (inferior) and ruling (superior) communities during that era.

Likewise, when we delve deeper into the historical foundations of current welfare methods in South Africa, we are able to recognise that they were moulded from those of old, as is evident in their structural make up and the institutional alignments presiding over them, albeit remaining devoid of racial specifications. Whilst the method of approach may be predominantly unchanged, we are compelled to interrogate the system of economic control that is inextricably intertwined with the sphere of politics and the broader social context. A research approach with a strong historical orientation is indispensable in carrying out research tasks that have a strong historical focus. The strength of this approach cannot be emphasised enough. Hence, it allows for process tracing, thereby creating a platform to pick out patterns that might confirm or discount path-dependent policy outcomes. Thus, the *symmetrical* comparative historical analysis I conducted of the two cases under investigation provided for a detailed examination of the unfolding of social politics and its implications for social policy outcomes in the two cases. Proceeding further, Peter Hall's reference to ontology within the social policy discourse reinforces the comparative historical research approach, which is set on dissecting the welfare state into fine shreds whilst concurrently laying bare the roots of the system that defines it.

According to James Mahoney and Dietrich Rueschemeyer, a comparative historical method is a reliable tool to execute this task. This is because modern social sciences has relied on comparative historical analysis as the preferred means to extract historical parallels of (usually) a small number of cases by articulating the causal sequence over time. Thus it can be argued that the comparative historical research methods are derived from case study research or small-*N* approach, due to their emphasis on tracking the sequential interplay of variables to articulate social phenomena over a defined period of time<sup>100</sup>.

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<sup>100</sup> Gerring, John: Case Study Research: Principles and Practices, Cambridge: Cambridge University Press, 2007, pp. 3 – 33

Secondly, comparative historical analysis has gained favour amongst social scientists for its reliance on systematic and contextualised comparison, albeit that the approach is not unified by one theory or a single method of analysis<sup>101</sup>. Comparative historical research has proven particularly useful to understanding welfare state development in the industrialised world, and how varieties of welfare capitalism came into being<sup>102</sup>. In the same vein, studies on the welfare paradigms in the Third World have also underscored the importance of the comparative historical approach<sup>103</sup>. Hence, Sandbrook *et al* recently produced a study accounting for the social democratic outcomes of Chile, Mauritius, Costa Rica and Kerala from a historical perspective, without which we would not have the knowledge of differences in class compromises struck between capital and the mass movement in both the First and the Third World, and the implications for future welfare outcomes within those geopolitical settings. Comparing South Africa to Mauritius draws on this logic. By giving an in-depth account of current welfare policy frameworks and their proclivity to make unequivocal references to welfare policy choices of old, we then can fathom variations in the initial structural conditions that propelled the intersection of social and economic forces and how, in the end, this convergence created dissimilar welfare regimes. According to John Jackson's observations, statistical tools remain grossly inadequate to making causal inferences that deepen our understanding of path-dependent trajectories<sup>104</sup>.

Because of the nature of the comparative historical method, which relies on historical conditions to help theorise the world, one would be forgiven for confusing it with historical institutionalism or historical sociology. For instance, historical sociology entails comparative historical analysis; however, it includes interpretive and post-modern tools that remain alien to this tradition. Historical institutionalism, on the other hand, is seldom engaged in systematic comparisons. What makes comparative historical analysis a standalone approach is the tendency to undertake an in-depth study of large-scale

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<sup>101</sup> Mahoney, James and Rueschemeyer, Dietrich, "Comparative historical analysis: achievements and agendas", in Mahoney, James, and Rueschemeyer, Dietrich (eds.): Comparative Historical Analysis in the social sciences, Cambridge: Cambridge University Press, 2003, p. 3

<sup>102</sup> See: Esping-Andersen, Gosta, Op. Cit, 1990

<sup>103</sup> See: Shapiro, Ian, Swenson, Peter, and Donno, Daniela (eds.): Divide and Deal: The Politics of Distribution in Democracies, New York: New York University Press, 2008, pp. 1 – 370, Gerring, John, Kingston, Peter, and Sinha, Aseema, "Democracy, history, and economic performance: A case-study approach", in World Development, Vol. 39, No. 10, 2011, pp. 1735 – 1748

<sup>104</sup> Jackson, John. E, "Political methodology: An overview", in Goodin, Robin. E, and Klingemann, Hans-Dieter (eds.): A new handbook of political science, New York: Oxford University Press, 1996, pp. 730 - 745

processes through noticing the temporal sequence as well as the evolutionary trends taking place within the social, political and economic milieus<sup>105</sup>. Due to its sequential approach, comparative historical method opens dialogue to engage with theory and evidence, which is a rare practice in quantitative social research<sup>106</sup>. The task of testing or adding new insights to theory using two or more cases would be inadequately executed if the comparative historical approach is not added to the analysis.

Indeed, the use of the comparative historical method must correspond with the theoretical prose of the proposed study if deepened theoretical insights are to be derived from the deductive inferences being made<sup>107</sup>. Hence, the reliance on the structuralist and institutionalist approaches in this study facilitated the core function of the comparative historical method when undertaking social science research, which is to help reveal the historical roots of the world we have come to know. Both the institutionalist and structuralist approach assume the indispensable role of studying processes of social change over time within the broader scheme of welfare state-building. These theories expose the contestations between various class forces due to contradictions in the structural makeup of the economy and the effect these clashes may have on the redefinition of institutional arrangements. What is more, both the institutionalist and structuralist theories have been tried and tested and they have been deemed reliable in helping deepen our understanding of welfare state-building, both at the core and on the periphery. Esping Andersen's groundbreaking work on the various forms of welfare capitalism in industrialised countries was predicated on the theoretical expositions of the institutionalist and structuralist theories combined<sup>108</sup>. Richard Sandbrook *et al* have since followed suit as they unravelled the structural requisites that propelled social democratic outcomes in countries spanning various regions of the developing world<sup>109</sup>. As this study embarked on a similar journey, albeit with the focus on Mauritius and South Africa, comparative historical analysis served as the engine that set the wheels of analysis in motion with the structuralist/institutionalist approach serving as its driver.

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<sup>105</sup> Mahoney, James and Rueschemeyer, Dietrich, Op. Cit, p. 6

<sup>106</sup> Ibid, p. 13

<sup>107</sup> Loc cit

<sup>108</sup> Esping-Andersen, Gosta, Op. Cit, pp. 14 - 15

<sup>109</sup> Sandbrook, Richard, Edelman, Heller, Patrick, and Teichman, Judith, Op. Cit, pp. 1 - 232

## 1.7. Research Design

This study was a response to the need to understand the reasons why the current welfare outcomes in Mauritius and South Africa have remained resolutely unchanged since their inception in an effort to unpack variations in policy outcomes over time. It is an *explanatory study* intended to travel far back in time to uncover the differences in social processes that have had a conditioning effect on the divergent approaches that emerged on social policy platforms. To this end I relied on qualitative research methods to make sense of the interplay of variables in a bid to unravel the sequence of events that prompted the programmatic approach towards mitigating socioeconomic risks. In essence, if the rise of social forces (challenging the *status quo*) served as the nodal points that unleashed more socially responsive paradigms, how significant was the role that they played and how much of what has come to characterise these contrasting welfare outcomes can be pinned to the activities of these social forces.

The above propositions form the basis for the quest to understand the reasons for the rise of different welfare regimes in Mauritius and South Africa. Whilst South Africa's conservative welfare framework is at odds with Mauritius's comprehensive social democratic welfare state, I contend that differences in the quality of the mass movement in these countries played an imperative role in shaping the different welfare policies that emerged. A study of this kind, seeking to draw parallels between current and old welfare policies, and the role of social forces in this regard, no doubt can benefit immeasurably from qualitative methods of analysis. According to Henry Brady, qualitative research remains "the basic building block of any approach to measurement"<sup>110</sup>, as it addresses substantive questions of interest<sup>111</sup>. Comparative works tend to move from research topics to specific propositions. For this to occur they require the adoption of a procedure that provides guidance for making a set of hypotheses constituting testable theories<sup>112</sup>. Qualitative research methods are more capable of appreciating the complexity of causal relations than their quantitative counterparts, and therefore are better positioned to make modifications

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<sup>110</sup> Brady, Henry. E, "Doing good and doing better: How far does the quantitative template get us?", in Brady, Henry. E, and Collier, David (eds.): *Rethinking social inquiry: Diverse tools, shared standards*, Lanham, MD: Rowman & Littlefield, 2004, p. 63

<sup>111</sup> Mahoney, James, "Qualitative Methodology and Comparative Politics", in *Comparative Political Studies*, Vol. 40, No. 2, 2007, p. 123

<sup>112</sup> *Ibid.*, p. 124

to causal theories<sup>113</sup>. Nevertheless, I wish to make no claims about which method of analysis is superior and, by implication, the (in)fallibility of the findings derived from either method thereof. Both types of research make a commitment to causal analysis and are inclined to the systematic use of evidence to back up claims as per the objectives of the research<sup>114</sup>. Each social inquiry is different and commands the use of methods of analysis that respond compatibly to the objectives of the study and the universe within which the researcher seeks to make sense of empirical findings<sup>115</sup>. Of paramount importance within the greater scheme of scientific inquiry is that, regardless of the choice of approach, good social science must “recognise the strengths and weaknesses of different combinations”<sup>116</sup>. The following section outlines the process-tracing approach as tool to fulfil, in this case, the objectives of comparative historical research of proving path dependence insofar as policy outcomes have remained over time.

### **1.7.1. Path Dependence and Process Tracing in Comparative Research**

The notion of path dependence purports that current policy choices are predetermined by those of old. For the purposes of this research, process tracing was an essentially invaluable exercise to unearth the intricate workings that informed path-dependent welfare trajectories. Certainly, by observing causal processes, process tracing helps to uncover the foundations of present-day development outcomes. This tool also helps to identify moments of critical juncture and ascertain their implications over the course of history<sup>117</sup>, especially in cross-case comparisons in which unearthing parallels in the development pathways of cases is the primary aim. In understanding the welfare trajectories of Mauritius and South Africa, process tracing thus offered a chance to provide evidence of path dependence in South Africa and Mauritius and consequently address previously unsubstantiated claims<sup>118</sup>. In this regard, Figure 1.1 and 1.2 provide the causal relationship of variables as evidence of the deep historical roots underpinning welfare policy choices in

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<sup>113</sup> *Ibid*, p. 124

<sup>114</sup> Goertz, Gary, *Op. Cit*, 2006, p. 223

<sup>115</sup> Gerring, John, *Op. Cit*, 2007, p. 50

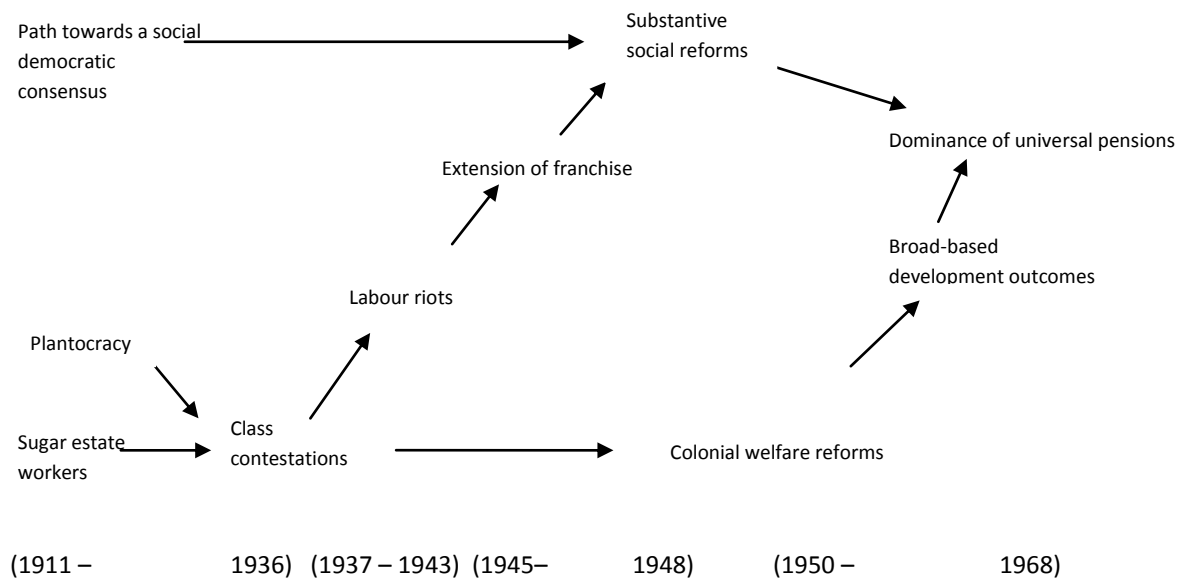
<sup>116</sup> Collier, David., Brady, Henry. E, and Seawright, Jason, “Sources of Leverage in Causal Inferences: Toward an Alternative View of Methodology”, in Brady, Henry. E, and Collier, David (eds): *Rethinking Social Inquiry: Diverse Tools, Shared Standards*, Oxford: Rowman & Littlefield Publishers, 2004, p. 226

<sup>117</sup> Bennett, Andrew, and Elman, Colin, “Qualitative research: recent developments in case study methods”, in *Annual Review of Political Science*, Vol. 9, 2006, p. 455

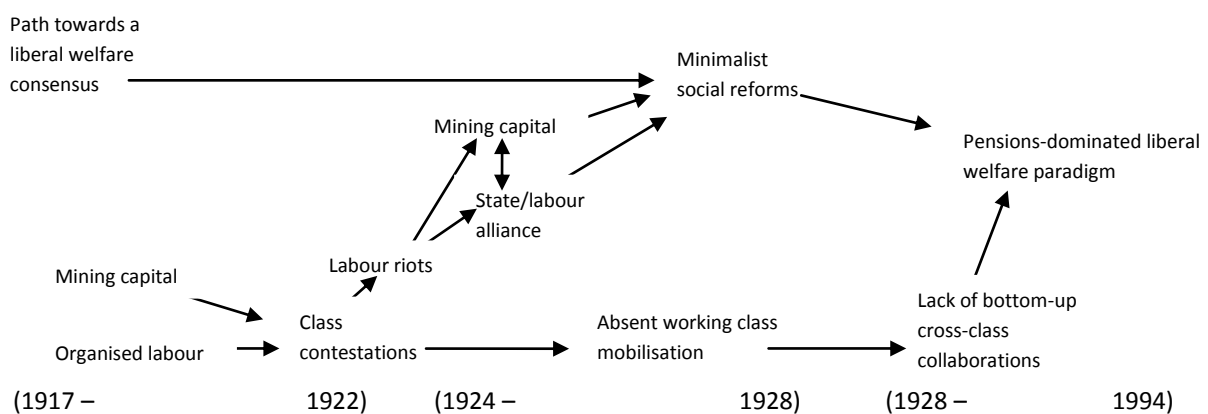
<sup>118</sup> *Ibid*, p. 460



Mauritius and South Africa. They also help to identify the critical junctures that propelled power configurations between the classes and consequently had a bearing on the institutional framework for the notion of social responsiveness.



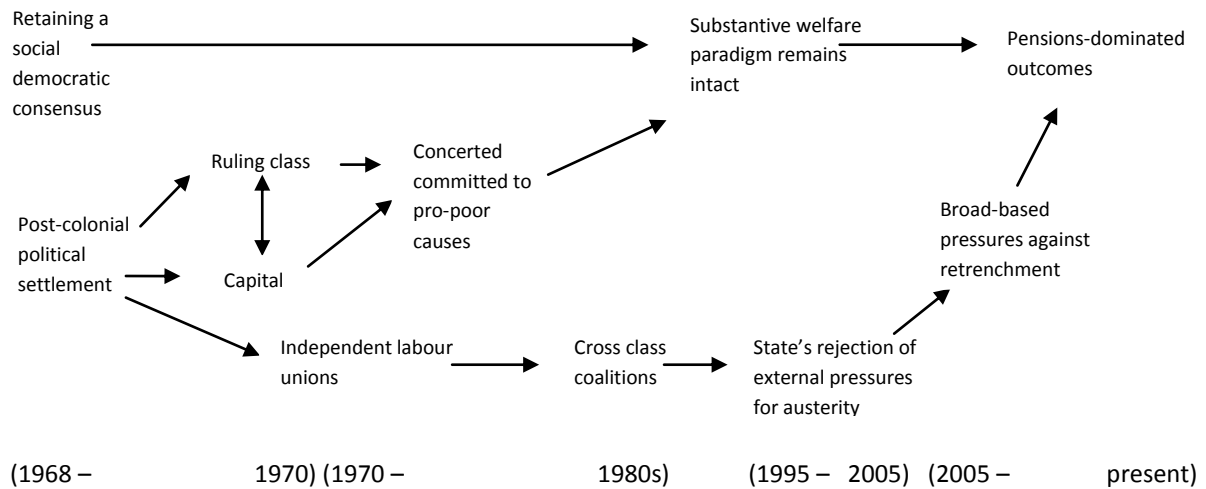
**FIGURE 1.1: CAUSAL CHAIN ILLUSTRATING THE BUILDING OF A SOCIAL DEMOCRATIC WELFARE CONSENSUS IN COLONIAL MAURITIUS**



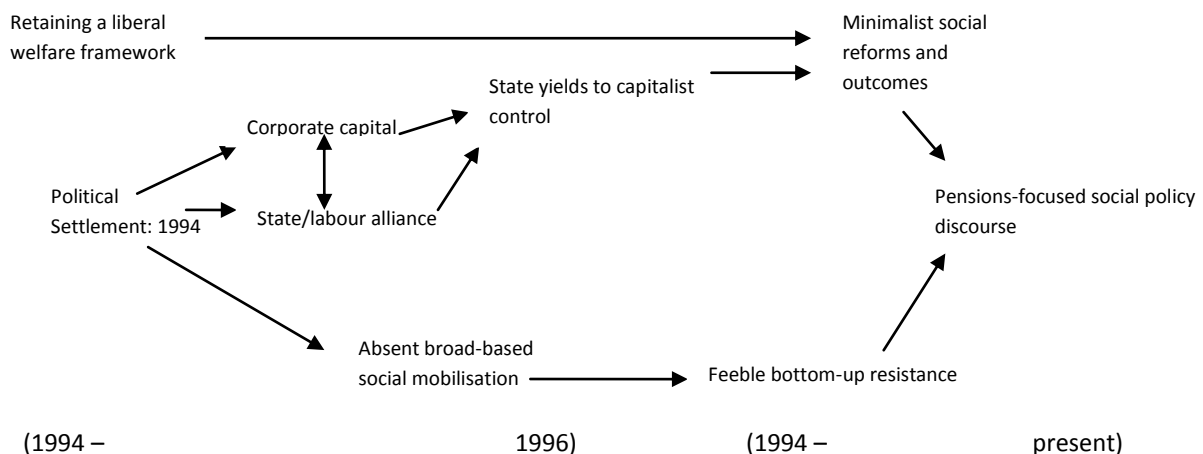
**FIGURE 1.2: CAUSAL CHAIN ILLUSTRATING THE BUILDING OF A LIBERAL WELFARE CONSENSUS IN WHITE SOUTH AFRICA**

Figure 1.3 and 1.4 similarly illustrate continuity in policy choices in Mauritius and South Africa even after the end of the colonial control. The illustrations also prove that regime change had no significant bearing on the shaping of the sort of welfare outcomes that prevailed. Instead, the continuity of power relations between the various classes after colonialism, and the contestations that characterised their coexistence, continued to condition the welfare paradigms to remain devoted to their traditional ways. The inability of

the subordinate classes to change the levers of power in post-apartheid South Africa elicited minimalist social reforms relative to Mauritius, where the rise of the working class to political prominence paved the way for social democratic outcomes to take precedence.



**FIGURE 1.3: CAUSAL CHAIN ILLUSTRATING THE BUILDING OF A SOCIAL DEMOCRATIC WELFARE CONSENSUS IN POST-COLONIAL MAURITIUS**



**FIGURE 1.4: CAUSAL CHAIN ILLUSTRATING THE BUILDING OF A DEVELOPMENTAL WELFARE CONSENSUS IN POST-APARTHEID SOUTH AFRICA**

In more explicit terms, welfare state development in South Africa and Mauritius, both in the colonial and post-colonial period, followed the following causal sequence: In colonial South Africa, the advent of industrialisation precipitated a radical industrial action by the working classes in the mines, who pressed for state-funded programmes to alleviate the plight of the workers. However, the working class then became co-opted into the state-apparatus, which had a knock-on effect of reduced industrial action within the labour sector. Compounded by the inability of labour to forge strong societal ties across the class

spectrum, less comprehensive welfare outcomes, predicated on liberal principles of minimalist state intervention, followed. On the other hand, in colonial Mauritius, the working class called for improvement in the working and living conditions, as well as increment for workers' pay in the agricultural sector. These calls were made alongside those which called for extension of the franchise to erstwhile excluded members of society. Because workers forged strong ties with the broader society, upon extension of the franchise, a centre left government was voted into power to replace that of the colonial administrators. . This new government enacted legislation that made publicly-funded social provision to mitigate the plight of the suffering a state responsibility.

The causal sequence that retained expansive social reforms in post-colonial Mauritius follows a similar path to that which was paved during the colonial era. Workers had the uncanny ability to resist state-co-option, which enabled them to cultivate strong societal relations transcending social class divisions. Workers remained in the forefront of the welfare state discourse, and the society was able to rally behind them in their defence to retain the social democratic welfare consensus. In contrast, welfare state-building in post-colonial South Africa follows a similar causal sequence as that of the period before independence. Workers became co-opted into the echelons of political power, and consequently, they elected to eschew forging a social alliance that cuts across class with the broader society. This resulted in the inevitable outcome of the state not enacting legislation that champions with expansive social reforms.

### **1.7.2. Data Collection and Interview Processes**

Primary and secondary data combined served as the basis for the inferences made in this study. I relied on face-to-face interviews and archival work to gain a deeper understanding of the cases and weigh historical explanations of causal relations contained in archival material against explanations offered by the respondents and the literature written on the cases in question. I conducted archival work at the National Library of Parliament in Mauritius, which is situated in the capital, Port Louis, where I also had privileged access to primary documents and government reports. Other archival research was conducted at the Africana section of the Stellenbosch University's main library, the J.S. Gericke Library, in an effort to find the historical roots of modern-day South Africa. Indeed, the use of primary data is deemed indispensable for unleashing new insights in qualitative work. George

Alexander and Andrew Bennett assert that “unless statistical researchers do their own archival work, interviews, or face-to-face surveys with open-ended questions in order to measure the values of the variables in their model, they have no unproblematic inductive means of identifying left-out variables”<sup>119</sup>. Face-to-face interviews have been deemed more important than methods of primary data collection like questionnaires. Hence, according to Derica Lambrechts, the chances of respondents disclosing more information are greater in interviews than in questionnaires<sup>120</sup>.

A total of 21 respondents were interviewed, and they comprised senior representatives of the major political parties in Mauritius, non-governmental organisations, private sector, civil society and intergovernmental organisations, and senior government officials. In Mauritius, respondents were interviewed in separate locations within the vicinity of Mauritius’s capital, Port Louis, as well as in Ébène City, which is located 15 km (nine miles) south of the capital. In the case of South Africa, the respondents were spread across the big cities, although the majority of them were located in the capital, Pretoria, and in Johannesburg, which is located 53 km (33 miles) south of the capital.

Mauritius is a bilingual society with English used as the language of administration, whereas French remains the island’s social *lingua franca*<sup>121</sup>. At first I harboured concerns that the respondents might not be comfortable participating in English, which would call for translation services. However, all the respondents indicated beforehand that such services would not be necessary and that they were comfortable to proceed as planned. On the other hand, South Africa boasts a multiplicity of eleven official languages, out of which Afrikaans and English serve as the medium of instruction. However, all my respondents, including the Afrikaans speakers, possessed a satisfactory command of the English language to sustain a conversation. It is also important to mention that the rights of the respondents to remain anonymous or be disclosed were noted in writing before the commencement of

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<sup>119</sup> George, Alexander. L, and Bennett, Andrew.: Case studies and theory development in the social sciences, Cambridge, MA: MIT Press, 2005, p. 21

<sup>120</sup> Lambrechts, Derica, “Doing research on sensitive topics in political science: studying organised criminal groups in Cape Town”, in Politikon, Vol. 41, No. 2, 2014, p. 8

<sup>121</sup> Miles, William. F. S, “The politics of language equilibrium in a multilingual society: Mauritius”, in Comparative Politics, Vol. 32, No. 2, 2000, pp. 215 - 230

each interview. Apart from being an ethical question, the option of anonymity on the consent forms fostered the spirit of trust between the interviewer and the interviewee.

Getting insights and views from different stakeholders was important for the subject of welfare state-building, which forms the key preoccupation of this research. The reason I deemed this approach worth employing is precisely due to the welfare state, in the case of Mauritius for example, having its roots embedded in a mega social pact that entails the state, labour, capital and society, as opposed to a traditional and more exclusive one comprising the state, capital and labour alone. Moreover, the social budget in Mauritius is never approved without the input of society through civic organisations. The all-inclusive approach employed in Mauritius to inform policy stretches back to colonial times and continues to reverberate today, which accounts for why Mauritius is able to remain beholden to a social democratic ethos. Conversely, South Africa's social pact has yet to jump out of the traditional corporatist arrangement that excludes role players other than the state, organised labour and the private sector. The non-inclusive approach within policy-making circles in South Africa has been mooted as the cause for South Africa's propensity for social protest, as well as the reason civil society has a preference for legal recourse as a means to compel the state to carry out its social mandate. Not seeking inputs from the abovementioned variety of stakeholders to provide insights would have served to blight efforts to capture the attitude and extent to which the broader consultative network influences policy outcomes on a sectoral level, which is rarely covered in most works tackling the subject under consideration.

I should mention, however, that the interviews did not comprise the most essential component of this study, as they had no bearing on the credibility of this research as well as on the validity of the findings. Instead, the interviews served only as supplementary tools to help comprehend the narrative on South Africa and Mauritius's socioeconomic progress and what those stakeholders perceived as the right path to pursue in both the mainstream and on the sidelines of policymaking. Including interviews in the analysis, albeit in a marginal form, served to triangulate this study in an effort to cross-check and validate the results from multiple sources. According to Babbie and Mouton, triangulation of data makes for a very important qualitative research technique as it serves to "enhance validity and

reliability” of research<sup>122</sup>. Hence, from these interviews I was enabled to judge the insights of different stakeholders against the current welfare framework and eventually integrated these perceptions as nuances informing the broader understanding of Mauritius and South Africa’s welfare trajectories. Even though there was no shortage of literature that accounted for South Africa’s socioeconomic progress, with a great level of detail relative to that of Mauritius, it was imperative that interviews be conducted in both cases and that they were approached with the same level of seriousness that a study of this nature requires. This is because it is important that I make my own extractions as a researcher and fill the gaps that have been left vacant by experts in the field.

The interviews were enhanced by my personal observations of the socio-political and socioeconomic environment during my stay in the two countries in the course of my research. The observations were made from these experiences, and they proved invaluable in relaying a firsthand narrative beyond the confines of the literature so that I may have a more informed engagement with my respondents. This exercise – although assuming an understated role in the production of knowledge – also played a crucial role in enabling me to make direct interpretations of the subject under consideration with the hindsight of scientifically proven findings by experts in this area of research. Observations certainly play an important role, adding to the quality of research in disciplines like Political Science, as the researcher may want to gain a deeper understanding of the subject matter under consideration. The next section outlines the sectoral profiles of stakeholders that made up the interview component in this research.

### **1.7.3. Stakeholder Interviews**

Different types of stakeholders were interviewed to shed light on the topic under consideration. These comprised representatives of the main political parties in Mauritius and South Africa, civil society and non-governmental organisations, the private sector, and government officials. Their importance in helping to unravel the policy discourse on the subject of welfare state-building in the two countries is outlined in the justifications below:

#### *Political Parties*

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<sup>122</sup> Babbie, Earl. R, and Mouton, Johann: The practice of social research, Cape Town: Oxford University Press, 2001, p. 175

Mauritius is a multiparty democratic system that boasts a myriad of parties that compete in the general elections, which are held every five years. However, because Mauritius has at least 70 political parties that take part in the national elections<sup>123</sup>, I chose to focus mainly on the four major ones, as it was only practical to focus on a few. Representatives that were interviewed belonged to the following parties: Mauritian Militant Movement (MMM), Mauritius Labour Party (MLP), Militant Socialist Movement (MSM) and Mauritian Social Democratic Party (PMSD). For South Africa, representatives of the two main political parties, the Democratic Alliance (DA) and the African National Congress (ANC), were interviewed. Whilst South Africa has a multiplicity of political parties, it is the ANC and the DA that have dominated the political scene and whose ideological stances have been at the forefront of the policy discourse.

#### *Civil Society and Non-governmental Organisations*

Mauritius has a high non-governmental organisation per capita ratio, with over 5 000 NGOs registered to date<sup>124</sup>. These NGOs are represented by an umbrella body, the Mauritius Council of Social Services (MACOSS), which is called annually to make inputs on the social budget. The existence of such a vibrant civil society has added to the vitality of the country's democracy, whilst strengthening its social democratic character over time. Interviews were conducted with NGOs so as to better understand the role of civil society in that regard. In South Africa, a representative of the Social Justice Coalition (SJC), an umbrella body representing the social movements that are at the forefront of health and education activism, was interviewed. In the labour sector, representatives from COSATU-affiliated unions, including the National Union of Mineworkers (NUM), were interviewed. Academics from some of South Africa's universities formed part of the interviews.

#### *Private Sector*

The role of the private sector has directly and indirectly played an important role in shaping welfare outcomes in South Africa and Mauritius. This is because getting the consensus of

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<sup>123</sup> Darga, Amedee, "Electoral update 2005: Mauritius", Electoral Institute of Southern Africa, No. 2 & 3, available at: [https://eisa.org.za/PDF/eu2005502\\_03mu.pdf](https://eisa.org.za/PDF/eu2005502_03mu.pdf), 16 September 2005, Accessed: 27 July 2009, p. 2

<sup>124</sup> Sandbrook, Richard, "Origins of the Democratic Developmental State: Interrogating Mauritius", in *Canadian Journal of African Studies*, Vol. 39, No. 3, 2005, p. 547

the business community has been imperative in the quest to achieve substantial social equity. Employer federations in Mauritius participated in the interviews to get the views of business and their experience in working with government towards achieving this cause. For South Africa, these insights were offered by big business such as Barloworld Limited. Although not representative of the views of the business community as a whole, the views shared by the aforementioned research subject offered hints about big capital's approach in helping to avert social contingencies in South Africa, as well as the philosophies underpinning their approach.

### *Government Officials*

Government officials execute their administrative tasks based on the policy prescripts of the political party/parties in power. All officials interviewed were senior in rank and they stemmed from various government departments that have a welfare mandate or whose functions have a particular bearing on social policy outcomes. In Mauritius, the respondents represented departments such as the Ministry of Social Security, National Solidarity and Reforms Institutions, and the Ministry of Finance and Economic Development, among others. In South Africa, senior officials of the National Planning Commission and the Department of Performance Monitoring and Evaluation, both located in The Presidency, were interviewed.

#### **1.7.4. Mauritius and South Africa as Comparative Cases**

Qualitative research is often criticised for selecting cases on the basis of the similarity of the dependent variables. King, Keohane and Verba (KKV) are at the forefront of this movement and they contend that selecting cases in which the results are already known has made qualitative work prone to research bias<sup>125</sup>. By implication, at the heart of KKV's criticism is that small-*N* research falls short because it does not study a full range of variations of the variables relative to large-*N* studies. Geddes has since entered the fray, arguing that the research bias marring qualitative research can be avoided if the cases are selected based on the independent variable<sup>126</sup> to avoid overvaluing the dependent variable. This study notes

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<sup>125</sup> King, Gert, Keohane, Robert. O, and Verba, Sidney: Designing social inquiry: Scientific inference in qualitative research, Princeton, NJ: Princeton University Press, 1994, pp. 139, 126, & 129

<sup>126</sup> Geddes, Barbara: Paradigms and sand castles: theory building and research design in comparative politics, Ann Arbor: University of Michigan Press, 2003, p. 87



the co-variation of both the independent and dependent variables in a bid not to truncate case selection. This study is furthermore not aimed at making generalisations; instead, its intention was to add to theory. Moreover, given the fact that this study leans towards process tracing or causal process observations and not intuitive regression, it lends itself to be less susceptible to selection bias.

Both Mauritius and South Africa's inclination to commit to broad-based development is compelling and worth investigating especially on a continent still known to be in the backwaters of advancing the notion of social justice. The two cases have dissimilar developmental outcomes, with one demonstrating better commitment to the social cause than the other. Indeed, it is precisely the variations shown in developmental outcomes that make for a compelling study. According to Collier *et al*, instances like these present the researcher with a "better opportunity to gain detailed knowledge of the phenomenon under investigation"<sup>127</sup>. Moreover, due to the study's historical approach there is only a minimal chance of selection bias. According to Andrew Bennett and Colin Elman, inferences drawn from within-case process tracing or causal process observations are good for avoiding selection bias relative to cases in which intuitive regression was depended upon<sup>128</sup>.

However, behind the intrigue that adorns the differences in policy outcomes in the two countries are the similar historical preconditions that weigh heavily on the developmental pathways that evolved over time. Indeed, the significance of historical antecedents underpinned the undertaking of this study. This historical hold inadvertently shaped social assistance, particularly non-contributory old-age pension policy. It is for this reason that this study has opted to compare Mauritius and South Africa over relatively new entrants to the social security scene, such as Botswana, Lesotho and Namibia, which offer universal old-age pensions similar to that of Mauritius<sup>129</sup>.

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<sup>127</sup> Collier, David, Mahoney, James, and Seawright, Jason, "Claiming too much: warnings about selection bias", in Brady, Henry. E, and Collier, David (eds.): Rethinking social inquiry: diverse tools, shared standards, Lahman: Rowman and Littlefield, 2004, p. 87; and Collier, David, and Mahoney, James, "Insights and pitfalls: Selections bias in qualitative research", in World Politics, Vol. 49, No. 1, 1996, pp. 56 - 91

<sup>128</sup> Bennett, Andrew, and Elman, Colin, Op. Cit, p. 461

<sup>129</sup> Pelham, Larissa, "The Politics behind the non-contributory old-age social pensions in Lesotho, Namibia and South Africa", in Poverty Research Centre, International Bank for Reconstruction and Development/World Bank, CPRC Working Paper no. 83, June 2007, Accessed: 07 March 2010, Available at: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1653353##](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1653353##), Accessed: 27 May 2010

Hence, these new entrants share neither historical circumstances nor longstanding welfare traditions similar to those of Mauritius to offer compelling cases from which to draw insights, as would the comparison between South Africa and Mauritius. Indeed, the work of Sandbrook, Edelman, Heller and Teichman on the development of social democracy in the global South reaffirms the need to bring historical circumstances and their impact on future policy choices back into the debate. They show how policy choices of old had a conditioning effect on current *structural properties* of capitalism, the *configurations* of social actors, and the *critical junctures* that shaped the ideological orientations of political parties. This study thus intends to follow in the footsteps of Sandbrook *et al* as a pathfinder to achieving similar research objectives by way of comparing South Africa and Mauritius.

While historical circumstances and longstanding welfare traditions may cast Mauritius and South Africa as comparable cases over the abovementioned potential cases, concerns relating to stark contrasts in *inter alia* population size, wealth and resource abundance, and social expenditure can make one question the comparability of the two cases. Even though I recognise the importance of these factors, the comparison of Mauritius and South Africa, and the concerns expressed thereon, they are downplayed by the fact that this study is underpinned by the quest to discover the embedded reasons that played a role shaping the different welfare trajectories.

The welfare trajectories of the two countries have been distinctively marked by the dominance of old age pensions within their policy frameworks since their inception. Just like with most welfare states, which commenced on social assistance, usually in the form of old age pensions, South Africa and Mauritius experienced a similar historical fate. The peculiarity of the two cases, however, is highlighted by the relentlessness of these forms of social grants, and the pre-eminence they wield within their respective socio-political environments. In Mauritius, universal pensions, which account for the lion's share of the social grants expenditure, remain the pride of that country's social democratic welfare approach. Although it did not initially begin with the universal approach, the ultimate universalisation of pensions served as glue that created an inseparable bond between the indiscriminate nature of the welfare regime and the pro-reforms social fabric.

At first glance, South Africa's targeted old age pension scheme may seem not at odds with the entire welfare regime, which has shown indifference towards the all-encompassing, pro-poor social reforms. Hence, the social grants system, which is dominated by the generous pension scheme, is worlds apart from the less expansive nature of the welfare regime that seeks to keep state expenditure at a bare minimum. From the comparison of the two cases, it means that the harmony between the old age pension scheme and the universal welfare regime in Mauritius is reflective of the efficacy of society that is uncompromisingly at the forefront of the pro-poor social discourse. In South Africa, on the other hand, the generosity of the pension scheme, which accounts for a disproportionate share as a percentage of social security spending for all the social grants being dispersed by the state, is indicative of a perpetual disconnect and passive societal synergies besetting the welfare regime to remain in its current, minimalist form.

In light of the foregoing social dynamics underlying different welfare trajectories in the South, this study tests the limits of a socially-progressive polity in safeguarding structural and institutional make-up of specific welfare regimes. Likewise, this study tests the extent to which social polities can serve as agents that push the boundaries of social provision to unleash a new, socially-driven approach.

However, this comparative approach has also been informed by considerations relating to both similarities and differences between the two cases. In terms of similarities:

1. *Democratic political culture*: both countries have progressed into vibrant democracies in which political dissent is embedded in their democratic trajectories. The maturity of Mauritius and South Africa's democratic cultures has allowed room for various stakeholders (like civil society) to make continuous pleas for social and economic change. Consequently, both countries have been allowed to erect socially responsive economies in which the government is able to pursue rigorous social goals in tandem with their economic counterparts. The effectiveness of the social forces in getting the ruling classes to prioritise the cause of social justice depends on how the democratic space is utilised.
2. *Labour*: labour sits at the heart of the welfare paths of both South Africa and Mauritius. It is as a result of the class conflict that the foundations for welfare in the

two countries were laid in the first place. It is due to the noticeable presence of organised labour in their respective developmental experiences, enabled by labour market institutions, that the notion of social justice in all its facets continues to have a high currency in the policy discourse.

3. *Multi-ethnic society*: the demographics of Mauritius and South Africa display rich cases of multi-racial and multi-ethnic societies that were once subject to structurally rooted inequalities based on either race or caste. In Mauritius, the Franco-Mauritians, Indo-Mauritians and Sino-Mauritians are the epitome of economic success, whilst their Creole counterparts remain at the bottom of the economic ranks. This is similar to the case in South Africa, where the legacy of historical circumstances continues to be a determinant of access to opportunity. The efficacy of social forces in this case is also contingent on their mobilisation strength to transcend these racial boundaries, which share overlaps with class.
4. *Orientation of the economy*: the economies of both Mauritius and South Africa are ruled by market forces. Since 1996, South Africa has passed successive economic policies that have put the government at loggerheads with the left as a result of leaning more towards the neoliberal camp. Likewise, Mauritius is regularly touted by international financial institutions (IFIs) as the most open African economy to do business in, which cast it as one of the most attractive destinations for foreign direct investments. Irrespective of their neoliberal approaches to economic management, Mauritius and South Africa are both very socially responsive economies that have longstanding welfare traditions focused on the poor. It is clear in the two cases that social forces have been instrumental in ensuring that the market plays its part in helping realise the two countries' long-term ambitions of building more egalitarian societies. The mobilisation strength of the social forces has seen the two economies producing different results insofar as welfare policy outcomes are concerned, with that of Mauritius retaining its universal approach, with South Africa still having to carryout extensive social policy reforms 20 years after the end of apartheid.
5. *Colonial history*: briefly occupied by the Netherlands, then France, and later Britain, Mauritius is a direct consequence of colonialism, since it has no indigenous

population. South Africa's encounter with colonialism bears striking similarities to that of Mauritius, as it went through the hands of two colonial masters, namely the Netherlands and Britain. These colonial powers left lasting political and economic legacies in the two countries. These peculiar colonial histories set the countries on a distinctive trajectory at a very early stage. The social forces currently in existence stem either from the colonial days, or resemble the character of those that existed during the colonial era.

Despite these similarities, a number of differences make for an interesting basis from which to contrast the political significance of old-age pensions. In terms of differences:

1. *Human development*: despite the economic success of South Africa over the past 20 years of democracy, the country has failed to alleviate chronic poverty and high income disparity between the haves and the have-nots. Mauritius stands out as an outlier. Not only has it been hailed for its impressively low Gini coefficient, it also scores high in human development rankings, far outperforming the South Africa. It would be interesting to study the impact of economic affluence on human development outcomes in the different contexts. Indeed, it is not a mistake that the two countries have achieved different human development outcomes. The mobilisation capacity of social forces in keeping the economic and political ruling élite in check played a part here.
2. *Different party systems*: South Africa and Mauritius have strikingly different political systems. The former remains a *de facto* one-party dominant system, while the political culture in Mauritius is a highly unpredictable and fiercely contested one. The proximity between the social forces and political ruling classes has either served as a catalyst for multi-party politics, or perpetuated a one-party political system that has implications for the state carrying out its social mandate.
3. *The scope of welfare policies*: since the advent of independence, Mauritius has maintained a very comprehensive welfare system that is universal in nature. South Africa has not achieved universal status as of yet, but it has the potential to follow in the footsteps of Mauritius through its generous social grants system, which remains one of most famed in the world. With such economic ability and strength, one is

pressed to contemplate the welfare futures of these two countries in the light of the different approaches adopted by the social forces to champion the cause of the poor and the dispossessed.

### **1.8. Limitations and Delimitations of the Study**

By virtue of its comparative research approach, this study is confronted by various limitations. Comparative historical studies have the propensity to study a small selection of cases, which at times does not make it possible to draw inferences that can have a wider generalisation impact on the subject that is under consideration. This study investigated the welfare paradigms of South Africa and Mauritius, with particular focus on the role of social forces within the broader scheme of the evolution of social policy over time. While it is appreciated that a single case study can never be enough to make generalisations, that this study explored two cases still does not compensate for that shortcoming. This problem is further compounded by the fact that this study looks at the welfare regimes in the aforementioned two countries as a unit of analysis. As a result, the researcher was prompted to decipher the factors that have given shape to the current welfare arrangements in both countries as opposed to drawing conclusions that might make any suggestions about the *modus operandi* of welfare states in Africa and the global South at large. As Dennis Forcese and Stephen Richer put it, comparative research increases the “possibility of idiosyncratic information”<sup>130</sup>. As such, this study has instead sought to deepen our understanding of theory, including the intricate socio-political and socioeconomic dynamics that account for the welfare paradigms in these countries as individual cases, albeit taking the comparative approach. Although the limitations of this study are noted in so far as the case study approach is concerned, the findings nevertheless provide clues regarding the structural weaknesses that beset the welfare paradigms in the global South, albeit inconclusively.

I am aware that a lot more cases could have been used in this study in an effort to draw more solid conclusions beyond the analytical confines of the two cases in question. It is clear, however, that an approach entailing a large number of cases would have called in the use of a conventional statistical approach to account for welfare outcomes in these

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<sup>130</sup> Forcese, Dennis and Richer, Stephen: Social Research Methods, New Jersey: Prentice-Hall, 1978, p. 86

countries. In that regard, statistical tools would perhaps have been useful, for instance to account *inter alia* for patterns of public expenditure and social phenomena. However, the statistical approach angle would have changed the objective of this study, which is to provide a detailed explanation of historical social phenomena that would be impossible to do with a large number of cases. Since the task of discovering general causal theoretical constructions falls outside the scope of this research, this study offers no more than illustrations demonstrating the fruitfulness and shortcomings of theories.

Adding to the limitations of this study is the design insofar as interviews and observations are concerned. Although playing a triangulation role, the interviews only served as supplementary tools to deepen the researcher's understanding of the dynamics at play. There was no compulsion to integrate the insights of respondents in this study, even though some were incorporated in some of the discussions. In fact, travelling to Mauritius was inspired by the need to experience the welfare state in operation from observation point of view. Interviews served mainly as complementary additions to the secondary data and information on Mauritius that I had become acquainted with.

Lastly, the notion of the welfare state can be analysed from a gamut of areas, including health care, education and various social assistance programmes. Due to the limited scope of this research, which centred on old-age pensions, it was not possible to pay attention to other sectors of the welfare state apart from mentioning them in passing to highlight the general picture of the state of progress.

### **1.9. Overview of the Argument and Dissertation Outline**

This study seeks to understand why Mauritius erected a comprehensive social welfare state and South Africa opted for a minimalist and needs-based one. This approach will provide leads to understanding the emergence of old-age pensions in the social development sector, which will then serve as the focal point of analysis within the broader context of the socioeconomic and socio-political dynamics that propelled them. Pensions, more than other social grants, are an important safety net in both cases, as they serve either as panaceas to contain the prevalence of poverty or as symbols of state commitment, which helps to dispense with social class distinctions.

This dissertation argues that South Africa lacked a mobilised mass movement formidable enough to counterweigh the dominance of capital relative to Mauritius. Indeed, in Mauritius there is a mass movement that is able to mobilise all corners of society to conscientise the ruling élite entrusted with the duty of championing pro-poor social reforms. Heralding welfare outcomes similar to those of Mauritius in South Africa requires the bridging of class divisions between organised labour at the forefront of the class struggle, and the large quarters of society that live on the margins. Unlike in Mauritius, where universal notions of fairness reign supreme on the welfare front, the emergence of the redistributive state in South Africa was not driven only by the quest to achieve social justice, but also by the need to retain stability and calm in a politically volatile nation.

This study will proceed to unpack the dissertation in the following form: Chapter II provides the analytical framework for this dissertation, along with the theoretical expositions accounting for the development paradigms of South Africa and Mauritius in a comparative perspective. Chapter III quizzes the early industrial economic take-off in South Africa and how the rise of the liberal welfare state became a function of broader capitalist interests in a racially divided socio-political milieu. This chapter furthermore provides insights into the historical roots that formed the basis for future welfare outcomes. Chapter IV focuses on Mauritius's early exposure to the global capitalist economic network. The various élite interests, enmeshed within the overall colonial enterprise of the British Empire, became instrumental in eliciting the subordinate classes to rise against the unequal system. This process proved vital for conditioning future welfare outcomes to become more responsive to the plight of the Mauritian poor. Chapter V recounts Mauritius's post-colonial welfare trajectory, demonstrating the pragmatism of the left and the commitment of the élite to championing the cause of social democracy that emerged during the latter years of colonial rule. Chapter VI outlines the post-apartheid welfare paradigm in South Africa and the politico-economic factors that conditioned welfare policies that have yet to break with those adopted during white minority rule. Chapter VII revisits the argument of this dissertation in a concluding form and places the welfare debate centring on South Africa and Mauritius within the general context of institutions and the structural make-up dictating development paradigms in both the North and the South. It also unpacks the lessons learned and implications for future research.



## Chapter II: A Tale of Two Countries: Analytical Framework

### 2.1. Introduction

This chapter explores the theoretical foundations underpinning welfare state formation whilst simultaneously unpacking the historical impetus of welfare state development in South Africa and Mauritius from a comparative perspective. It is concerned with how the nation-state uses significant junctures of history as frames of reference for asserting current egalitarian ideals. State-funded old-age pensions feature prominently in the aforementioned countries' welfare policies and they have, as a result, served as important reference points for understanding state-society relations within the perimeter of social protection.

This chapter poses the following two questions: *How did South Africa and Mauritius's historical conditioning shape the contemporary character of the welfare state, and how did this have a bearing on the position of old-age pensions within the contours of welfare?* To help solve this puzzle, the chapter unpacks various theories that explain the foundational causes of the welfare state and the various ideologies and approaches they have adopted. The chapter also draws on the analytical framework of Richard Sandbrook, Marc Edelman, Patrick Heller, and Judith Teichman, who sought to cast light on the historical factors that gave shape to the social democratic welfare states of Chile, Mauritius, Costa Rica and Kerala. In this chapter, however, the aforementioned line of reasoning is taken a step further by not only seeking an understanding of the initial forces that set South Africa and Mauritius on specific welfare odysseys, but also grasping those salient political and economic features that are responsible for the current shape of the welfare state. This chapter opens with a section that delves into the theories that helped shape welfare state thinking, and the relevance of these ideological underpinnings for understanding the specific welfare paradigms of specific political and social contexts. It discovers that significant periods of history, such as the era of Enlightenment, served as catalysts for the way we understand the development of the logic of the welfare state, and how it has been conceived to serve different geopolitical and socio-political contexts across different time periods. It has been accepted that the Enlightenment gave rise to humanist ideals of equity and social justice, shaping beliefs that the latter could be achieved through careful and

rational planning, as well as through state intervention<sup>131</sup>. Other theoretical expositions showing a change of thought reflected in the anti-Enlightenment and post-Enlightenment schools of thought are noted here. The former offered detraction from the ideals of egalitarianism and social justice spearheaded by proponents of the Enlightenment on the grounds that modernisation of social institutions is too beholden to rationality and thus myopic in their understanding of social realities<sup>132</sup>.

The post-Enlightenment thinkers, similarly, remain unconvinced by the assertions of the Enlightenment that there is a singular and unified lens through which to view social change, both historically and in the contemporary age. Nevertheless, unlike the anti-Enlightenment pundits, the post-Enlightenment ones adopt a moderate stance based on the conviction that market forces need the direction of the state to fulfil their social function because on their own they remain grossly inadequate to rise to the challenge. A close inspection of individual circumstances should serve as the basis upon which policies geared to social formation and social reconstruction must define the welfare orientation. Ultimately, I show preference for the institutional and structuralist perspectives as resources to unpack the current dynamics of social policy in South Africa and Mauritius. The choice of these two theories is justified by the reason that they offer compatible tools through which one can establish how the convergence of social processes and politics drive the redistributive commitment within the broader scheme of comparative political economy.

Section II offers an explanatory framework that exposes those factors, past and present, which provided the DNA for the welfare paradigms of South Africa and Mauritius. The resilience of the welfare state in Mauritius and South Africa, which have taken shape in social democratic and non-social democratic patterns respectively, evokes an interest in understanding its origins. It is in this section that I expose the concept of a *developmental social welfare* against the one of a *classical* social democracy in reference to the social development experiences of South Africa and Mauritius respectively. I conclude with a concise preliminary summary of the factors that spurred the welfare state in the two

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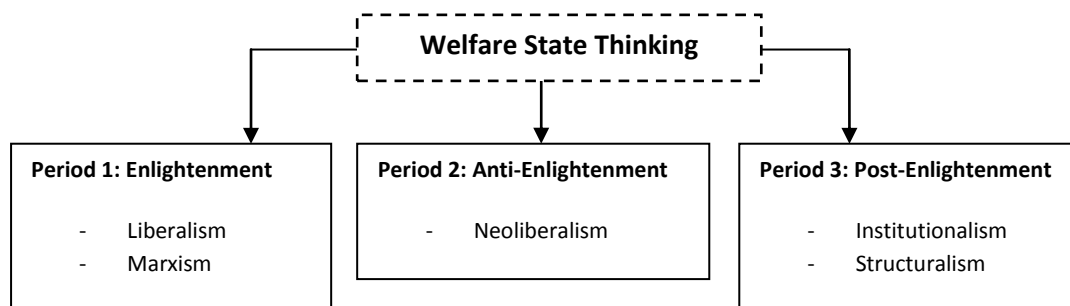
<sup>131</sup> Zafirovski, Milan.: Enlightenment and Its Effects on Modern Society, Springer: New York, 2011, p. 43

<sup>132</sup> O'Brien, Martin, and Penna, Sue, Op. Cit, p. 12

countries and how state-funded pension schemes have obstinately maintained a position of pre-eminence within their respective, albeit different, social welfare paradigms.

### Section I: Intellectual traditions and the idea of the welfare state

The idea of the welfare state evolved in various forms across significant historical periods. The rise of industrialisation intensified the call for a statist approach to ameliorating social contingencies by the subordinate classes. This period is known as the Enlightenment, in which science, rational thinking and reason served as the basis upon which the nation-state tackled specific issues that came about as a result of the quest to advance a capitalist-oriented industrial framework. Figure 2.1 below exhibits these periods of change and the philosophies that dominated each era:



**FIGURE 2.1: WELFARE STATE THINKING ACROSS SELECTED HISTORICAL PERIODS**

As shown in Figure 2.1, there are many traditions that underlie the idea of the welfare state; however, they do not fall within the purview of this study. I pay particular, albeit brief attention, to the theories that emerged during the period of Enlightenment, namely liberalism and Marxism. This is because these two theoretical expositions remain key ideological foundations underpinning the policy discourse on social reforms across various geopolitical contexts to date, most notably in the South, where socioeconomic challenges remain commonplace. Martin O'Brien and Sue Penna class various theories explaining welfare state development according to various periodic traditions, as demonstrated in Figure 2.1.

Neoliberalism qualifies to be classed under the anti-Enlightenment thinking. First, the two could not be more compatible. For instance, neoliberalism espouses not only extensive *laissez faire* approach to management of economy, it also advocates cuts in government spending. In other words, it detests the whole notion of the welfare state, and

unlike liberalism, for instance, it has no tolerance for state-led social spending, however minimal. Certainly, the views of the neoliberalism school of thought are in conformity with those of the anti-Enlightenment traditions. Hence, unlike the Enlightenment tradition, the anti-Enlightenment movement does not affirm the normative value of humanitarianism, nor do they embrace the significance of reason espoused by the post-Enlightenment thinkers. The *pragmatic* approach adopted towards welfare state-building, which takes note of each case as a unique case deserving to be judged on the basis of its merit, underlies the post-Enlightenment approach<sup>133</sup>. Conversely, *conservatism* has become synonymous with the anti-Enlightenment's utter disdain for social spending<sup>134</sup>.

The structuralist and institutionalist schools of thought, however, have not been given attention by Martin O'Brien and Sue Penna in their book, *Theorising Welfare*. Nevertheless, I have deemed both theories to fit perfectly within the post-Enlightenment category. Hence, for reasons that will be discussed in further detail in the sections to follow, the institutionalist and structuralist expositions conceive of welfare frameworks to be the outcomes of social circumstances and power configurations existing within their respective socioeconomic and socio-political settings. That these theories place a considerable degree of importance on the conditioning effect of social phenomena on welfare outcomes remains the primary reason I have deemed them applicable and adequate enough to account for the welfare experiences of Mauritius and South Africa *vis-à-vis* other theories. The possibility of the institutionalist and structuralist approaches accounting for welfare experiences over time was first hinted at by Esping-Andersen in his pioneering work, *The Three Worlds of Welfare Capitalism*, which explains the development of different welfare states in the industrial capitalist societies located mainly in the North. I argue that Esping-Andersen's take on the significance of both the structural and institutional approach was in tune with post-Enlightenment traditions insofar as welfare state development is concerned.

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<sup>133</sup> Kyungnam, Moon, "Beyond the essential and formal definitions of enlightenment", Nakajima, Takahiro., Zhang, Xudong., and Jiang, Hui (eds): Rethinking enlightenment in global and historical contexts, UTCP Booklet 21, ICCT Series 1, 2011, p. 88

<sup>134</sup> Zafirovski, Milan, The enlightenment and its effects on modern society, New York, Springer, 2010, p. 249

## 2.2. Liberalism

The rise of liberalism was marked by three distinctive phases. The first phase (1830 to 1850) was characterised by antagonistic attitudes towards egalitarian ideals<sup>135</sup>. During this period, private ownership of property reigned supreme and it ushered in the notion of *individualistic* ownership over *collective* sharing of resources<sup>136</sup>. The second phase of liberalism (1860 to 1914) was more sensitive to the social cause and it espoused a socially interventionist political role<sup>137</sup>. However, it believed in the case work approach, which provided minimal public assistance upon ascertaining family needs. The third phase of liberalism (1914 onwards) was dominated by the Keynesian orthodoxy of John Maynard Keynes, who believed explicitly in the increased role of the state as the guarantor of social order and as safeguard against social inequalities. This wave believed that social tensions were naturally symptomatic of social inequalities; nevertheless, they should not be attributed to inequalities of capitalism. Instead, a moral-based approach should assume pre-eminence to allow for the allocation of resources to previously neglected communities<sup>138</sup>.

Much as the socioeconomic equilibrium extrapolated by John Maynard Keynes never materialised in any capitalist society, it is best to examine the reasons for this propensity. Liberalism has never envisaged substantive equity<sup>139</sup>. The Keynesian welfare state seeks to distribute the poor's income amongst the poor, and redistributing the total wealth of society has never been its goal. On the other hand, redistribution of income amongst the working class remains its primary purpose and no political structure should seek to tamper with the wealth of the rich<sup>140</sup>.

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<sup>135</sup> O'Brien, Martin, and Penna, Sue, *Op. Cit*, p. 18

<sup>136</sup> Arblaster, Anthony.: *The Rise and Decline of Western Liberalism*, Blackwell Publisher: Oxford, 1984, p. 252; Wilensky, Harold.: *The Welfare State and Equality*, Berkely: University of California Press, 1975, p. 117; and Murray, Charles.: *Losing Ground: American Social Policy, 1950 – 1980*, New York: Basic, 1984, pp. 227 - 228

<sup>137</sup> Esping-Andersen, Gosta.: *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press, 1990, p. 3

<sup>138</sup> Hayek, F.A.: *The Constitution of Liberty*, London: Routledge & Kegan Paul, 1960, p. 5; Offe, Claus, "Some Contradictions of the Modern Welfare State", in *Journal of Critical Social Policy*, Vol. 2, No. 2, 1982, p. 14; Lash Scott, and Urry, John.: *The End of Organised Capital*, Cambridge: Polity, 1987, p. 8; and Lash, Scott and Urry, John, *Economics of Signs and Space*, London: Sage, 1994, p. 2

<sup>139</sup> O'Brien, Martin, and Penna, Sue, *Op. Cit*, p. 33

<sup>140</sup> *Ibid*, p. 43

### 2.3. Marxism

Although supporting the egalitarian cause, Marxists view the welfare state with great suspicion<sup>141</sup>. To them, the ‘evils’ of capitalism are hidden behind the pretext of dispersion of public goods<sup>142</sup>. Ian Gough has expressed similar sentiments by contending that welfare benefits serve merely as a function of capital accumulation – only in disguise<sup>143</sup>. In this sense it is contended that the state can only be empowered to spearhead the pro-poor agenda if it gains total control of the economy, as opposed to when the market calls the shots. The reason Marxists want the state at the forefront of the social reformist agenda is because they perceive the capitalist mode of economic control *grossly* unreliable and unsustainable<sup>144</sup>. This in itself creates even the more reason why state control of the economy is paramount so that it can protect the working poor against risks during periods of economic uncertainty.

The next section outlines the theoretical expositions of the structuralist and institutionalist schools of thought in detail.

### 2.4. The Structuralist and Institutional Perspectives

#### 2.4.1. The Structuralist Perspective

The structuralist approach is concerned with comprehending holistically the logic of development<sup>145</sup>. Since it is the system that ‘wills’, what happens therefore is understood as a necessary tool for fulfilling the purpose of reproducing society and economy. The structuralist approach is also concerned with comparing the similarities of nation-states as opposed to differences – particularly from levels or depths of industrialisation – and the degree of capitalist development<sup>146</sup>. It therefore makes an explicit link between

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<sup>141</sup> Piven, Frances, Fox, and Cloward, Richard, Regulating the Poor: The Functions of Public Welfare, New York: Vintage, 1971, p. 56; Blau, Joel, “Theories of the Welfare State”, in Social Security Review, vol. 63, no. 1, March 1989, p. 33

<sup>142</sup> Dicken, P.: Global Shift: The Internationalisation of Economic Activity, 2<sup>nd</sup> Edition, London: Paul Chapman Publishing, 1992, p. 422

<sup>143</sup> Gough, Ian: The Political Economy of the Welfare State: Critical Texts in Social Work and the Welfare State, London and Basingstoke: MacMillan, 1979, p.54; Also useful for a broader grasp of the symbiotic relationship between the state and economic forces, see: Yeheskel, Hasenfeld et. al, “Welfare State, Citizenship and Bureaucratic Encounters”, in Annual Review of Sociology, vol. 13, 1987, p. 391

<sup>144</sup> Hartwell, R.M.: The Industrial Revolution and Economic Growth, Butler and Tanne Ltd: Frome and London, 1971, p. 150

<sup>145</sup> Esping-Andersen, Gosta, Op. Cit, 1990, p. 13

<sup>146</sup> Loc cit

industrialisation and social policy and the mutually-reinforcing nature of the two ideals. Coming to rise in the aftermath of the structural crisis of the 1930s, it popularised the importance of the Keynesian approach of state interventionism before its peak in the post-WWII period as neo-Marxist theorists sought to explain the advanced capitalist state and state spending<sup>147</sup>. Joel A Devine views the increase in public expenditure as a response to the maturity of industrialisation<sup>148</sup>. As such, structuralists promote the importance of social policy for the reason that the market is incapable of fulfilling the role of dispensing welfare benefits to persons not having a connection to formal economic activity<sup>149</sup>.

Similarly, structuralists posit that the very same industrial societies – which ought to be pursuing social reforms – can be inclined to espouse less egalitarian ideals or even jettison them during various phases of industrialisation. In this case structuralists argue that market forces are not entirely to blame for the absence of social reforms. Instead, it behoves us to understand the innermost workings of the State in carrying out its mandate of governance as the most superior institution. Certainly, structuralists such as Theda Skocpol opine that under ideal circumstances, politicians and administrators are the guardians of the State and should as a result act in accordance with its best interests and those of the citizens it governs<sup>150</sup>. As representatives of the State, these actors perform the duty of collection of revenues, centre of cultural authority, and enforcement of rules, without giving preference to any social groups<sup>151</sup>.

However, structuralists are of the view that appointed and elected officials are prone to falling into the trap of advancing their own interests, and consequently put in place

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<sup>147</sup> Ocampo, José Antonio, “New Economic Thinking in Latin America”, in Journal of Latin American Studies, Vol.22, No. 1, February 1990, p. 169

<sup>148</sup> Devine, Joel. A, “State and State Expenditure: Determinants of Social Investment and Social Consumption”, in Sociological Review, Vol. 50, No. 2, April 1985, p. 150

<sup>149</sup> Esping-Andersen, Gosta, Op. Cit., 1990, p. 14

Deborah Posel makes a distinction between the structural and structuralist in reference to class. On this issue it is understood that the structural version of the concept including “objective social relations constituting a class are seen as necessary conditions of, and partial constraints upon the urgency of their individual bearers. Structuralism, however, regards an analysis of such objective relations as *sufficient* to account for individual agency, at least as far as it is relevant to the social scientist. The structuralist takes agency as the explanandum but never part of the explanans”. See Posel, Deborah, “Rethinking the ‘race-class’ debate in South African historiography”, in Social Dynamics: A Journal of African Studies, Vol. 9, No. 1, 1983, p. 65n25

<sup>150</sup> Skocpol, Theda: Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United State, Cambridge, MA: Harvard University Press, 1992, p. 42

<sup>151</sup> Loc cit

policies that will further those interests, or at least protect them<sup>152</sup>. Because of these tendencies, the State turns out to be the centre of contestations in which various domestic and international political competitors seek to infiltrate and eventually swell the ranks of state power, either indirectly or otherwise. When such instances occur, Skocpol posits that it falls on the political office bearers and appointed officials to have these power struggles resolved by using capacities of the state available at their disposal<sup>153</sup>. Should the State be in short of existing (or adaptable) capacities to implement given lines of policies, political leaders tend to be less likely to pursue them. Likewise, such leaders can be inclined to implement new policy initiatives if the capacities of state organisations are be readapted and reworked to carry out functions that will bring advantages to themselves in the struggle with political competitors, which might take place either at home or on the international stage<sup>154</sup>.

The preceding suggests that through an efficient and well-functioning bureaucracy, the welfare state can step in to correct these flaws. The theory accommodates the traditions of structural Marxists, who posit that the welfare state can only become a reality if socially grounded political movements take up the reins of the state. Structural Marxists hold strong a conviction that such developments would ensure that the state avoids the folly of doing the bidding of capital<sup>155</sup>. The essence of the theory is that power is structural, and that the state is somewhat incapable of escaping the pressure of the powerful few who wield disproportionate amount of influence in the domain of policy making<sup>156</sup>.

Neo-Marxist scholars have thus rejected the orthodox Marxist determinism contending that the contemporary capitalist state displays a sizeable degree of autonomy from the economic base as well as the dominance of any particular class<sup>157</sup>. Whilst advancing the relative autonomy thesis, and historical significance of various impulses, structuralists shy away from the idea of a neutral and the “technical-administrative” state assuming greater autonomy above class society<sup>158</sup>. Instead the state tends to be regarded as

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<sup>152</sup> Loc cit

<sup>153</sup> Loc cit

<sup>154</sup> Loc cit

<sup>155</sup> Loc cit

<sup>156</sup> Loc cit

<sup>157</sup> Loc cit

<sup>158</sup> Devine, Joel, Op. Cit, p. 152



an “active refraction” of class society with mechanisms of response that are conditioned by historical evolution of class relations to dictate the limits and likelihood of state involvement as well as direction thereof<sup>159</sup>.

Bearing in mind that certain apparatus of the state was created during specific historical periods and thus reflects the balance of class forces at the time of its creation, the very make-up of the contemporary nation-state itself is fraught with contradictions. Hence, the state has grown to serve the interests of corporate capital, the working class, and state bureaucrats themselves. Due to the historical layout of the politically mediated “structuration” of intra- and inter-class relations, the society exudes proclivity to reproduce society at large<sup>160</sup>. In other words, the advanced capitalist state ends up becoming the embodiment of the interface between contesting claims of “proprietary and citizenship rights”, whilst succeeding in the reproduction of social formation<sup>161</sup>.

According to James O’Connor, social formation is achieved within contradictory parameters of advanced capitalist states<sup>162</sup>. On the one hand, the state secures the functional sustainability of the market by creating an atmosphere that buttresses private accumulation. As a result, policies tend to be implemented in favour of the demands and distributive claims of the market. On the other hand, the state feels impelled to maintain societal legitimation. Consequently, it becomes imperative for the state to strive to ameliorate certain inequities and some outcomes of the market that might prove threatening to political instability and social cohesion by increasing state spending<sup>163</sup>.

In essence, according to structuralists, liberal capitalism is one ‘odd’ system within which state managers find the platform to pursue their own interests, cognisant, of course, of the historical lines of division created by contesting class forces. At the same time, the social fabric remains fragile, creating a volatile environment that leads to the incumbent’s party being deposed. Therefore, instead of elections and political party behaviour serving only the

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<sup>159</sup> Loc cit

<sup>160</sup> Loc cit

<sup>161</sup> Loc cit

<sup>162</sup> O’Connor, James, The Fiscal Crisis of the State, New York: St. Martin’s, 1973, p. 40

<sup>163</sup> Loc cit

“gratuitous” role of legitimating the *status quo*, they serve the function of garnering broad-based support for certain parties in a bid to win or tighten their grip on political power<sup>164</sup>.

#### 2.4.2. The Institutional Perspective

The institutional approach highlights the importance of democratic politics in pushing welfare state development<sup>165</sup>. Since it affirms the belief of reconciling politics with economic forces, it argues that the adoption of democratic traditions in the economic sector is imperative, as this helps to restore the humanist character of the economy. In Karl Polanyi’s traditions, resolving the class conflict between social and economic forces is feasible for achieving the greater goal of achieving social justice. This approach understands that the logic of the welfare state can only come to pass on the understanding by business that the economy cannot be isolated from social communities and political institutions, since aloofness will result in the inevitable demise of human society<sup>166</sup>.

Thus, democracy as an institution that protects majority demands means that the call for social reforms would be likely to take a serious turn as people become frustrated by the failures and weaknesses of the market<sup>167</sup>. It is in this regard that the collective aspect of democratisation conditions the welfare state to fulfil (1) the role of nation-building in which the extension of citizenship comes with social rights, and (2) in the tradition of the public choice perspective, the consolidation of democracy will propel intense party competition, which in turn will push for more public expenditure<sup>168</sup>.

In more explicit terms, democracy as a political system that allows the inclusion of society in decision-making processes enables the creation of a society-centred approach as an instrument of the public’s trust in the state<sup>169</sup>. According to Bo Rothstein and Dietlind Stolle, the society-centred approach bodes well for the concept of social capital<sup>170</sup>. James O’Connor divides social capital into two forms: social consumption and social investment. The former form of social capital comprises physical expansion and/or enhancement of

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<sup>164</sup> Loc cit

<sup>165</sup> Esping-Andersen, Gosta, Op. Cit., 1990, p. 14

<sup>166</sup> Loc cit

<sup>167</sup> Ibid, p. 15

<sup>168</sup> Loc cit

<sup>169</sup> Rothstein, Bo and Stolle, Dietlind, “The State and Social Capital: An Institutional Theory of Generalised Trust”, in Comparative Politics, Vol. 40, No. 4, July 2008, p. 443

<sup>170</sup> Loc cit

infrastructure and services (e.g. the construction of roads, sewerage plants, and basic research and development)<sup>171</sup>. The motivation behind this endeavour is to enable public expenditure to generate profits by systematically moving basic constant capital costs from the administrative control of the private sector to being under the supervision of the state. The other form of social capital uses the same logic that applies within the realm of social investment, but it does so within the context of human development. The state assumes control of basic training and human maintenance costs, such as education and health-related expenses, in the quest to develop a skilled and productive workforce<sup>172</sup>. The creation of political and legal institutions makes available channels that society can exploit to get the incumbents to honour electoral promises and to push for more expansive social reforms<sup>173</sup>.

While democratic institutions are viewed as effective tools to change the levers of power, like structuralists, institutionalists adopt a state-centric approach in explaining processes of social change and welfare state-building. However, institutionalists purport that the State needs not only be bureaucratically capacitated to be effective, it also needs institutions, rules and regulations to preside over its everyday mandate of governance<sup>174</sup>. It is no surprise then that proponents of the institutionalist perspective prescribe that the State ought to comprise the administrative, judicial, and policing agencies tasked with fulfilling their respective functions under the auspices of a legislative framework.

As regards issues cutting at the heart of egalitarian dispositions of some societies, institutionalists purport that institutions, rules and regulations govern economic production and exchange, which in turn have implications on the type of socioeconomic systems that ensue. It is for this reason that institutionalists make further claims that all states have gone through different “modes of production” – suggesting in unequivocal terms that there is no such thing as a “feudal” or “capitalist” state<sup>175</sup>. Instead, argument is that States are organised in various forms, with various rules put in place to assist in governing economic production and exchange. The following illustration explains the sequence about how rules formulated in the State policymaking apparatus give shape to the socioeconomic systems

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<sup>171</sup> O’Connor, James, Op. Cit, p. 7

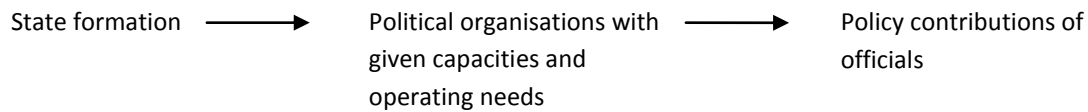
<sup>172</sup> Loc cit

<sup>173</sup> Rothstein, Bo and Stolle, Dietlind, Op. Cit, pp. 444 – 447

<sup>174</sup> Skocpol, Theda, Op. Cit, 1992, p. 43

<sup>175</sup> Loc cit

that underlie social expenditure. It reinforces a simple fact that institutions cannot be separated from the political context.



Source: Skocpol, Theda, Op. Cit, p. 43

Paul Pierson<sup>176</sup> reinforces the message captured in the illustration above, asserting that theoretical expositions of institutionalism propagate two broad claims regarding welfare state formation: First, the existence of an administratively sound public service is an indication of a strong state being intact. This is indispensable since no efficient implementation and monitoring of reforms can take place in their absence<sup>177</sup>. Second, because of the influence of historical legacies, welfare paradigms seldom abandon past policies. More often than not they resolve to revise or continue with the welfare programmes of the past<sup>178</sup>. Proponents of the new institutionalism school – which emerged in the late 1960s and early 1970s – attribute the resilience of policy legacies to the fact that institutions tend to find other institutions already in place<sup>179</sup>. The public ends up being empowered to employ politically retributive methods to prevent the state from retrenching pro-poor programmes since they stand to benefit from such initiatives<sup>180</sup>. Certainly the collective role of state institutions and social politics in giving shape to social reforms captures the logic of institutional-political process. This concept is premised on the notion that policy outcomes can be influenced jointly by institutional configurations of the state and class, as well as other social relationships, but never once and for all. The reason this is so is because the state and social structures are constantly changing<sup>181</sup>.

In the next section I justify the use of the structuralist and institutionalist schools of thought as tools to unpack this study *vis-à-vis* other approaches that could have been

<sup>176</sup> Pierson, Paul, “The New Politics of the Welfare State”, in World Politics, vol. 48, no. 2, January 1996, p. 152

<sup>177</sup> Loc cit

<sup>178</sup> Ibid, p. 153

<sup>179</sup> Hall, Peter and Talyor, Rosemary, C.R, “Political Science and the Three Institutionalism”, in Political Studies, Vol. XLIV, 1996, 939; and Thelen, Kathleen, “Historical Institutionalism”, in Annual Review of Political Science, Vol. 2, 1999, p. 400

<sup>180</sup> Loc cit

<sup>181</sup> Weir, Margaret, Orloff, Ann. S, and Skocpol, Theda (eds.), “Understanding American social politics”, in The politics of social policy in the United States, New Jersey: Princeton University Press, 1988, p. 16

relevant. These two theories are in harmony with the post-enlightenment tradition due to their emphasis on historical processes as essential elements that have far-reaching repercussions on policy choices over time. Compared to the Enlightenment and the anti-Enlightenment schools, the post-Enlightenment school thus places emphasis on non-market forces such as societal mobilisation to spearhead the process of reforms.

## **2.5. Structuralist and Institutional Perspectives in the Analytical Framework**

The ideological overlaps shared by the structuralist and institutionalist approaches compel one to adopt them in tandem. Doing so allows the author to draw parallels from which to garner associational explanations by comparing contemporary processes of welfare development with those of yesteryear. For instance, the structuralists emphasise the methods of sourcing resources that will facilitate the process of social production in the complementary relationship of big capital and the state, whilst the institutionalists emphasise the importance of ideologies, pathways and traditions controlling the dispersion of resources in the ever-growing mystification of the state-capitalist order. Resource accumulation is important, but its redistribution is dependent largely upon the combination of certain ideological, historical and organised establishments. Hence, Sandbrook *et al* explicitly discredit the technocratic version of social democracy propounded by neo-structuralists for being economically focused and paying less consideration to the empowerment of the subordinate classes in promoting equity. For Sandbrook *et al*, well-mobilised subordinate classes can modify patterns of path dependence – a principle that underpins Sandbrook *et al*'s approach – and one that underpins the two approaches, i.e. the institutionalist and structuralist schools of thought. Hence Sandbrook *et al* lament that neo-structuralists have yet to explain “how a growth-with-equity strategy can prevail in the face of entrenched and intransigent power élites”<sup>182</sup>.

Compared to the other schools of thought illustrated in Figure 2.1, the Third Way and Post-Structuralism also come close to accounting for the nature of welfare regimes in Mauritius and South Africa. However, they fall short of recounting the full story, since they do not account for the unfolding of events through process tracing. The former affirms, amongst other functions of the state, to be the provision of mainly social security, but

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<sup>182</sup> Sandbrook *et al*, *Op. Cit*, 2007, pp. 6-7

stresses skill acquisition to meet individual welfare needs<sup>183</sup>. The latter describes the efforts of the state in addressing peoples' material *needs* not to be borne out of altruistic motives; rather, it is symptomatic of power struggles between opposing factions in society who sit on the opposite sides of the ideological divide<sup>184</sup>.

However, they remain limited due to philosophical defects engulfing their thinking. Third Way's disposition only allows for capturing policy outcomes without providing the sequence of the dynamics that culminated in those specific outcomes. Its focus is mainly on the aesthetics of policy outcomes and it is not much concerned with the structural foundations of policy choices. Moreover, consulting with the Third Way school of thought automatically obliterates this study's intention of cross-national historical analysis, as Mauritius's welfare paradigm (compared to that of South Africa) falls significantly short of a conservative outlook to fit within the classical ideological profile of the Third Way approach. Post-structuralism does not qualify either. Its focus on needs and responses, as well as on political contestations and public's power struggles, are the bones of contention here. It fails to provide reasons why welfare states such as Mauritius, with its impressive human development record and low unemployment figures, always yield to the public's demands for the continuous expansion of welfare programmes when policymakers attempt to advance plans to retrench the welfare state. Where does it, then, leave the question of needs and wants, and what sort of purpose does such as a welfare state actually fulfil when it is no longer driven by the quest to meet needs? Equally so, what of the historical developments that dictated such a paradigm? Indeed, the pre-eminence of path dependence should not cloud one's thinking into believing that welfare policy choices are confined to self-reinforcing patterns, as it remains incontestable that social policies are subjected to bounded change<sup>185</sup>. New policies may be introduced and old ones may be

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<sup>183</sup> Classen, Jochen, "Modern Social Democratic and European Welfare Reform", in *Social Policy & Society*, Vol. 1, No. 1, 2002, p. 67; Giddens, Anthony, *The Third Way*, Cambridge: Polity Press, 1998, p. 117; Wight, Stuart, 'Interpreting the "Third Way": not one road, but many', in *Renewal*, Vol. 6, no. 2, 1998, p. 24; Powell, Martin, "New Labour and the Third Way in the British welfare state: a new and distinctive approach?", in *Critical Social Policy*, Vol. 20, No. 30, 2000, p. 44; Levita, Ruth, *The Inclusive Society?*, Basingstoke: MacMillan, 1997, p. 136

<sup>184</sup> Spicker, Paul, *Social Policy: Themes and Approaches*, London: Prentice Hall, 1995, p. 77

<sup>185</sup> Pierson, Paul, "Increasing returns, path dependence, and the study of politics", in *American Political Science Review*, Vol. 94, No. 2, 2000, p.

revised, but the decisions ultimately adopted draw influence from policies already in existence, as well as being sensitive to the political and economic context<sup>186</sup>.

It is also because of post-structuralism's focus on the current changes of political power contestations and responses to the public's demands that I deem the theory insufficient to meet the necessary threshold required to conjure a detailed picture of the evolution of specific trajectories in specific socio-political, socioeconomic, and socio-historical contexts. Also, by highlighting political power contestations and the public's power struggles, one assumes that the decision to increase the state's social expenditure budget rests squarely on two actors only, namely the state and the public. As such, poststructuralists have lost sight of the roles played by multiple class forces and the interests of the private business élite in giving shape to Mauritius's and South Africa's individual welfare trajectories. As such, they tend to lose sight of the reality that, in many instances, various classes individually assert conflicting class interests and it is usually the dominant ones that enjoy the prerogative to define policy direction. Hence, in most welfare experiences, the rural poor may, in collaboration with the middle class, push for the erection of the welfare state, yet it is mainly the middle class who dictate the welfare direction of the welfare system itself because they have vested interests that lie embedded in the multilayered structure of the economy. Lastly, the poststructuralists seem to suggest that, whenever the public demonstrate grievances about the limitations of the social welfare budget, government is guaranteed to capitulate to their demands. Whilst this may hold true in instances where the public has developed a habit of exercising their voting strength to topple underperforming administrations, as in the case of Mauritius, in societies such as South Africa, however, the public votes more on the basis of race and the history of the political liberation struggle than they do on the basis of results. Indeed, the lack of substantial welfare reforms in South Africa proves the inability of public pressure to successfully push for changes in policy.

## **2.6. Structuralists and Institutionalists' Explanations of Path Dependence and Patterns of Social Expenditure Over Time**

The reinforcement of social spending patterns in nation states is contingent upon the structural coordination of the system of economic production in relation to social life, as

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<sup>186</sup> Ulriksen, Marianne. S, *Op. Cit*, 2012, p. 1489

well as the institutional mechanisms that oversee and facilitate these relations. Political leaders in the upper apparatus of the state usually find themselves reproducing policies resembling those of old<sup>187</sup>. These patterns have a root, and for both the institutionalists and structuralists this propensity serves a function of path dependence. The logic of path dependence features prominently in the social development discourse and that of welfare state development across historical periods. Although subject to multiple interpretations, path dependence has been defined generally as the repetitive and continuous implementation of policies that remain beholden to past historical developments within the context of the socio-political sphere<sup>188</sup>. Peter Starke also understands path dependence to denote the extent to which particular policy legacies determine the boundaries and possible forms of change<sup>189</sup>.

The political economy of social expenditure attests to the correlation between structural factors triggering the path towards the development of welfare states and the institutional incarnations from which welfare paradigms are reinforced. Proponents of the structuralist school generally have a proclivity to draw on Marxist traditions as frames of reference informing their convictions on welfare paradigms. This line of reasoning is propagated by the likes of Joel Devine, who contends that the notion of equity ought to be one of the primary concerns of industrialised economies<sup>190</sup>. In this case, structuralists hold the conviction that market forces on their own are inherently incapable of dispersing social goods to those exposed to economic risks, which in turn perpetuates class divisions between those with means and those on the lower rung of the economic establishment. As such, structuralists such as James O'Connor view the welfare state as a panacea that bridges these class divisions, and for that to occur, structuralists call for the strong mobilisation of

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<sup>187</sup> Abbot, Andrew, "Sequence of social events: concepts and methods for analysis of order in social processes", in Historical Methods, Vol. 16, Fall 1983, p. 131; also: Abbot, Andrew, "Conceptions of time and events in social science methods: causal and narrative approaches", in Historical Methods, Vol. 23, Fall 1990, pp. 140 – 150, and Margaret, Levi, "A model, a method, and a map: rational choice in comparative and historical analysis", in Lichbach, Mark. I and Zuckerman, Alan. S (eds): Comparative Politics: Rationality, Culture and Structure, Cambridge: Cambridge University Press, 1997, p. 28

<sup>188</sup> Sewell, William, "Three temporaries: toward an eventful Sociology", in McDonald, Terrance, J (ed): The Historic Turn in the Human Sciences, Ann Arbor: University of Michigan Press, 1996, pp. 262 - 263

<sup>189</sup> Starke, Peter, "The Politics of Welfare State Retrenchment: A Literature Review", in Social Policy & Administration, Vol. 40, No. 1, February 2006, p. 110

<sup>190</sup> Devine, Joel. A, Op. Cit, p. 150



political challengers to push for the notion of the welfare state<sup>191</sup>. In his *Great Transformation*, Karl Polanyi asserts that the working class must be the vanguard of the mass movement in the quest to align capitalist interests with those of society as a whole<sup>192</sup>. Hence, in Polanyi's traditions<sup>193</sup>:

Indeed the secret of success lies in the measure in which the groups are able to represent – by including in their own – the interests of others than themselves. To achieve this inclusion they will, in effect, often have to adapt their own interests to those of the wider groups which they aspire to lead.

Edwin Amenta and Jane Poulsen<sup>194</sup> echo the sentiments of Polanyi's unified approach to social forces. They both believe that, in democratic and open political systems, the unity grants social reformers the ability to garner political resources in order to achieve political change. Ultimately, state bureaucrats will be compelled to espouse the pro-poor agenda and be assertive enough to advance social reforms through a socially responsive fiscus<sup>195</sup>.

Leading the institutionalist school are Paul Pierson and Kathleen Thelen, who popularised the well-known axiom that institutions are entrenched within the contours of social life, which may obstruct the easy regression of initial arrangements<sup>196</sup>. In their acclaimed *magnum opus*, *Varieties of Capitalism*, Peter Hall and David Sockice adopt the historical institutionalism approach and contend that institutions have the tendency to shape preferences over time<sup>197</sup>. In this context they focus on firms and their implications for

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<sup>191</sup> O'Connor, James, Op. Cit, p. 40

<sup>192</sup> Block, Fred, "Karl Polanyi and the writing of *The Great Transformation*", in Theory and Society, Vol. 32, 2003, p. 277; and Gareth, Dale, "Social democracy, embeddedness and decommodification: On the conceptual innovations and intellectual affiliations of Karl Polanyi", in New Political Economy, Vol. 15, No. 3, 2010, pp. 369 - 393

<sup>193</sup> Polanyi, Karl, cited in Fred Block, p. 278

<sup>194</sup> Amenta, Edwin, and Poulsen, Jane. D, "Social politics in context: The institutional politics theory and social spending at the end of the New Deal", in Social Forces, Vol. 75, No. 1, 1996, p. 34

<sup>195</sup> Loc cit

<sup>196</sup> Pierson, Paul, "Increasing Returns, Path Dependence, and the Study of Politics", in The American Politics Science Review, Vol. 94, No. 2, June 2000, p. 252; Thelen, Kathleen, "Historical institutionalism in comparative politics", in Annual Review of Political Science, Vol.2, No. n.a, 1999, p. 369 - 404 ; also see: Bennett, Andrew, and Elman, Colin, "Complex causal relations and case study methods: The example of path dependence", in Political Analysis, Vol. 144, No. n.a, 2006, p. 251

<sup>197</sup> Matthew, A, "The varieties of capitalism paradigm : not enough variety?", in Socio-Economic Review, Vol. 2, No. n.a, 2004, p. 91

defining the fate of national socioeconomic outcomes as a result of the institutional arrangements in existence. Hence, liberal market economies (LMEs) in Britain and the United States remain less capable of radically spearheading the pro-poor discourse compared to coordinated market economies (CMEs), such as that of Germany, because of different institutional arrangements steering the direction of the economy<sup>198</sup>. This is because firms in market-based economies barely tolerate trade unions and most are hell-bent on seeing their subversion. In *The Politics of Social Policy in the United States*, Theda Skocpol *et al* show that in the case of the US, in particular, the absence of corporatist arrangements meant to bridge workers interests with those of business is attributable to the labour unions lacking the capacity to mobilise as a collective<sup>199</sup>. In these traditions the lack of relentless approach by the industrial unions has given American legislators leeway to pass laws that are conspicuously in favour of business interests than working class ones since the advent of industrialisation in that country.

In contrast, coordinated economies allow for corporatist arrangements within the structures of the economy through which firms and trade unions are able to reach a compromise. In Germany, for instance, these corporatist arrangements have yielded reforms that champion the cause of the working poor<sup>200</sup>. Much as economic institutions play a role in perpetuating certain economic paradigms, Douglass North contends that all institutions – be they formal, political or economic – develop into an “interdependent web of institutional matrix” that underpins well-established norms and rules<sup>201</sup>. Demonstrating this interdependence, Douglass North and Barry Weingast contend that political institutions create rules for revenue collection and therefore establish regimes that enforce and protect property rights<sup>202</sup>.

In the industrialised North, the reinforcing relationship between the institutionalists and the structuralists in steering social outcomes could not have been more apparent than

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<sup>198</sup> Hall, Peter. A and Gingerich, Daniel. W, “Varieties of capitalism and institutional complementarities in the political economy”, in *British Journal of Political Science*, Vol. 39, No. 3, 2009, p. 5

<sup>199</sup> Skocpol, Theda, *Op. Cit.*, 1992, p. 49

<sup>200</sup> Hall, Peter. A and Gingerich, Daniel. W, *Op. Cit.*, p. 5

<sup>201</sup> North, Douglass, C: *Institutions, Institutional Change and Economic Performance*, Cambridge: Cambridge University Press, 1990; and North, Douglass, C, “Institutions and Economic Growth: An Historical Introduction”, in *World Development*, Vol. 17, No. 9, 1989

<sup>202</sup> North, Douglass. C, and Weingast, Barry. R, “Constitutions and Commitment: The evolution of institutional governing public choice in *Journal of Economic History*, Vol. 49, No. 4, 1989, pp. 803 - 832

in Denmark, the Netherlands and Germany. According to Robert Cox's examination of reforms in these countries, only Denmark and the Netherlands underwent changes in the social welfare sector. This is because the bourgeois-oriented ruling classes mobilised public debate through "path shaping". This path-shaping process has been defined as the mobilisation of broad-based support for reform initiatives<sup>203</sup>. Whilst the Danes and the Dutch retrenched the welfare state, the corporatist welfare model of Germany remained uncompromised because of the centralisation of trade unions and collective bargaining embedded within the institutional framework. The unions' participation in the main economic structures accounts for the inability of the German corporatist welfare state to undergo regression. In the Netherlands and Denmark, the bourgeoisies swelled the ranks of the state and ultimately weakened the system of corporatism. Due to the broad-based consultative approach, the ruling classes were able to get the consent of the public in the reformation of the welfare state. Through these consultations, the ruling class propagated the old values of hard work that predated the post-war welfare state in the case of Denmark, whereas their counterparts in the Netherlands popularised the notion of a caring state at the expense of the welfare state<sup>204</sup>.

In explaining path dependence in the North, and the reinforcing relationship between the institutional and structural alignments underpinning specific welfare paradigms, a cursory look at the US welfare trajectory is necessary. Herein we put to rest the simplistic argument that the lack of comprehensive social spending in the United State is ascribed only to market forces swelling the ranks of every sphere of power in that country. While we do not deny the fact that unfettered free market forces hold sway in the realm of the economy, it is rather disingenuous to pin the cause of minimalist social spending solely on a single variable. For instance, in *Protecting Soldiers and Mothers*, Theda Skocpol shows that the emergence of a less benevolent welfare state in the US is owed as much to domineering market forces as the lack of proactive social forces and a national egalitarian consensus within the national polity<sup>205</sup>. Attesting to this assertion is a classic case in American welfare history of Civil War Pensions. These grants were initially dispersed to

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<sup>203</sup> Cox, Robert, "The social construction of an imperative: Why welfare reform happened in Denmark and the Netherlands but no in Germany", in *World Politics*, Vol. 53, No. 3, April 2001, p. 496

<sup>204</sup> *Ibid.*, pp. 496 - 497

<sup>205</sup> Skocpol, Theda, *Op. Cit.*, 1992, pp. 3, 11 & 23

soldiers but ended up being extended as forms of an old age pension scheme to elderly males that had the franchise in the North at the end of the 19<sup>th</sup> and around the turn of the 20<sup>th</sup> century<sup>206</sup>.

The question arises then as to why the Civil War Pension ended up becoming the preserve of elderly males with suffrage in the North and not rolled out as a nationwide scheme fulfilling the broader mandate of protecting the aged against poverty after retirement. First we need to recognise the importance of collective mobilisation of the elderly across various classes, who were too significant a voting bloc to be ignored by political office bearers in the federal government<sup>207</sup>. From that period onwards, civil war pensions turned into tools of politicking patronage in a patronage democracy, resulting in the general public detesting the system across virtually all corners of the US<sup>208</sup>. This dislike was compounded by the fact that late 19<sup>th</sup> and early 20<sup>th</sup> century America was the land of plenty, causing the general public to regard social spending as a waste of public resources<sup>209</sup>.

There is no doubt that fuelling these perceptions was the controversy which shrouded the pension scheme mentioned above. Nevertheless, the negative public perception laid the foundations for policy makers to pay attention to pursuing America's ambitions as an industrial powerhouse, albeit at the exclusion of broad-based social gains. The social fabric too did not make this move difficult for policy makers to pursue as the public called for government to create conditions for free and private enterprise to thrive instead of providing the people with things they can provide for themselves. This is one of the reasons the working class championed "workplace bread and butter issues" as opposed to those of a wider social beneficence<sup>210</sup>.

During the New Deal, however, we saw the emergence of a modern welfare state in the US almost akin to that of its counterparts in Western Europe<sup>211</sup>. Indeed the negative

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<sup>206</sup> Orloff, Ann. S, "The politics of America's belated welfare state", in Weir, Margaret, Orloff, Ann, S, and Skocpol, Shola (eds.): The politics of social policy in the United States, New Jersey: Princeton University Press, 1988, p. 45

<sup>207</sup> Loc cit

<sup>208</sup> Skocpol, Theda, Op. Cit, 1992, p. 59

<sup>209</sup> Ibid, p. 11

<sup>210</sup> Ibid, p. 49

<sup>211</sup> Weir, Margaret, Orloff, Ann. S, and Skocpol, Theda (eds.), Op. Cit , p. 21

economic consequences of the 1929 depression pushed for social class relations in the US to break with tradition. Whereas there was a great disconnect between the various classes before, the desperate economic times saw a collaboration of both the middle and lower classes. This social alliance was expedient for fuelling popular pressure that prompted the state to implement a social wage system that protected the poor against risks. This is what precipitated the New Deal after it became clear that business could provide for the social and economic wellbeing of Americans during the depression. The Social Security Act of 1935 became the flagship programme of these new reforms even though it made provisions for contributory social insurance as opposed to a publicly funded one<sup>212</sup>.

Indeed the current welfare state in the US owes much of its existence to the aforementioned piece of legislation. Yet it is worth probing the socio-political patterns that prevented the virtually non-existent welfare state from breaking out of its privatised form of social provision after the New Deal. That this approach lingers to this day is ascribed to working class mobilisation being concentrated in certain centres and not spread out across the US during the period after the depression<sup>213</sup>. This was compounded by the fact that there was a lack of labour-based political movements that could have added significant gravitas for working class causes<sup>214</sup>.

From the foregoing analyses of the evolution of the welfare state in the North, it is apparent that the configuration of institutional and structural forces in shaping economic trajectories exposed two possible implications pertaining to the discourse on social spending within the general context of path dependence. First, social spending patterns, although hard to cut back, are subject to fundamental changes that might become at odds with what was traditionally conceived as the desirable method of addressing the plight of the poor, as in the case of Denmark and the Netherlands. Second, traditional social spending patterns can be reaffirmed continually, as in the case of the resolute corporatist model of Germany and the obstinate market-oriented social policy frameworks of the US and Great Britain.

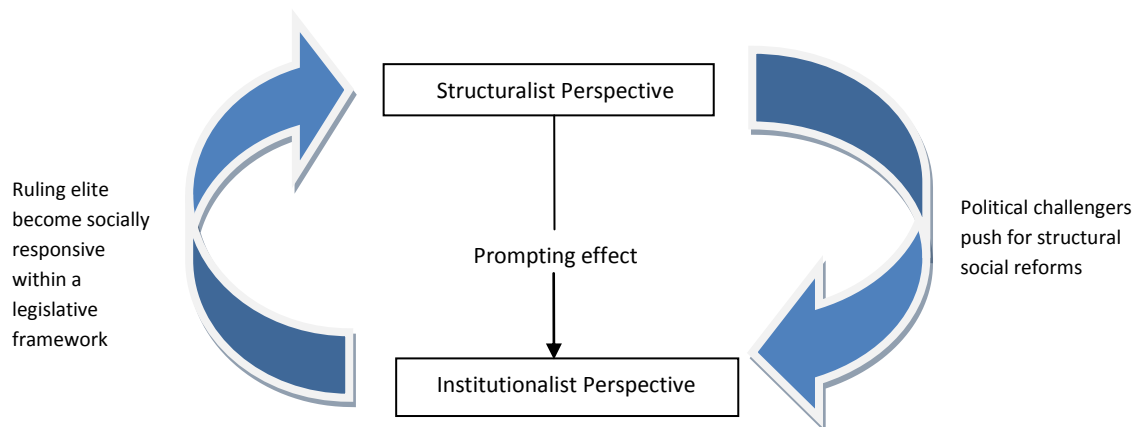
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<sup>212</sup> Skocpol, Theda Op. Cit., 1992, p 11

<sup>213</sup> Ibid., p. 49

<sup>214</sup> Margaret, Orloff, Ann. S, and Skocpol, Theda (eds.), Op. Cit., p. 21

All these variations speak to the heart of the institutional mechanisms in place controlling economic life. As shown in Figure 2.2, powerful political challengers mobilising against the state's lack of social responsiveness are paramount for structural social reforms to take place. They trigger a social process in terms of which questions are raised about the structural functions of the state in the event of society grappling with social and economic risks. Furthermore, they serve as a source of inducement for the ruling classes to pass constitutional provisions that make championing social justice the duty of the state. According to Karl Deutsch, "social mobilisation may even transform the function of existing symbols or institutions so as to turn them into agencies of group awareness"<sup>215</sup>. Essentially, institutions have an effect on the structural make-up of the economy and the quality of its response to the plight of those on the margins of society. Established institutions in particular generate powerful inducements necessary for buttressing stability and further development<sup>216</sup>. These institutions are important because they interact with ideas and the identities of actors and the relationship of distributional patterns of power and legitimacy of actors. New institutions, on the other hand, are costly and prone to trial-and-error methods, which render them unreliable tools for making general conclusions about path dependence and its implications for social spending<sup>217</sup>.



**FIGURE 2.2: STRUCTURALISTS AND INSTITUTIONALISTS' REINFORCING CYCLE OF WELFARE PATH DEPENDENCE**

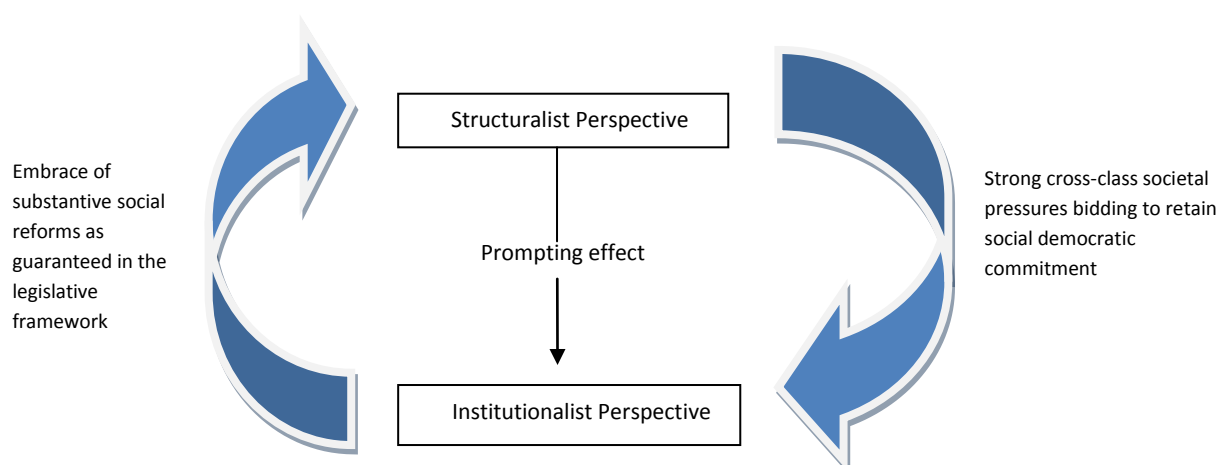
<sup>215</sup> Deutsch, Karl, W., "The growth of nations: Some recurrent patterns of political and social integration", in *World Politics*, Vol. 5, No. 2, January 1953, p. 186. Also see: Cox, Robert, W., "Beyond empire and terror: critical reflections on the political economy of world order", in *New Political Economy*, Vol. 9, No. 3, 2004, p. 314

<sup>216</sup> Andrew Benette and Colon Elman, *Op. Cit.*, p. 251

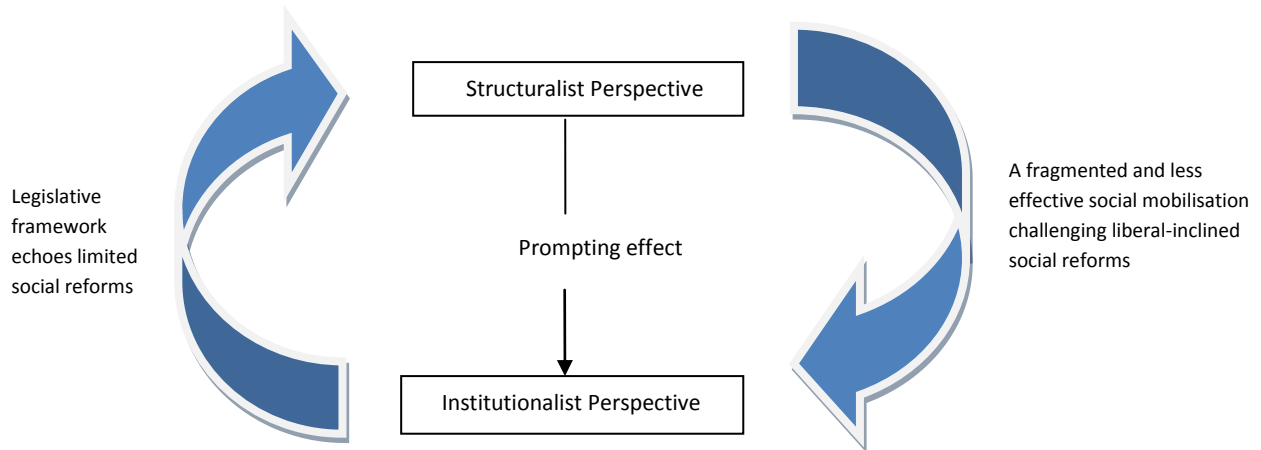
<sup>217</sup> *Loc cit*

The influence of path dependence on social spending patterns in the global South follows the coordination of institutional and structural arrangements similar to those in the North. As shown in Sandbrook *et al's* study of social democratic welfare paradigms in countries such as Mauritius, Kerala, Costa Rica and Chile, it is apparent that the ruling élite's lack of response to address the plight of the poor triggered mass-based societal mobilisation that paved the path for embedding social reforms within the legislative framework.

When the influence of path dependence on social outcomes in Mauritius is paralleled with South Africa's social development trajectory, as shown in Figures 2.3 and 2.4, the conditioning effect of social forces on social outcomes could not be more apparent. Where there is a unified bottom-up pressure/force transcending social class divisions as shown for Mauritius in Figure 2.3, it is clear that the push yields results that compel the state to spearhead structural changes geared at safeguarding the interests of society as a whole. However, in the event that social forces eschew mobilising as a unified force across the social class divide, as in South Africa and shown in Figure 2.4, the push for social reforms becomes less effective. Ultimately, it results in minimal pressure being exerted on the state to make changes in its constitutional commitment to meet its social obligations. In South Africa, laws have been put in place to get business to come to the party in terms of contributing towards social expenditure. However, the constitutional framework remains intent on refusing to move the current social welfare framework beyond its minimalist outlook.



**FIGURE 2.3: STRUCTURALISTS AND INSTITUTIONALISTS' REINFORCING CYCLE OF WELFARE PATH DEPENDENCE IN MAURITIUS**



**FIGURE 2:4: STRUCTURALISTS AND INSTITUTIONALISTS' REINFORCING CYCLE OF WELFARE PATH DEPENDENCE IN SOUTH AFRICA**

In the next section I shall be outlining the theoretical framework used to illustrate the development of welfare regimes in the two countries. I also preview the application of the theoretical framework as a foretaste of the more detailed discussion on different welfare regimes, and how these emerged in South Africa (Chapters 3 & 6) and Mauritius (Chapters 4 & 5).

## **Section II: The Framework for Analysis of the Welfare Trajectories of South Africa and Mauritius**

### **2.7. Introduction**

The previous section presented the philosophical underpinnings of the concept of the welfare state. It showed that different ideologies espoused and exhibited different understandings of the notion of welfare and how it is to be carried out by the nation-state. Whilst the theoretical expositions claimed no supremacy of one approach over others, they nonetheless provided basic conceptions of why the idea of a welfare state has been varied to suit various socio-political milieus, as well as why some are suitable to explain specific development paradigms. This proved that, in the Western capitalist economies, no uniform approach was employed to carry out the notion of equity and fairness. The erection of the welfare state in that measure was done in accordance with each country's developmental experience, as the multifaceted structure of capitalism compelled different political contexts to adopt different responses to social challenges.



In this section I draw upon the analytical framework extrapolated in Sandbrook *et al's Social Democracy in the Global Periphery*, which explains how the notion of the social democratic welfare state came into existence in the global South. These authors argue that the structural origins of capitalism, arrangements of class power, civil society and the state, as well as significant periods of history converged to cause a socially transformative society with its discourse focused on the advancement of the social wage. I adopt this framework in its entirety, with slight modifications made to indicate how differentiated economic beginnings begot a developmental social welfare model in South Africa as opposed to the classical social democratic welfare state in Mauritius. A sequence of historical narratives in this case offer a key to understanding the entrenchment of the notion of distribution against the background of lingering social conditions in the countries in question. Certainly, this sequence bears better resonance with the overarching aims of this study than that which is postulated by Robert W Cox in his book chapter *Social Forces, States and World Orders*. As it will be shown in the section below, Cox's focus is on nation-states' advancement of imperialist economic interests through the foreign policies they adopt, even though his analyses remains anchored in the historicist approach.

### **2.7.1. Why the framework of Sandbrook *et al* and not that of Cox – or both?**

The subject of the welfare state is not at the centre of Robert Cox's thesis on how nation states relate with each other in the international system, and the ambitions which drive that coexistence. Although the subject of the welfare state is tackled albeit in limited form in his analyses, it is clear that this subject is not addressed within the wider context of welfare state-building – be it in the North or in the South – and the processes that are involved in that regard. In the same vein, Cox pays inadequate attention to the role of social forces in keeping the welfare state alive as nation states grapple with the tricky situation of having to 'internationalise' their economies and still be able to retain their autonomy. A geopolitical analysis would have been useful in this case, in which parallels between the various reactions of social forces to external influence in the developing and developed countries are drawn.

Indeed at the core of Cox's thesis is states' fixation with pursuing national interests, which is reflected in the foreign policies they have come to adopt. To this end, the theories of international relations serve to underpin his analyses as nation states are under pressure

to strike that balance between state autonomy and internationalisation in the age of globalisation<sup>218</sup>. This is where Cox's framework diverges from that which is postulated by Sandbook *et al*, and invariably from the objectives of this study. First, this study is not preoccupied with the business of understanding inter-state relations in the era of globalisation. Instead this study compares the patterns of responses by the state to the prevailing social conditions. Also, this study is concerned with state-society nexus as well as its implications on policy outcomes in the long run. Secondly, the use of international relations theories would be at odds with this study's intended purpose of unravelling the domestic context in so far as the evolution of the welfare state is concerned. Thirdly, the cases alluded to, i.e. Britain and the US, and the historical context Cox draws conclusions from, remain inapplicable to the developmental trends in the global South, including those underlying factors responsible for their divergent developmental outcomes.

It is true that Great Britain and America's imperial ambitions for global dominance served as a function to advance their overarching goals of expanding the frontiers of economic prosperity<sup>219</sup>. However, the same does not hold true for most countries in the South. In fact, most of these countries were under colonial control, and their participation in the global economic stage, was through the channels created by their colonial masters, mainly in the form of trade. So it seems implausible a logic to suggest that developing countries, with their very limited financial resources, contemplated pursuing such imperial ambitions as akin to those of Great Britain and the US.

Regarding the imperial ambitions of the aforementioned countries, Cox alludes to the notion of *pax Britannica* – which denotes a peaceful period in which Great Britain dominated the seas and advanced her economic interests as a superpower in the period prior to the turn of the 20<sup>th</sup> century. The same logic applies to *pax Americana*, in the case of the US, in the period succeeding Britain's global hegemony, beginning around the middle of the 20<sup>th</sup> century<sup>220</sup>. Indeed the economic imperialist ambitions of these superpowers are understood to have precipitated social forces in the defence of the welfare nationalist

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<sup>218</sup> Cox, Robert. W, "Social forces, states and world orders: beyond International Relations Theory", in Cox, Robert, W, and Sinclair, Timothy, J (eds.): Approaches to world order, Cambridge: Cambridge University Press, 1996, pp. 204 – 206

<sup>219</sup> Ibid, pp. 222 – 224

<sup>220</sup> Loc cit

consensus that followed industrialisation in those territories under the dominance of the US and Britain.

Nevertheless, key questions remain unanswered regarding the character of social forces in spearheading the egalitarian discourse to form part of the framework of analysis for this project. Firstly, it is not clear in Cox's work what the role of social forces in shaping welfare outcomes in America and Britain was, after the advent of the industrial revolution. Secondly, Cox shies away from shedding light on the reasons Great Britain and the US ended up having starkly different welfare legislations even though both fall under the classification of liberal welfare states.

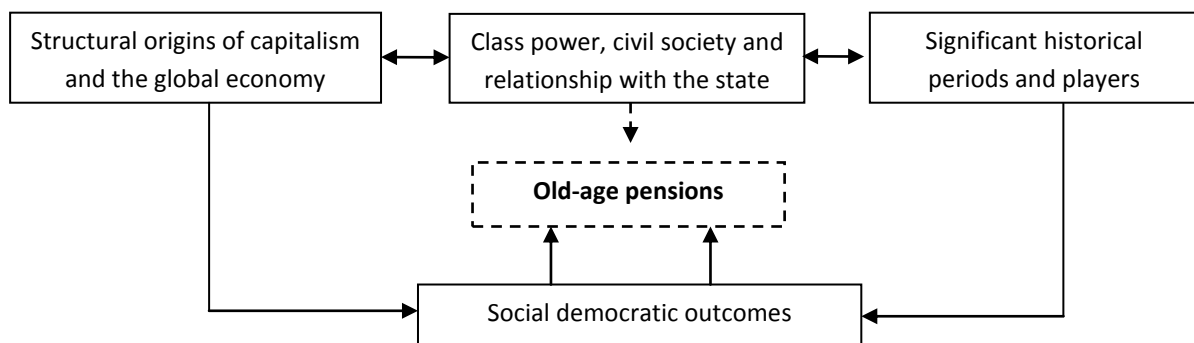
Thirdly, Cox's account of how these social forces protect the welfare nationalist consensus is unclear. Understanding the *modus operandi* of these social forces is important, particularly regarding the different roles they play in engendering variations in approach to pursuing the notion of social wage in both the developed and developing world. Regarding this issue, Cox makes the claim that social forces adopt a reactionary attitude towards international capital and seldom do so against national capital<sup>221</sup>. Cox, however, fails to shed light on why international capital is more prone to being met with opposition from domestic social forces than national capital.

The alternative explanation, which is offered by Sandbrook *et al*, brings the debate about corporate capital's relation with the society explicitly to the global South. They argue that the kind of a class compromise struck in the North is not the same as that struck in the South, and so are the conditions which propelled them. Unlike the framework of Robert Cox, Sandbrook *et al* do not explain state-to-state relations; instead they explain the national context. In their framework, they make a simple claim that the kind of convergence taking place between the social classes and capital has consequences on the welfare outcomes that are to come. Nevertheless, taking into consideration the fact that Sandbrook *et al* do not define the concept of social forces, I will adopt Cox's interpretation of social forces in my analytical framework. He defines them as those social classes that champion economic intervention and social policy. The old forms of social forces were composed of a number of social classes comprising mainly the industrial working classes as well as the

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<sup>221</sup> *Ibid.* p. 237

petty bourgeoisie. These existed within the confines of the nation state and thus sought to influence social policy within those parameters. The new form of social classes, on the other hand, is not restricted to the aforementioned social classes nor are they exclusively confined within the nation state parameters<sup>222</sup>. In other words, social forces can have a global mandate with aspirations to have a global social and economic impact. The framework is outlined in Figure 2.5 below, and it shall thus serve as a guide to proceed with uncovering the intricacies besetting the disparate welfare outcomes of South Africa and Mauritius:



**FIGURE 2.5: EMERGENCE OF SOCIAL DEMOCRACY IN THE GLOBAL SOUTH**

### 2.7.2. Structural Origins of Capitalism and the Global Economy

Richard Sandbrook *et al* argue that, without capitalism, social democracy becomes unnecessary<sup>223</sup>. This suggests that the shortcomings of capitalism gave rise to the social democratic enterprise. Thus, the emergence of social democracy is seen as a way of the state to correct the flaws of classic capitalist economy without impeding or denying capitalist activities in the formal economy<sup>224</sup>. It is envisaged in this regard that, as the market becomes more unregulated, the risk of the underclass becoming forgotten in the economic scheme of things is high.

However, different policy outcomes in the sector of welfare state discourse need to be understood within the broader context of the process of industrialisation. Industrialisation was accompanied by the mass production of goods and services, reduced

<sup>222</sup> *Ibid*, p. 226

<sup>223</sup> Sandbrook, Richard, *et al.*: Social Democracy in the Global Periphery: Origins, Challenges, Prospects, New York: Cambridge University Press, 2007, p. 178

<sup>224</sup> Loc cit

contribution from the agricultural sector to the economy and employment, increased population growth and urbanisation, and the emergence of a new class of producers such as workers who commodified their labour power for wages<sup>225</sup>. These changes induced new kind of social risks, namely accidents in the workplace, unemployment, irregular working hours, and child labour, low pay and insecurities in old age. Trade unions, either acting independently or in partnership with other groups, mobilised to take action against the state and employers to address these risks and other needs of the workers<sup>226</sup>. Even in the context of open economies, regardless of whether they are low- or high-income countries, the susceptibility to higher levels of social policy spending increases on the basis that exposure to external shocks in concentrated sectors of the economy intensifies the demands of the labour movement for social protection<sup>227</sup>.

Both South Africa and Mauritius's welfare traditions have their links to the rise of capitalism. During most of Dutch colonialism, South Africa's economy comprised mainly an agrarian sector, albeit without an outward-oriented approach. It was only in the aftermath of the discovery of mineral resources, which occurred in the mid-1860s, that the capitalist economy took form geared towards markets beyond the shores of South Africa. The economy's deep reliance on cheap black labour paved the way for a system of social stratification to define the social order of South Africa as the white English élite took ownership of the economy. In Deborah Posel<sup>228</sup>, Frederick Johnstone<sup>229</sup> and Merle Lipton's<sup>230</sup> terms, cheap black labour became a key ingredient of the success of South Africa's industrial economy, without which it would not have survived the test of time.

Mauritius's early capitalist structure, which entrenched a system of deprivation of the under-class by the colonialists as a form of amassing profits from the sugar sector, was made possible not only through the efficient configuration of labour production processes alone, but also by way of paying workers in the sugar sector poor wages. Over time it

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<sup>225</sup> Bangura, Yusuf and Hedberg, Carl-Johan, "Democracy and Social Policy Development: Introduction and Overview", in Bangura, Yusuf (ed).: Democracy and Social Policy, Basingstoke: Palgrave MacMillan, 2007, p. 6

<sup>226</sup> Loc cit

<sup>227</sup> Ulriksen, Marianne. S, Op. Cit, 2011, p. 196

<sup>228</sup> Posel, Deborah, Op. Cit, pp. 50 – 66

<sup>229</sup> Johnstone, Frederick, "White Prosperity and White Supremacy in South Africa Today", in African Affairs, Vol. 69, No. 275, April 1970, pp. 124-140

<sup>230</sup> Lipton, Merle.: Capitalism and Apartheid: South Africa 1910 – 1986, 3<sup>rd</sup> Edition, Claremont: David Philip Publishers, 1989, p. 12

resulted in the mobilisation of the underclass, who expressed their discontent by way of militancy and riotous tactics in a bid to compel the colonial authorities to take notice of the appalling living and working conditions to which they were subjected. Indeed, the mobilisation of the subordinate classes speaking truth to power, as well as taking action to challenge the system, would prove integral in the political success of social democracy.

The commercialisation of agriculture and mineral commodities transformed social relations. Barrington-Moore proposed three trajectories in terms of which landed élites made a gradual transition to commercial activities and ended up collaborating with the bourgeoisies<sup>231</sup>. In this respect the most probable outcome to emerge is democratic transition. Where the landed élites are unable to adapt but still able to wield significant political power, they end up using the state to pursue their own interests, resulting in right-wing authoritarianism. Finally, where the landed élites fail to adapt to the market and do not have political power, it leads to uprisings of the peasantry, resulting in left-wing authoritarianism. Whilst Barrington-Moore's framework offers compelling analytical insights, it falls short of certain fundamental considerations relevant for the purposes of this research. First his proposition that the bourgeoisie are the custodians of democracy (insinuating that the absence of the bourgeois class inevitably results in failed democratic outcomes) blurs the reality that its role in promoting political representation in Europe only went so far – enfranchising men of property – and that it was the working class who became instrumental in pushing for universal suffrage<sup>232</sup>.

In societies where the middle class emerged as a powerful political force, social democracy did not get a chance to develop<sup>233</sup>. It is very rare for the middle class to be at the forefront of the egalitarian discourse unless they need the support of the underclass to pursue causes that appear to be mutually beneficial across the class spectrum. Also, commercialisation is important because it created not only new actors, but also promises to give rise to civil society. The creation of new markets enables the formation of domains of

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<sup>231</sup> Barrington-Moore, Jr.: Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World, Boston: Beacon Press, 1967, p. 418

<sup>232</sup> Rueschemeyer, Dietrich, Stephens, Evelyne and Stephens, John.: Capitalist Development and Democracy, Chicago: University of Chicago Press, 1992. Cited in Sandbrook, Richard et.al, Op. Cit., p. 180

<sup>233</sup> Luebbert, Gregory, M.: Liberalism, Fascism or Social Democracy: Social Classes and the Political Origins of Regimes in Interwar Europe, New York: Oxford, 1991, p. 282

public deliberation outside the ones lying within the confines of the control of royal courts or aristocracy, along with demands for the protection of property through the rule of law. Moreover, the creation of these spaces can culminate in autonomous forms of ideological dissemination for the subordinate classes<sup>234</sup>. Equally crucial is that Barrington-Moore failed to recognise the importance of the consolidation of the market-oriented small-holding rural class, who were quite crucial in the emergence of social democratic transitions in Mauritius<sup>235</sup>.

Understanding the emergence of social democracy in Mauritius must extend beyond understanding internal dynamics alone. Indeed, external economic factors also played a vital role in the social democratic trajectory adopted in the country. This corresponds with other democratic experiences in Europe, where the country's deep connection with external economies via trade played a pivotal role in mapping out the social and economic transitions<sup>236</sup>. This dissertation posits on the basis of the empirical ground broken by David Cameron and Geoffrey Garret<sup>237</sup> that the more a country is connected to external markets through imports and exports, the more susceptible it becomes to invest in social protection. Whilst these observations were made in reference to the experiences in the core, early integration into the global economy of countries in the periphery heralded similar outcomes.

Peter Katzenstein shows that, whilst there is a correlation between external exposure of the economy and increases in social spending, small states whose economies are more outward tend to be more generous in social spending than their peers<sup>238</sup>. Looking at the Swiss and Austrian experiences, three variables are responsible for this pattern. The first is that the government steers the direction of the economies by heavily regulating the markets. Second, unions become incorporated into a strong market economy, and lastly, centre-left parties are often part of an all-party government.

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<sup>234</sup> Loc cit

<sup>235</sup> Sandbrook, Richard, Op. Cit, p. 180

<sup>236</sup> Loc cit

<sup>237</sup> Cameron, David, "The expansion of the public economy: A comparative analysis", in American Political Economy Review, Vol. 72, No. 4, 1978, pp. 1243 – 1261, and Garret, Geoffrey, Partisan Politics in the Global Economy, Cambridge: Cambridge University Press, 1998

<sup>238</sup> Katzenstein, Peter, "Small states and small states revisited", in New Political Economy, Vol. 8, No. 1, 2003, p. 20

Elsewhere, Peter Katzenstein<sup>239</sup> places the mechanisms of this propensity within the context and conception of class compromise. Indeed, the understanding is that, for an economy to remain competitive, it must invest in labour in order to hone the competitive edge of internal economies before it can acquire the courage to compete in external markets; however, in exchange, that gesture of benevolence must be returned by an amenable and productive workforce. This manner of compromise normally takes the form of the welfare state. This argument has been proven by Dani Rodrik, who has illustrated the strong correlation between economic performance in the OECD and the state's public expenditure. In summary, exposure to new market forces is important<sup>240</sup>. These forces give rise to a new form of political and economic consciousness, which ultimately culminates in the state's dedication of resources to causes that are redistributive in nature. Although the collaboration of the peasants with the urban middle class in the case of Germany resulted in fascist ideologies, Scandinavia presented a totally different case, as the collaboration of the middle class with the working class begot a social democratic outcome. In South Africa, the continued exposure of the post-apartheid economy to world markets resulted in a redistributive state, albeit a lighter version to the social democratic experience that emerged in Mauritius (see Chapter 6).

What made the political mobilisation of the divergent social groups possible was the failure of liberal solutions to solving the economic crisis. Luebbert<sup>241</sup> noted the following concerning liberal societies:

Liberals' reluctance to stabilise commodity markets at prices peasants found acceptable, their fixation with a return to the gold standard and the consequent deflations, their embrace of urban, secular, sometimes anticlerical cultures, and the liberal ineffectiveness that derived from division within the urban liberal community all alienated peasants.

Hence, independent smallholders have a tendency to resort to rebellion and assert their political interests wherever they are exposed to the market without protection. Depending on how class alliances were configured, independent smallholders either rejected liberal economics but supported liberal politics (hence social democracy), or shunned both the

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<sup>239</sup> Katzenstein, Peter, J.: Corporatism and Change: Austria, Switzerland, and the Politics of Industry, Cornell Studies in Political Economy, Ithaca: Cornell University Press, 1984. Cited in Sandbrook, Richard, Op. Cit., p. 180

<sup>240</sup> Rodrik, Dani.: Has globalisation too far?, Washington, D.C: Institute of International Economics, 1997, p. 52

<sup>241</sup> Luebbert, Gregory, M, Op. Cit., p. 282



liberal economies and politics alike. In any case, the role of peasants was pivotal in determining the political outcomes of interwar Europe<sup>242</sup>.

### **2.7.3. Class Power, Civil Society and State Arrangements**

Whilst neo-Marxist theories and theories of industrial society provide adequate understanding of the rise of social democracies, a comparative study of the welfare state has revealed that the rise of various types of welfare states can be ascribed to the strength of organisation of their working class<sup>243</sup>. This logic ascribes the successful consolidation of a social democratic welfare state to the size, organisational coherence, encompassing form of the working class, and the openness of working class parties to forge cross-class political alliances in a bid to gain political power. Given its focus on the provenance of the working class in relations and history, this turns out to be a balance-of-class power model that levels relations in unequal societies<sup>244</sup>. This balance-of-class power has had its efficacy proven to be of value within the perimeters of Europe, yet it loses relevance outside, even though it still remains theoretically sound. In this regard, Rueschemeyer, Stephens and Stephens provide incisive accounts of the trajectories of social inclusion and democracy that have been aligned to the balance of power in Latin America<sup>245</sup>.

In the global South, this theory is difficult to apply given the complex revolution of class formations and the timings and modalities of working class incorporation. Nonetheless, it provides very important revelations: that the continued repressive nature of the agricultural élite and landlords towards subordinate classes hinder democratic consolidation and that social and redistributive outcomes are contingent on the size and encompassing nature of the working class. This is true in the case of Mauritius, where the working class collaboration with marginalised small landholders acted against the passiveness of the state and the business élite on issue of social redistributive reform. After many years of relentlessly fighting the socially unjust capitalist mode of accumulation, the pressure of the working class and the small landholding collaborators culminated in a social welfare state that submitted to the universal provision of social protection as the years went by. In the case of South Africa, the African National Congress (ANC) has demonstrated

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<sup>242</sup> Sandbrook, Richard et.al, Op. Cit, p. 181

<sup>243</sup> Loc cit

<sup>244</sup> Loc cit

<sup>245</sup> Rueschemeyer, Dietrich et.al, Op. Cit, 1992, Cited in Sandbrook, Richard, et.al, Op. Cit, p. 180

close affinity with COSATU in the labour federation and the South Africa Communist Party (SACP). This is so even though the party has evolved as a party with considerable sympathy for neoliberal economic policies, combined with a number of welfare benefits to alleviate poverty and correct the injustices of the past.

What should also be of importance to the discourse is the quest to discover how the forces of the balance-of-power model apply in late developers. The historical characters are no longer exclusively the industrial working class, but rural lower class, even though they are not aligned with the working class. According to Sandbrook *et al*<sup>246</sup>, this modification is important to grasp, for it explains why social democracies at the global periphery focus more on social insurance schemes and accelerated social development. The prevalence of the rural lower classes has been crucial in explaining why social democracies on the global periphery have remained submissive to social insurance, with limited examples of “state-orchestrated tripartite class compromise”, which remains the defining character of the European social democratic welfare state. Crucial also to the feasibility and sustainability of social democracy at the global periphery is the relative autonomy of the lower classes. In the context of the European welfare state, however, the working classes have forged relations with the state without compromising their independence. The developing world, on the other hand, has displayed a contrary path. For instance, in South Africa, COSATU’s close affinity with the ANC has put its independence under scrutiny, so much so that it has prompted the argument that its lack of efficacy to push for broad-based egalitarian causes is being compounded by its resistance to sever ties with the Tripartite Alliance (see Chapter 6). Due to the “overdevelopment” of the state, lower class mobilisation has made way for state-led corporatism and even repression<sup>247</sup>. This is rife in most Latin American countries and countries such as India, where selective incorporation is commonplace, whilst in the East Asian context development was preceded by state repression of the working class. It is only in exceptional cases, such as in Mauritius, where the working class has retained relative autonomy from government, as many are able to mobilise outside the exclusive corporate and political structures to push for pro-welfare causes (see Chapter 5).

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<sup>246</sup> Sandbrook, Richard, *Op. Cit*, p. 183

<sup>247</sup> *Loc cit*

The ultimate result is that, in either context, continuous calls for social democratic reforms dwindle with time. It thus leaves this responsibility to civil society, whose efficacy is dependent on their vibrancy, and the quality and depth of their cause. The role of civil society in forging the social democratic discourse in the developing South has proven to be a *sine qua non*. Indeed, the South American, Central America and Caribbean experience attests to the significant role played by civil society in determining the pace and quality of democratic consolidation in the countries in the aforementioned regions. This is not always a welcomed proposition; however, as studies conducted by Rueschemeyer, Stephens and Stephens<sup>248</sup> show that the density of civil society is not quite the determinant of the democratic outcome, but rather the empowerment of previously marginalised classes. This, in turn, makes the working class crucial to the subject. In this case, civil society as the cornerstone of democracy becomes an indispensable force that creates platforms of dialogue for subordinate groups to self-organise and associate. It results in increasing the chances that these groups will turn out to be coherent political actors with an accorded voice to express their interests<sup>249</sup>.

In the event that the relationship between civil society, the formation of the working class and democratic consolidation is established, social democracy is more likely to emerge strongly. The fact that Scandinavian countries have demonstrated greater associational life testifies to the close relationship between social democracy and civil society. This relationship exists in two forms: Firstly, the character of civil society serves as a determinant of the form of the cross-class associations to ensue. The more determined, organised, and uncompromising civil society become about grassroots interests, the greater the likelihood for its effectiveness. The Swedish experience shows that the rapid proliferation of civil society, such as the temperance movements, the free churches, the labour movement and co-operatives in the 19<sup>th</sup> century, attests to that reality. The fact that most of these voluntary associations preceded mass organisations (such as political parties and labour confederations) gave the working class in Sweden time to self-organise and become independent actors before the advent of electoral politics. Also a trend applicable to the entire Europe, self-organisation and the attainment of autonomy of the working class

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<sup>248</sup> Rueschemeyer, Dietrich et.al, Op. Cit, 1992, Cited in Sandbrook, Richard, et.al, Op. Cit, p. 182

<sup>249</sup> Ibid, p. 185

served as preconditions for the rise of social democracy. For countries with a strong liberal inclination, however (such as France and England), the mobilisation of the subordinate classes resulted in the weakening of the power of the trade unions (as in Switzerland and France) or their splintering (England). This consequently served as fertile grounds for liberal parties to incorporate sections of the working class in the early stages of electoral politics.

Secondly, civil society has a natural inclination to facilitate inter-class relations. This, in the tradition of Gramsci Antonio<sup>250</sup>, plays the role of reducing distrust, speculation and distributional conflicts, provided that dense and horizontally-linked civil society structures have taken form. The ultimate result is that it shapes the political behaviour of actors. Sandbrook *et al* assert that, “where civil society has emerged as a key arena of debating and reconciling differences, organised powers are likely to resort to power politics or even coercion”.

The final, yet critical, piece of the configuration is the state. In any organised society, the state is the most superior institution enjoying the prerogative to regulate relations between society and state, but also to regulate relations in society. By virtue of defining institutional rules of political life and mediating relations between social groups, nation-states are equipped to determine which interests are represented and the manner in which they become coordinated<sup>251</sup>. This makes the state an important part of any process of class compromise. For these class configurations and structural conditions to yield dividends of social enlightenment requires the state to be capacitated, in possession of infrastructure, and having the bureaucratic ability to accumulate profits and also to be able to make social investments. Such a state, according to Sandbrook *et al*, requires the Weberian autonomy of the bureaucracy and the embeddedness espoused by Peter Evans’s assessment of the emergence of developmental states in East Asia<sup>252</sup>. Effective bureaucracies are more likely to capacitate the state to intervene in social and economic activities without frightening off important economic actors.

In the European context, statehood followed a long historical odyssey that included the development of legal codes, administrative techniques and other authoritative powers

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<sup>250</sup> Cited in Sandbrook, Richard, *Op. Cit*, 180

<sup>251</sup> *Ibid*, p. 185

<sup>252</sup> *Loc cit*

to acquire revenue over time. Citizens eventually surrendered their autonomy to take total control of their individual resources (through tax) to the state in exchange for citizens' rights. The external development of the state in some parts of the developing world prevented these dynamics between the state and social forces. Colonialism not only passed on state machines destined for extraction rather than development, but equally left a legacy of a ruling sect, who would enjoy the privilege to "privatise" and inherit state powers. In essence, historical factors of state formation in the global South prevented the laying of the foundations for the differentiated, professionalised, rule-bound and autonomous institutions required by the modern state<sup>253</sup>. This is the case even though colonialism in itself can be commended for integrating the subjected territories into the world economy, which in turn played the role of forming specific state-building paths at the periphery. This is evident in the influence of the Japanese on South Korea, and the existence of vibrant traditional legal institutions in formerly directly ruled colonies of Britain. Indeed, the colonial legacy is highly evident in Mauritius and South Africa, with social and development outcomes attributable to the strong character of the states. Both countries show the utilisation of state institutions by the subordinate classes, or that advocates for social change wield a significant amount of influence for broad-reaching social reforms.

#### **2.7.4. Significant Historical Periods and Players: Political Parties and Ideology**

It would be inadequate to focus only on the factors that enabled the emergence of the capitalistic mode of accumulation, how state-building took form, and the calibre of civil society within the broader scheme of social democratic transitions without looking at the role of political parties. Intense mobilisation of subordinate classes is no guarantor of social democratic outcomes *per se*, as they are quite susceptible to inciting populist politics<sup>254</sup>. Political parties are critical for fusing ideological interests combined with coherently setting out programmes of action. Kohli illustrates how the Communist Party of India, more than any other political party, was able to tackle social problems such as poverty effectively because of its organisational quality, policy coherence and class base<sup>255</sup>. Yet left-of-centre political parties remain scarce in the developing world. However, whenever they are in

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<sup>253</sup> *Loc cit*

<sup>254</sup> *Ibid*, p. 186

<sup>255</sup> Kohli, Atul.: *The State and Development in the Third World*, New Jersey: Princeton University Press, 1987, pp. 144-168

existence they tend to display oligarchic tendencies<sup>256</sup>. The ANC is one such organisation which has enabled non-consultative elements to reign supreme, resulting in the party abandoning its social democratic mandate as neoliberal political ideologies took over (as discussed in Chapter 6). The case of Mauritius, on the other hand, shows a political landscape characterised by intensified left-of-centre political competition given the multiplicity of parties that espouse social democratic politics. Enabling this outcome is, of course, the superior organisation of the lower classes and the redistributive expectations firmly entrenched in the social fabric of the island. Due to this pressure, even moderate political parties would concede to adopting distributive politics for the sake of making short-term political gains.

## **2.8. Concluding Remarks**

South Africa and Mauritius were poised to erect welfare states under colonial rule because of the exposure of their economies to external capitalist forces. On their own, the market could not have initiated social reforms, nor was the state pressured to spearhead such initiatives because of their collaboration with liberal economic forces. Certainly, it was the market's turning a blind eye to the social infirmities afflicting the under-classes that inspired bottom-up resistance to develop and challenge the *status quo*. These incidents in South Africa and Mauritius became the critical turning points that paved the way for substantive social reforms.

The mobilised resistance of the subordinate classes against the aloofness of the ruling élite unfolded in two forms: In Mauritius the workers did not singlehandedly pursue the pro-poor agenda since they opted to lead a multi-class broad-based movement that collectively challenged the complacency of the ruling élite in the social sphere. In South Africa, on the other hand, the workers were removed from society and they pressed for the state's consideration of the plight of the workers without making a case for reform of the wider societal beneficence. The inclusive approach of the workers in Mauritius led to the subordinate classes developing into a formidable political force and eventually taking up the reins of state power, as opposed to being co-opted within the apparatus of the state as they did in South Africa. The consequences of these political configurations on social policy outcomes are telling: The uncompromised independence of organised workers paved

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<sup>256</sup> Sandbrook, Richard, *Op. Cit*, p. 186

Mauritius's path towards a sustainable social democratic welfare regime, which remains jealously guarded to date because of the balance of forces which remains tilted to the side of the broad-based movement that transcends class divisions. In South Africa, however, the bottom-up pressure created by the workers did not spawn bottom-up social reforms because the power of the workers had been compromised by their assimilation into the upper apparatus of state power. This particular weakness resulted in the creation of a liberal welfare state that kept state expenditure to a bare minimum, the remnants of which are yet to be relinquished by post-apartheid South Africa's social development framework because political configurations remain swayed in favour of the ruling classes.

## **Chapter III: State-Building and the Making of the Racially 'Exclusive' Welfare State in South Africa**

### **3.1. Introduction**

The development of the welfare state in South Africa during the first half of the 20<sup>th</sup> century occurred in a manner that was compelling – quite unique on the African continent<sup>257</sup>. The period of early frontier settlement of the Dutch sailors at the Cape of Good Hope in 1652 emerged with a system that was highly dependent on familial ties and the doctrines of the protestant ethic dominant in the structures of the Dutch Reformed Church. It can be ascertained that, at this juncture of early social formation, the notion of the state serving as a safeguard against dire dispossession by the economically marginalised was quite unripe as a concept. However, it came to pass that, as the British annexed the Cape of Good Hope in 1795, a new system of mitigating social exclusion was introduced into the socioeconomic landscape of the frontier. This change of political control introduced the British system of addressing dispossession in most parts of the Cape Colony, with the focus falling on rudimentary poor relief<sup>258</sup>.

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<sup>257</sup> Iliffe, John.: The African Poor: A history, Cambridge: Cambridge University Press, 1987, p. 114

<sup>258</sup> Jones, Rheinallt, J.D, "Chapter XVII: Social Welfare", in Hellman, Ellen (ed.): Handbook on Race Relations in South Africa, London: Oxford University Press, 1949, p. 413; also see Bundy, Colin, "Vagabond Hollanders and Runaway Englishmen: White Poverty in the Cape before Poor Whiteism", Second Carnegie Inquiry into Poverty and Development in Southern Africa, Carnegie Conference Paper no. 247, 1984, pp. 1-15

The aftermath of this arrangement was the perpetuation of a class aristocracy that would displace the African majority in the process. This was premeditated in such a way that the displacement of Africans would in the process advance a capitalist economic order that would secure white interests in class and racial domination. It precipitated not only a peculiar form of social enclave intent on making stark socioeconomic class distinctions between the Europeans and the Africans, but also between different European settler communities themselves.

The aim of this chapter is to establish how the coalescence of the interests of big capital, the mobilisation of social forces, and the ideological standpoints of the dominant political parties sowed the seeds for (a) the racial orientation of the 20<sup>th</sup> century welfare state, and (b) the pension-focused social development paradigm that prevailed under a neoliberal economic framework. It is hard not to speak of the abovementioned factors in the same breath when giving an account of the rise of capitalism and the state-led welfare approach in South Africa. Certainly it is as a consequence of these mutually cross-pollinating strands that the foundations of a welfare system characterised mainly by an old-age pension scheme were laid. This certainly opened space for pensions to serve as a political engineering tool to be exploited by the political élite in order to advance their narrow self-interests. Eventually I argue that South Africa did not have social forces that were as powerfully organised to mobilise for a more comprehensive welfare system as in Mauritius, owed to the absence of similar levels of cohesion across ethno-class divisions. Due to this historic fragmentation, social welfare focused only on the group that mattered initially, i.e. the Afrikaners, as they were needed to advance the interests of English capital. Mining therefore carried the cost of this social awakening, co-opting workers in an effort to maintain long-term political stability. This stability became threatened as a result of the political marginalisation of blacks, causing the state to make concessions for blacks, albeit with racial differentials that still favoured whites.

I have divided this chapter into four sections. In Section I I illustrate the capitalist economic take-off in South Africa at the turn of the 20<sup>th</sup> century as one that was based on mining. In this part I show that the predominance of mining capital in the South African economic scene displaced the Afrikaner peasantry in the rural areas, resulting in divergent developmental outcomes between the two settler communities, i.e. the English and the



Afrikaners. As a result, the *poor white* problem, which afflicted Afrikaners, is illustrated as a symptom of each group's relation with industrially-inclined capital, whilst also being located within the general context of race relations of South Africa. Section II illustrates a critical juncture marked by the accession of capital to be socially responsive following workers' mobilisation against unremitting economic marginalisation by the former. Indeed, the pervasiveness of the *poor white* problem provided a subliminal effect that helped detonate the uprising by those workers at the lower end of the pecking order against authority.

Section III shows the configurations of class interests between capital, labour and the state, which connived to advance elitist interests at the exclusion of social causes. I further demonstrate that the incorporation of the workers within the formal structures of state power compromised their mobilising capacity to push extensive welfare reforms to dominate the policy centre stage. Lastly, Section IV puts into perspective the type of welfare state that followed these dynamics. It shows that it was a welfare state that remained beholden to a minimalist approach as a means to alleviate economic marginalisation, whilst market forces were trusted with the role of filling the holes. The reasons for the liberal approach and focus on pensions are ascribed to (a) the poor white vote holding sway and (b) an élite compromise intended mainly to keep political agitators at bay. As racially exclusive as the welfare state was, it was the latter that provided a stronger impetus to have pensions extended to black people in 1944 and beyond.

## **Section I: Conditioning the Structural Properties of Capitalism the Divergent Development Outcomes within the White Society**

### **3.2. In the Beginning: Capital Accumulation and Competing Settlers' Interests**

On the eve of the 20<sup>th</sup> century, South Africa had already developed into an industrial economy centred on its vast mineral deposits. The discovery of diamond deposits in Kimberley in 1866 marked the official commencement of the industrial revolution in South Africa, whilst the discovery of gold in the mining town of the Witwatersrand in 1886 became the symbol of the revolution<sup>259</sup>. Prior to the 1880s, the economy was in the hands of the Dutch settlers and was based on settler farming, which subsequently replaced the natives' subsistence agriculture. Agriculture became the lynchpin of the economy and wool was its

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<sup>259</sup> De Cock, M.H. *Op. Cit.*, p. 120

chief product<sup>260</sup>. Be that as it may, the agricultural sector only became truly market-oriented in the 1880s<sup>261</sup>. The discovery of gold was followed by the mining sector replacing the agricultural sector as the main driver of the economy, owing to the soaring global demand for that commodity. Also, thanks to the foreign capital that poured in, two years after the discovery of gold, the mining sector was able to record annual returns of £1 300 000<sup>262</sup>. At the turn of the 20<sup>th</sup> century, mining had cemented its role as the dominant pillar of the economy. At the heart of all these developments is that, compared to Mauritius's sugar-dependent economy, South Africa's entry into world markets was late and was not facilitated by its agricultural performance. Instead, the country's outward market orientation was driven by its mineral resources and the mechanisms put in place to guarantee its success. The terms for the *structural properties* of capital accumulation in South Africa were laid out at this stage and they were conditioned to be socially aloof. The foreign-controlled mining sector employed *laissez faire* orthodoxy of economic control over initiatives that sought to advance the notion of collective goods.

Mining was in the hands of the English settlers, whilst the agricultural sector was under the control of the Afrikaners<sup>263</sup>. What followed saw the rise to dominance of mining over agricultural capital, thus tabling the terms upon which the success of either settler community would be defined. The English were the captains of industry, and they were acquainted with the innermost workings of the mining industry. The skills set boasted by this particular segment of the white population certainly catapulted them into the echelons of economic power. The Afrikaners, on the other hand, were found wanting. They were either unskilled or possessed skills that were deemed irrelevant to the mining-based economy. Their modicum of training meant that the only avenues available for them other than agriculture were the lower levels of the state bureaucracy, education, the legal profession and the church<sup>264</sup>. Unable to keep up with the pace of this rapidly expanding

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<sup>260</sup> Davies, Robert, "The White Working Class in South Africa", in New Left Review, Vol. 1, No. 82, Nov-Dec, 1973, p. 42

<sup>261</sup> Loc cit

<sup>262</sup> Loc cit

<sup>263</sup> Houghton, Hobart, D "Economic Development, 1865-1965", in Wilson, M, and Thompson, L (eds.): The Oxford History of South Africa volume II, Oxford: Oxford University Press, 1971, p. 21

<sup>264</sup> O'Meara, Dan, "White Trade Unionism, Political Power and Afrikaner Nationalism", Published: April 1975, Accessed at: [www.disa.ukzn.ac.za/webpages/DC/LOApr75.0377.5429.001.010.Apr75.pdf](http://www.disa.ukzn.ac.za/webpages/DC/LOApr75.0377.5429.001.010.Apr75.pdf), Accessed on: 04 June 2013, p. 31

industry, the Afrikaners were placed at the backwater of the new economic establishment, rather than being on a par with their English counterparts.

Exacerbating the slow pace of skills acquisition within the Afrikaner community was the reluctance of the Chamber of Mines to offer skills training programmes to the erstwhile rural white community, opting instead to import skilled workers from Northern England and Cornwall to work in the mines<sup>265</sup>. Even attempts made by the Republican Government in 1897 to offer Afrikaners employment and important skills through the Brickfields project could not make do. Sadly, there are no figures depicting precisely the degree of Afrikaners' involvement in the mainstream economy for the years prior to the First World War (WWI)<sup>266</sup>. However, there seems to be a general agreement that few entered the modern economy in any capacity and fewer attained entrepreneurial or managerial positions prior to the turn of the 1900s<sup>267</sup>.

One must mention at this stage that the absence of Afrikaners within the realm of the mineral-based economy was not of any concern to them. Their lack of interest to follow on the footsteps of the 100 000 mainly *uitlanders* (foreigners) who flocked from the Cape Province to the mineral centres of the Witwatersrand and other parts of the Transvaal in pursuit of wealth had its roots firmly embedded in the ideals of Afrikaner Calvinism, as well as those of *lekker lewe* (good life)<sup>268</sup>. These two doctrines were the dominant themes in the history of Afrikaner civilisation. Afrikaner civilisation espoused individual freedom and the refusal to pledge allegiance to a foreign power. Other themes included belief in selectiveness and predestination, as well as that material achievement was perceived to be attainable through adopting an industrious culture. These were the dominant ideological underpinnings that underscored, justified and validated their embarking on the Great Trek

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<sup>265</sup> Davies, Robert, *Op. Cit.*, p. 40

<sup>266</sup> O'Meara, Dan, "Analysing Afrikaner Nationalism: The 'Christian-National' Assault on White Trade Unionism in South Africa, 1934 – 1948", in *African Affairs*, Vol.77, No. 306, 1978, p. 50

<sup>267</sup> To capture the degree to which the Afrikaner population remained outside the formal economy, which displayed the high ratios of rural urban population during the years in question, the following summation is provided: In 1904, 53.6 per cent of the total population lived in the urban areas, as compared to less than 15 per cent of the Afrikaans-speaking population. By 1936, the number had risen sharply as virtually 70 per cent of the total white population was urbanised in comparison to only 36 per cent of Afrikaners. Estimates for the Transvaal were particularly revealing as this was the centre of mining activities and affiliated industrial growth. Statistics show that in 1904 60.4 per cent of the total white population of the Transvaal resided in urban areas in contrast to approximately of Afrikaans-speaking persons. Stokes, Randall, "Afrikaner Calvinism and Economic Action: The Weberian Thesis in South Africa", in *Journal of Sociology*, Vol. 81, No. 1, 1975, p. 69

<sup>268</sup> *Loc cit*

that took place between 1835 and 1840<sup>269</sup>. This was certainly a valuable part of the Afrikaner history in South Africa that an ordinary Boer was unwilling to trade even for sheer economic incentives<sup>270</sup>.

It was this form of contentment with their primitive economic methods and their contained social disposition that, at the turn of the twentieth century, proved to be to their detriment. As a consequence of their passiveness within the sphere of the economy, poverty would haunt Afrikaners like a plague, so much so that their plight grew in renown as the *poor white* problem. Although the problem of poor whites received official acknowledgement in 1902, the problem was first recorded in the annals of the Dutch Reformed Church (DRC) following the discovery of gold in 1886<sup>271</sup>. It would thereafter be brought under the spotlight at a church conference that followed in 1893 to discuss the same issue<sup>272</sup>.

The harsh economic developments ushered in by the change in disposition of the economy caused what can be dubbed the proletarianisation of the peasantry. Capitalism did not only put the livelihood of the Afrikaners under threat (through displacing the agricultural sector), it also precipitated urbanisation, which was being aggravated by pushing Afrikaners off their land. The emergence of capitalism also introduced a land tenure system that promoted private ownership of property. Perpetuated by Roman Dutch Law, which was effective in the Boer Republics (Transvaal and Orange Free State), land became too expensive for many rural dwellers to afford. Moreover, the subdivision of farms enforced by the same law ushered in a quasi-feudal system in which the property-owning rural farmers would rent out part of their land for labour<sup>273</sup>. It was at this juncture that the rural society was divided into classes of the landed and landless men. Moreover, it was this system of quasi-feudal development that marked the intermediary stage in the process of class formation, which ultimately saw a number of 'bywoners' thrown off the farms as the development of this phase was eased in by the penetration of the capitalist mode of

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<sup>269</sup> Loc cit

<sup>270</sup> Loc cit

<sup>271</sup> O'Meara, Dan, Op. Cit., p. 50

<sup>272</sup> Estimates show that by 1916 the number of poor whites put on official records was 106,000, rising to 120,000 in 1921 and to 300,000 (or 1/6 of the white population) in 1933<sup>272</sup>, whilst 188,000 white adult males were in 1933 registered as unemployed. See O'Meara, Dan, Op. Cit., 1978, p. 50

<sup>273</sup> Johnstone, Frederick, Op. Cit., 1976, p. 50

production entailing agricultural production on a mass scale. It can be said that it enabled wealthier property owners to extend their land ownership at the expense of poorer owners and non-owners. This new system that prioritised the privatisation of land ownership ended up restructuring farm production to conform to profitable lines<sup>274</sup>.

The period between the turn of the 20<sup>th</sup> century and the early 1920s was marked by a rapid pace of industrialisation. Seeking job opportunities in the mining town to compensate for the loss of income from deagrarianisation proved to be the only viable option<sup>275</sup>. But at the heart of the matter was that the dismantling of the landed class in South Africa resulted in their emasculation and further reducing their power to inform social reform advocacy. This, of course, contrasts starkly with the Mauritian case, as the repealing of laws that prohibited the underclass from having rights to land ownership resulted in their empowerment and consequently taking the lead in applying pressure on the state for dragging its heels in championing social reforms (see Chapter 4).

### **3.2.1. The Problem of *Poor White-ism* and White Civilisation**

The persistence of poverty amongst the rural whites constituted a direct assault on the concept of white civilisation. At the onset one must make two important distinctions that underlie the analysis of capitalism within the wider scheme of race relations in South Africa. First, *white civilisation* should be distinguished from *white supremacy*, even though the two were mutually reinforcing. White civilisation denoted the validation of *white-ism* as a higher class above that of blacks. In other words, it was a system of social ownership, one which reinforced the supremacy of the controlling or dominant group over the marginalised black majority. Frederick Johnstone conceived white supremacy to be a representative of a system of power that transcended the social, political and economic planes of the

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<sup>274</sup> Loc cit

<sup>275</sup> It was reported that between 1904 and 1921, the proportion of the total South African population living in the urban areas rose by 55 per cent. Between 1891 and 1926 the proportion of the white population living in the urban areas rose from 35 per cent to 58 per cent. The number of the white population of the Transvaal living in the urban areas had reached 55 per cent in 1904, and rose to 60 per cent in 1911 and then 64 per cent in 1921. In the Witwatersrand alone the number of whites living in that area reached 123,000 by 1904, rising to 196,000, and eventually reaching a staggering 250,000 in 1921. Although the urban population of South Africa as a whole rose by 14 per cent, between 1904 and 1911, the urban population of the Transvaal rose by 58 per cent. Likewise, although the number of white living in urban areas in South Africa rose by 7 per cent between 1904 and 1911, the number of urban areas in the Transvaal rose by 42 per cent (70,000). *Ibid*, pp. 70, 73 & 79

country<sup>276</sup>. As such, whites imposed their superiority on blacks, whilst blacks would in turn be compelled to accept their marginalised status and thus invariably were expected to be subservient to the entire power structure.

The poor white problem became an indisputable reality, with figures showing that hundreds of thousands of whites in the rural areas had their livelihoods compromised due to an absence of income and the dismantling of the kinship structure to provide material support. In reality, the big fuss over the economic despondency of poor whites concerned the question of the notion of whites as a superior race, since the plight of the latter had rendered them indistinguishable in status from 'inferior' blacks. The creation of the Union Government in 1910 culminated in the passing of colour bar laws, which sought to guarantee high wages for whites on the basis of skin colour, whilst black workers were not entitled protection of any kind. This resulted in the cost of unskilled white labour becoming 17.5 times higher than that of blacks. Mining houses therefore were prompted to flout labour laws by showing preference for black workers over their unskilled white counterparts in a bid to minimise production costs<sup>277</sup>.

In the next section I depict the labour unrest of organised unskilled white workers in the mines in 1922. It was certainly a response to the nonchalant attitude of mining capital, and certainly one that marked the defining moment that pushed the state to put the poor white agenda on the policy centre stage. Indeed, the labour unrest marked a *critical juncture* as it exposed the holes in the system, their implications for state legitimacy, and finally elicited the response of the ruling classes to fill these gaps.

## **Section II: *Critical Junctures* and Workers' Resistance to Economic Marginalisation**

### **3.3. Workers' Resistance to Capital and the Quest for a Social Consciousness**

It was the mining houses' decision to lay off 2 000 unskilled white mineworkers in the Rand which ended up triggering the violent industrial mass action in 1922 in which 153 people died at the hands of the police. This brutal onslaught on those who challenged the *status quo* was repeated in Marikana in 2012, because the ANC government, just like the SAP government under Smuts, was intent on protecting its mining interests (see Chapter 6). But

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<sup>276</sup> Johnstone, Frederick, *Op. Cit.*, 1970, p. 124

<sup>277</sup> *Ibid.*, p. 135

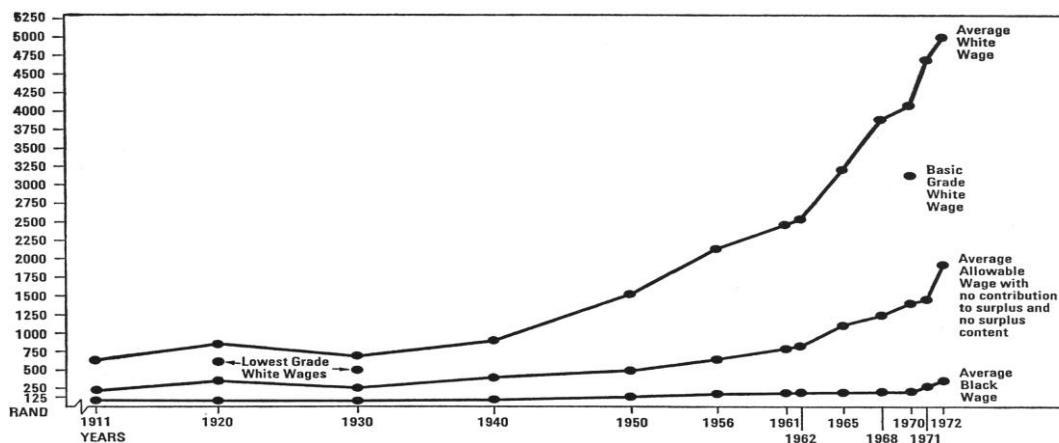
what it did most was lay bare the grievances of the white mineworkers, which presented itself as the final opportunity to be exploited by opposition parties to depose the sitting government in the general elections of 1924. Indeed, no period during South Africa's early phase of capitalist-based economy presented a *critical juncture* moment better than that elicited by the industrial action of 1922. It was not only a blatant demonstration of the resilience of those who dared challenge the *status quo*, it also ushered in a series of changes in the state's policy outlook, cutting across social, political and economic planes.

Chief amongst these was a political alliance of the Labour Party and the National Party which resolved to overlook contrasting ideological backgrounds with the goal of unseating the South African Party-led government for its sympathetic stance towards mining interests<sup>278</sup>. That the NP and the LP would ignore their differences for political expediency was a culmination of a chain of events that served as the telltale signs of political victory if properly taken advantage of. From the Van Ryn Deep Strike in 1917, to that fateful industrial action in 1922, the new coalition partners would use to their own advantage the failure of the State to attend to the structural weaknesses of the system of production. Certainly, the 1922 labour onslaught served as the final straw. With Smuts already unpopular for his anglophile, thus pro-capital, attitude in Afrikaner quarters, his handling of the riot helped create a political constituency opposing his administration.

In a desperate attempt to wipe off the humiliation of *poor white-ism*, the Pact Government under Hertzog enacted tighter mining legislation, which became known as the civilised labour policy. Hertzog defined civilised labour as "all work done by people whose standards of living generally recognised as decent from a white person's point of view". In contrast, it referred to the "work performed by persons whose goal is restricted to the mere necessities of life in accordance with the ideas of undeveloped and savage people". These pieces of legislation were the Industrial Conciliation Act (or Wages Act) of 1924 – passed just before the end of Smuts's tenure – and the Jobs Reservation Act of 1926, passed under the Pact. These new rules were all designed to enforce stricter compliance by the mining houses by way of providing job and higher wage guarantees for unskilled white workers in the mining industry. These dynamics are captured in Figure 3.1 below.

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<sup>278</sup> *Ibid*, p. 130



**FIGURE 3.1: AVERAGE BLACK AND WHITE WAGES PROPORTIONAL TO AVERAGE ALLOWABLE WAGE**

Source: Davies, Robert, *Op. Cit.*, p. 52

|   | 1911   | 1920                           | 1930                           | 1940    | 1950    | 1961    | 1970                          | 1972    |
|---|--------|--------------------------------|--------------------------------|---------|---------|---------|-------------------------------|---------|
| Total market value of sales (RMillions)<br><i>Which consists of:</i>            |        |                                |                                |         |         |         |                               |         |
| Depreciation (C)  | 28,030 | 35,686                         | 35,470                         | 71,834  | 142,726 | 341,216 | 615,046                       | 632,739 |
| Wages (V)   | 37,634 | 46,068                         | 40,446                         | 75,322  | 139,224 | 293,259 | 488,100                       | 570,757 |
| Surplus (S)   | 29,694 | 54,910                         | 42,654                         | 111,934 | 111,364 | 258,806 | 460,229                       | 738,848 |
| Average allowable wage with no surplus content (annual)<br>(S + V/labour force) | R222   | R345                           | R242                           | R377    | R507    | R826    | R1,347                        | R1,963  |
| Average white wage  | R560   | R819                           | R648                           | R911    | R1,594  | R2,501  | R4,074                        | R5,098  |
| Surplus content of white wage   | R338   | R525                           | R406                           | R534    | R1,087  | R1,675  | R2,727                        | R3,135  |
| Basic grade white rates (selected years)  |        | lowest grade<br>R624 per annum | lowest grade<br>R520 per annum |         |         |         | basic rate<br>R3036 per annum |         |
| Average black wage  | R62    | R64                            | R59                            | R69     | R110    | R159    | R235                          | R302    |
| Rate of exploitation of black labour<br>(S/total black wages%)                  | 181%   | 331%                           | 232%                           | 365%    | 240%    | 278%    | 316%                          | 415%    |

**FIGURE 3.2: AVERAGE WAGES OF BLACK AND WHITE MINeworkERS PROPORTIONAL TO SURPLUS CONTRIBUTION**

Source: Davies, Robert, *Op. Cit.*, p. 53

As shown in Figure 3.2, this pattern of exploitation persisted throughout the epoch of mining-based industrialisation in South Africa under white minority rule. Such was the case even though the surplus contribution of black mineworkers dwarfed that of white mineworkers quite considerably. The term *civilised* labour policy was eventually phased out after the NP and LP broke ties in 1933. Nevertheless, the provision of statutory safeguards



of privilege for poor unskilled whites was retained under the ‘cost of living’ principle of the Fusion period, ending up begetting the South African United Party (UP) (see next section)<sup>279</sup>.

Against the background of the active class confrontations between the labouring classes and those at the upper echelons of economic power, civilised labour policy, which laid out the blueprint for social policy, cannot be measured as a victory for the subordinate classes. In the next section I argue that such levels of ‘generosity’ under the Pact were inevitable. I also shed light on how this false victory of the working class facilitated the establishment of a liberal welfare paradigm, and not a social democratic one as typified by Mauritius’s social development trajectory. The rise of the organised working classes to the mainstream political platform in the early 1920s culminated in the *configuration* of a class alliance between the labouring forces and the political ruling classes to define future policy outcomes in the social security arena.

### **Section III: Configurations of Class Interests, Political Ideologies and Conditioning of the State**

#### **3.4. Capitalism and the Political Class Struggle**

The Pact had the knock-on effect of having labour used as a proxy to advance Afrikaner ambitions as that of an aspirant capitalist class within the white social formation. Under the Pact government, attempts would be made to challenge the dominance of mining – the archetypical representation of English wealth – through state-driven manufacturing<sup>280</sup>. In this sense the National Party/Labour Party coalition of 1924 comes to mind for its precipitation of close class *configurations* between the state and organised labour. The NP was founded in 1914, with the rural areas being its stronghold. It was also a party of the affluent agricultural class from the Cape, whose wealth was derived from the success of the fruit industry and wine production. Whilst the political support base for the party was largely the rural poor, the agricultural élite and petty bourgeoisie within the party were at

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<sup>279</sup> Davies, Robert, *Op. Cit.*, p. 44

<sup>280</sup> The establishment of the ISCOR in 1928 – followed later on by SASOL and ESKOM – was a culmination of these ambitions. For in-depth insights on the English-Afrikaner rivalry for dominance in the realm of the economy and within the social sector see: Kaplan, David, “Relations of Production, Class Struggle and the State in South Africa in the Inter-War Period”, in *Review of African Political Economy*, No. 15/16, May – Dec 1979, p. 137; and O’Meara, Dan, “The Afrikaner Broederbond, 1927 – 1948: Class Vanguard of Afrikaner Nationalism”, in *Journal of Southern African Studies*, Vol. 3, No. 2, April 1977, p. 168

the helm. The LP, on the other hand, was a party of workers, comprising members of the craft unions and the proletarianised unskilled workers who made up the bulk of the party's support base. But even in that case it was the élite-oriented craft union members who steered the ship of the Labour Party. In other words, what appeared at face value to be a class alliance turned out to be the opposite. The NP/LP coalition was nothing but an élite clique that resorted to political class divisions in order to advance their quest to claim their share of the success of the economy. In the same vein, the calling off of the NP/LP coalition following disagreements over the gold standard, as well as the NP's intolerance of some social democratic quarters within the LP, attested to this capitalist-orientated mission. The NP consequently jumped ship to join the mining-leaning SAP, which resulted in the formation of Fusion.

Certainly, the changing make-up of the state opens an inquest into the implications of these transformations for social policy. Undoubtedly, the close relationship between labour and the state served as one of those colossal factors that compromised South Africa's path towards possible social democratic outcomes. In Mauritius, the working class ended up assuming political power, thus defining the ideological orientation of the state to be favourable to the plight of the poor. In South Africa, however, the white working class served as an invaluable tool intended to win support for the NP/LP alliance, only to lose significance after the ruling élite consolidated power. The state's new social consciousness reflected in the civilised labour policy was a gesture of generosity conveniently engineered to convince organised labour and the poor white society at large that the Pact government sympathised with the marginalised. This tactic is echoed in the ANC's power-grasping tactics today, which rely on the party's commitment to social grants as proof to the left within the Tripartite Alliance that it has not abandoned its obligation to champion social justice (see Chapter 6).

The abrupt fall from grace of the workers within the formal structures of power after the Pact assumed control in 1924 was the bone of contention here. The answer to this inquest lies in the fact that 90 per cent of unskilled workers were members of the *Mynwerkers Unie* (Mineworkers Unions/MWU) – the South African Trades and Labour Council's (SAT&LC) largest affiliate – and from whom the Labour Party derived a large

following<sup>281</sup>. The workers were a labour aristocracy who put workers' interests above broad-reaching egalitarian reforms for the benefit of the whole spectrum of white society. And since the leadership of the workers was being steered by the ideologues of the elitist Labour Party, there was a disjuncture of interests caused by the distance between those in the upper echelons of power and the rank and file. Hence, the leadership was unable to escape the trappings and spoils of power to lead ordinary members at the forefront of the working class struggle. This hierarchical wedge certainly resulted in the absence of bottom-up pressure to keep the state in check, as in Mauritius (as shown in Chapter 4). Instead, the workers were tamed to toe the party political line of their comrades in the Pact government (LP and NP) for the purposes of ensuring a successful launch of national capital. As a result there was a sharp decline in industrial unions, from 113 000 to 67 000 between 1919 and 1926<sup>282</sup>, as well as a decline in strike activity to only six between 1923 and 1929 compared to 37 between 1919 and 1922<sup>283</sup>. All these changes in industrial activity underscore the premise that the workers' close association with the state helped complete an axis of capitalist promotion, much like COSATU and the whole of the Tripartite Alliance have done in modern-day South Africa (see Chapter 6).

The success of Afrikaner capitalism was closely tied to that of mining, since it provided the necessary capital for the expansion of industry. After all, Afrikaners did not have the capital required to kick-start industrialisation on a large scale<sup>284</sup>. Therefore the incessant pursuit of economic dominance by the Afrikaner bourgeois classes became advanced in the political terrain. Put simply, the contest for political control by the élite inevitably became a contest for economic control. As Stanley Trapido notes on the intersections between economic and political interests within the white Afrikaner social

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<sup>281</sup> O'Meara, Dan, *Op. Cit.*, 1978, p. 49

<sup>282</sup> *Ibid.*, p. 49

<sup>283</sup> Innes, Duncan *et al*, *Op. Cit.*, pp. 57-58

<sup>284</sup> To put this point into statistical perspective; in 1939 the contribution of Afrikaner-owned enterprises to the total turnover was 8 per cent in commerce, 5 per cent in finance, 3 per cent in manufacturing, and merely 1 per cent in mining. Sally Frankel shows that a cordial relationship between the State and mining was necessary as mining proceeds accrued by the State (via its high taxation regime) poured into the creation of a homebred economy. Hence the percentage of equity capital invested in large farms stood at 4 per cent per annum in the period between 1919 and 1933 whilst investors received returns of 11.4 per cent. In the period between 1935 and 1963, however, investors' returns went downhill at 4 per cent whilst state revenue increased to 4.4 per cent when calculated as percentage of equity capital. Moreover 50 per cent of government and provincial revenue came from the Witwatersrand. Manufacturing only replaced the hegemony of mining capital in the Second World War as estimates showed the former's contribution to national income having risen by over 90 per cent between 1939 and 1945 (£67.9 million to £132.7 million).

formation, “Afrikaner economic [...] structures have tended to bolster, reinforce and even add momentum, to the drive for political power *and vice versa*”<sup>285</sup>. By contrast, the economic empowerment of the underclass in Mauritius emanated out of the quest to push a socio-political cause that would give voice to the marginalised and eventually map out the country’s social welfare future. The emergence of the liberal welfare state in South Africa mirrored the élite establishment on both sides of the politico-economic spectrum being ambivalent to the notion of the welfare state. The ascension to political power by Afrikaners and their eventual sizeable stake in the economy did not precipitate a sweeping egalitarian epiphany, but a minimalist one instead. This was the case even though the NP and the Afrikaner political ruling classes enjoyed significant rural-based support. Big capital, not the broader rural Afrikaner society, wielded a greater degree of influence on public policy outcomes.

In the next section I demonstrate that the workers were again dragged into the political fray to settle scores after the 1930s, albeit along ethno-political lines. I argue that these alignments marked their final journey towards being fully incorporated into the apparatus of state power, consequently rendering their cause a redundant one.

### **3.4.1. The Assault of Afrikaner Christian-Nationalism on Labour**

After the termination of Fusion in the early 1930s, the LP left with its vast union support base of Afrikaner workers. It was during this time that the feelings of being ignored and being out of place amongst unskilled workers reached their peak. The *Herenigde Nasionale Party* or Re-United National Party (HNP/V) saw an opportunity in the desolation of Afrikaner workers to use for their narrow political goals<sup>286</sup>. The strategy of the HNP/V for winning the 1948 general elections was that of exploiting the notion of Christian-Nationalism to wean the MWU from the Trades and Labour Council, and by implication from the Labour Party. In this case, the NP took a swipe at the state of industrial relations in the mining sector by

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<sup>285</sup> Emphasis mine. See: Trapido, Stanley, “Political Institutions and Afrikaner Social Structures in the Republic of South Africa”, in *The American Political Science Review*, Vol. 57, No. 1, Mar 1963, p. 75

<sup>286</sup> During this time the NP of Hertzog had split from the UP due to discord over South Africa’s role in the Second World War. Smuts was unflinchingly imperialist in approach by maintaining that South Africa is expected to fight on the Allied side as a dominion of Britain. Hertzog was more republican with views which suggested breaking ties with Britain and consequently not fighting for it in the War. Hertzog would then reunite with D.F. Malan’s *Purified National Party* to form the *Herenigde Nasionale Party of Volksparty* (Re-United National Party – HNP/V).

downplaying class divisions amongst Afrikaner workers and promoting divinely defined cultural attributes. The object was “to make the Afrikaner worker part and parcel of the life of the *volk* [Afrikaner Nation] and to prevent Afrikaner workers developing as a class distinct from other classes”<sup>287</sup>. In the end, the weakening of the working class added to the weakness to mobilise for more comprehensive welfare than in Mauritius, where their strengthening increased prospects for extensive social reforms (see Chapter 4).

The strategy worked, resulting in the NP winning the 1948 elections against (mainly) Smuts’s SAP by a very close margin of five per cent<sup>288</sup>. Although the political realignments of the 1920s marked the official incorporation of labour into the formal echelons of power, in 1948 the resurgence to power by the NP sealed it. Similarly, the NP was intent on dislodging the organised white working class from activism and further making prospects of social advocacy becoming ever more remote than previously. The 1970s marked the peak of this strategy, with 190 000 workers being members of unions aligned to the NP<sup>289</sup>. As shown also in Chapter 6, the ANC would adopt a similar approach of consolidating control upon assumption of power. This was done by not only curtailing the social function of the working class through a more assertive method of co-optation; worse, it successfully pitted civil society against each other in a bid to dampen the social egalitarian project. This was indeed the method of *divide and rule* creeping into the economic spectrum of South Africa, albeit manifested in a subtle and tolerated fashion within the guarded terrain of dominance in a pseudo-democracy.

The emergence of the welfare state depicted in the next section mirrored the above-mentioned class contestations over the control of the economy. This ultimately ushered in an élite compromise underpinned by the adoption of pensions to mellow the over-dominance of economic imperatives, unlike the more developed welfare systems such as that of Mauritius.

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<sup>287</sup> O’Meara, Dan, *Op. Cit.* 1978, p. 59

<sup>288</sup> Muller, C.F.J, *Op. Cit.*, p. 462

<sup>289</sup> Davies, Robert, *Op. Cit.*, p. 50

## Section IV: The Rise of the Liberal Welfare State: Pensions and White Civilisation

### 3.5. Pensions and the White Society

In a similar turn to Mauritius's experience, the development of South Africa's welfare state started off on a non-contributory note. Prior to that, occupational insurance was mainly the preserve of war veterans who fought in the Boer and the First World Wars, workers in the state-owned South African Railways and Harbours, and a small proportion of civil servants who made personal contributions to their pensions funds<sup>290</sup>. Apart from these occupational arrangements, poor relief based on the British model was commonplace and administered by churches. The nature of poor relief comprised indoor relief (i.e. in almshouses) and outdoor relief (i.e. grants in cash or in kind)<sup>291</sup>.

However, under the Pact Government, the State became modernist and more programmatic in its approach. It assumed more responsibility in the sector of social development by passing the necessary legislation aimed at bolstering the social contract and eventually rolling out non-contributory social assistance programmes to mitigate the dispossession of poor whites. These steps were the outcome of the Pienaar Commission, which was appointed by the Pact Government in 1926 to look into the feasibility of introducing a "comprehensive social security and assistance system for South Africa"<sup>292</sup>. Known also as the Commission on Old Age Pensions and National Insurance, it emphasised in its first report the urgency to introduce state support in the form of means-tested non-contributory old-age and invalidity pensions. The commission as a result flagged the inadequacy of poor-relief measures to fight the prevailing problem of white *un-civilisation*<sup>293</sup> (viz. the reduction of white society's socioeconomic status to the level of Africans or worse).

The breakdown of the traditional family structure of 'civilised' communities was already becoming ever more widespread, leaving a vast number of elderly people virtually without any means of support. Thus the decision by government to issue non-contributory pensions on a means-tested basis following the recommendations of the Pienaar Commission was hardly surprising. Certainly, the conditions that necessitated the State to

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<sup>290</sup> Seekings, Jeremy, *Op. Cit.*, 2007, p. 380

<sup>291</sup> Loc cit

<sup>292</sup> *Ibid.*, p. 384

<sup>293</sup> Loc cit

focus on pensions under the provisions of the Old Age Pensions Act in 1928 are the same conditions that made the post-apartheid government led by the ANC rely on pensions as government's foremost instrument of keeping the scourge of poverty at bay (see Chapter 6). After all, at the time the NP/LP coalition assumed political power, the economy was recovering from a three-year recession, with unemployment still on the rise and poverty commonplace. This reality was first highlighted by the Economic and Wage Commission of 1925 and was reiterated by the Pienaar Commission, which found that about four per cent of the white and coloured population were unemployed, and that the majority of the 100 000 to 150 000 poor whites were deemed unfit to work<sup>294</sup>. Thus the piecemeal arrangements that had long characterised government's approach were to be replaced by a more organised and sequenced grants or pensions approach. This went on to lay the roots for the modern welfare state in South Africa<sup>295</sup>.

I contend that what sparked social reforms in South Africa, unlike in Mauritius, was not the stark socioeconomic disparities that existed between the *haves* and the *have-nots*, neither did egalitarian outcomes follow the plight of the marginalised reaching unacceptable proportions. Instead, what became the impetus for this social responsiveness were the unacceptable socioeconomic disparities that existed between the European settler communities, since the whole notion of white supremacy and white civilisation was being stripped of their integrity. This made room for the notion of white living standards to be politicised, which consequently made pensions one of the most important hallmarks of political engineering through which aspirants to political office could gain political favour.

The transferability of the Pact Government's civilised labour policy to the social development sphere comes into play here. Just as the civilised labour policy protected whites from the problem of unemployment, it was also intended to transcend the sphere of social development by having old-age pensions as one of its important components. In essence, the civilised labour policy was used as the basis to exclude blacks from being

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<sup>294</sup> Loc cit

<sup>295</sup> This sentiment is echoed by Kruger in his assertions that the contemporary welfare state in South Africa is dated back to this period "[...] during which there was a significant innovation in the field of state provision of social security in South Africa in the sense that many new schemes, previously unknown in the country, were introduced. The process was, if anything, piecemeal and uncoordinated." See Kruger, J.J.: State Provision of Social Security: Some Theoretical, Comparative and Historical Perspective with Reference to South Africa, Unpublished MComm Thesis, University of Stellenbosch, 1992 p. 165

entitled government support to mitigate the harsh realities of poverty. After all, it was the same policy that became pivotal in portraying the 1924 coalition as the true champion of the poor in the elections of that year. Therefore, to continue with the same momentum and to bolster its image in the eyes of Afrikaner beneficiaries, the notion of the old-age pensions was propagated as the ideal force through which the government could alleviate the problem of poor whites. These schemes also served the purpose of scoring easy political points that would come as a result of the relentless efforts to ensure that the white population enjoyed a 'civilised' standard of living.

Political votes as the pushing force behind the social responsiveness of the State play a factor in this case. The Carnegie Commission of 1932 was candid in its observations concerning the prevalence of the poor white problem. It revealed the prevailing culture of dependence on pensions, since it had "grown to such an extent that it may almost be called a national malady"<sup>296</sup>. The Commission attributed the State's reliance on pensions to contain the prevalence of poverty to the electoral power of "white indigents" in both the rural and urban areas<sup>297</sup>. The circumstances in South Africa were different to those of countries that underwent similar developmental experiences, such as Chile, Argentina and Brazil. In these countries the State's concentration on contributory schemes and the neglect of non-contributory ones was a result of the industrial and electoral power being wielded by the working class and the poor, who had neither<sup>298</sup>. Conversely, the poor whites in both the rural and urban areas of South Africa, unlike blacks and Indians, who were excluded from the pensions roll, were politically significant and they had the leverage to offset the power of the urban working class<sup>299</sup>.

The National Party was explicit in its determination to safeguard white civilisation through social spending, having remarked concerning the poor white problem that<sup>300</sup>:

[i]t is a question which not only concerns the poor; it affects the whole white civilisation of this country. It confronts us with the question whether we the descendants of the staunch old pioneers, will maintain their civilisation and hand

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<sup>296</sup> Seekings, Jeremy, "The Carnegie Commission and the backlash against welfare-state building in South Africa, 1931 – 1937", in *Journal of Southern African Studies*, Vol. 34, No. 3, 2008, p. 522

<sup>297</sup> Seekings, Jeremy, *Op. Cit.*, 2007, p. 389

<sup>298</sup> Loc cit

<sup>299</sup> Loc cit

<sup>300</sup> Hansard, House of Assembly, 12 August 1924, Cols, 429 - 432



it over to our children .... It may be asked whether there is poverty only in South Africa and whether other countries do not suffer from the same thing. There are poor people everywhere, but the circumstances in South Africa are unique ... . *In this country, there is a small number of white against the natives, a few civilised people against uncivilised hordes, and for that reason it is important that not a single white person should go under... . There is no greater problem than this, because the existence of the European civilisation in this country hinges on it.*

This statement invoked a favourable appeal to the white segment of the population, especially those in favour of the NP in several Cape constituencies where there were concentrations of coloured voters. As soon as the Pact Government came into power in 1924 (with the NP winning 64 seats and the LP winning 18 seats, against 53 won by the South African Party and one seat by an independent candidate), the notion of welfare was quickly exploited to perpetuate a particular racial hierarchy through the dimension of lifting up the white (and more ambiguous coloured) people, while in the process displacing Africans. It is for this reason that, when the subject of old-age pensions emerged on the politicking platform of South Africa, especially taking cognisance of the political significance of both white and coloured voters, that the notion of pensions for the elderly became gradually assimilated into civilised labour policy. As seen by Leila Patel in a similar light, “[w]elfare state policies and programmes [mainly pensions] have shielded white workers from the negative effects of the market economy ... . Under [white minority rule], state welfare expenditure for whites has represented an important economic and political stabiliser in government efforts to maintain white support”<sup>301</sup>.

The reasons behind the government’s exclusion of blacks were mainly based on the fact that they were a politically insignificant group; hence, universal suffrage was only the preserve of whites and coloureds in the Cape Province. Be that as it may, government justified the racially exclusive welfare approach on the basis that fiscally it was untenable to put Africans on the pension payroll, because they were too expensive to be looked after by the State<sup>302</sup>. The State saw this as a step towards preserving kinship-based welfare arrangements, since providing welfare benefits was deemed detrimental to the whole

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<sup>301</sup> Patel, Leila.: *Restructuring Social Welfare: Options for South Africa*, Johannesburg: Ravan, 1992, p. 42

<sup>302</sup> It was estimated that had blacks appeared on the pension pay roll, 40 per cent of the total expenditure would have been spent on African pensioners, compared to at least 36 per cent on whites, and 22 per cent and 3 per cent for coloureds and Indians respectively. See Seekings, Jeremy, *Op. Cit.*, 2008, p. 382

purpose of retaining the family-based and communal system of welfare in the Reserves<sup>303</sup>. In line with this assertion, and also corresponding to the findings of Carnegie, Tiffany Willoughby-Herard's comments revealed that the "... poor white study suggests that racialisation of poor whites was essential to the consolidation of grand apartheid and was linked to the racialisation of Africans, Indians, Chinese and Mixed Race Persons"<sup>304</sup>.

If the welfare state in South Africa was exclusively based on the grounds of racial supremacy doctrines and the quest to perpetuate white civilisation, what then explains the preferential treatment of coloureds over Africans and Indians, especially when it came to universal suffrage? The case for Indians is easier to settle, since the Pact Government planned to repatriate them back to India, as they were not considered *bona fide* citizens of South Africa<sup>305</sup>. As for coloureds, their political significance was based on the grounds that they were considered to be an appendage of white supremacy since, by virtue of their white lineage (and European ways of life), they were useful in perpetuating a particular social and political order without the need to grant them parliamentary representation. Indeed, in the Cape Province, a large proportion of coloureds were members of predominantly white trade unions, which provided an added boost to electioneering. It was for this reason that Hertzog launched an abortive attempt to extend the Cape Coloured franchise in the South African Republics, namely the Transvaal and the Orange Free State (OFS). But even with his pro-coloured attitude it is not clear why he never championed for revisions of their pensions to be equal to those of whites<sup>306</sup>.

In the light of this reality, one is tempted to imagine the type of welfare state that might have emerged had South Africa been a non-racial society during this period. Two possible scenarios stand out. The first is that the South African welfare trajectory would not have taken shape beyond the rudimentary British poor relief system previously relied upon to contain social exclusion within the South African social formation. After all, even though poverty may have been a reality of the day, there would not have been the need to protect the supremacy of one civilisation at the expense of one perceived to be inferior. Hindsight

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<sup>303</sup> Ballinger, Margaret.: From Union to Apartheid: A trek to isolation, Johannesburg: Juta & CO Ltd., 1969, p. 113

<sup>304</sup> Willoughby-Herard, Tiffany, "South Africa's Poor Whites and Whiteness Studies: Afrikaner Ethnicity, Scientific Racism, and White Misery", in New Political Science, Vol. 29, No. 4, December 2007, p. 492

<sup>305</sup> Seekings, Jeremy, Op. Cit, 2007, p. 379

<sup>306</sup> Loc cit

shows that, whilst government came to the knowledge of the existence of poverty at the turn of the 20<sup>th</sup> century, it was the exploitation of the notion of white supremacy that became expedient to advancing the narrow self-interests of the political ruling classes. The second is that had there been mass mobilisation led by the landed small-scale agricultural classes that transcended racial boundaries, perhaps a pension-based welfare system would have emerged in the social development scene of South Africa, as it did in Mauritius. However, I doubt it would have started on a generous note like that reserved for whites under white minority rule. One must bear in mind that the emergence of the welfare state in 20<sup>th</sup> century South Africa came about as a result of an élite compromise in which the mining houses sponsored social expenditure in exchange for long-term political stability. However, that compromise was balanced out by the political ruling classes by not going over the top with a financially excessive welfare regime that embraced other social security offerings with the same level of financial commitment allotted to pensions. Expedient as the white vote was in the introduction of pensions, it was not effective enough to call for an expansive outlook beyond the liberal welfare state offerings. In the next section I demonstrate that political ideologies reigned supreme, all because they were a function of the capital accumulation project.

### **3.5.1. Pensions as an Outcome of Political Ideologies and Capital Accumulation Convergence**

The ideological orientation of the political ruling classes in the early phases of welfare state formation had a colossal effect on the welfare outcomes. The NP, unlike the Labour Party in Mauritius, did not subscribe to the Fabian doctrines of fairness and equity in the social domain being carried out through state-funded handouts. Instead, the NP understood that egalitarianism was better carried out through economic forces and not conspicuously by the state. It is not surprising that NP ideologues considered social benefits a vice that was preventing Afrikaners from shedding their *poor white* status within the context of the economy. In essence, the NP ideologues were never in favour of the State taking the leading role in the provision of welfare benefits, but rather were for a capitalist-controlled economy. As I have argued in the previous sections, Afrikaners were not any less capitalistic than their English counterparts. What they lacked was the capital required to get early Afrikaner capitalist accumulation off the ground to the same extent as that of the English.

Speaking at the 1939 *Ekonomiese Volkskongres* (Peoples' Economic Congress) to contemplate strategies to arrest the pattern of unemployment and poverty amongst Afrikaners, the chairman told the *Kongres* that<sup>307</sup>:

[In the past] we also accepted that the masses who were unable quickly and easily to adjust to capitalism would sink into poor whiteism. Sympathetically we belittled them and distanced ourselves from them, at best philanthropically offering them "alms" or poor relief from the state. And meanwhile this adjustment process [to foreign capitalism] was destroying our *volk* by denationalising its economic leaders and proletarianising its producing masses. But in the awakening of consciousness, the *volk* have perceived this too and the new national economic movement sets for itself the goal of reversing this process; no longer to tolerate the destruction of the Afrikaner *volk* in an attempt to adapt to a foreign capitalist system, but to mobilise the *volk* to capture this foreign system and transform and adapt it to our national character.

Indeed, it was at the same congress that the record was set straight in terms of what it meant to be an Afrikaner in the broader scheme of capital accumulation in South Africa. The congress culminated in the establishment of the *Reddingsdaadbond*, also known as the Rescue Act Alliance or the RDB. Unlike the secretive *Afrikaner Broederbond* (or the Afrikaner Brotherhood – AB), which clandestinely set out to perform the task of inculcating in the minds of Afrikaners the anti-imperialist and pro-Christian-Nationalist capitalist rhetoric, the RDB was the key driver for pursuing the Afrikaner economic enterprise, which had a less antagonistic stance towards the notion of social responsibility. As suggested by Janis van der Westhuizen, an aggressive sense of the *Afrikaner Economic Renaissance* developed as a result of the RDB<sup>308</sup>, although in a much more inclusive form than its successor, Black Economic Empowerment, which emerged in post-apartheid South Africa.

Indeed, it completed the long-awaited epiphany of the Afrikaners' conception of their role in the South African economic sphere as leaders at the forefront of enterprise and commerce, as opposed to being amateurs on the sidelines of the economic Establishment. With its protagonist stance towards collective social responsibility, however, the notion of commercial enterprise was prioritised above all endeavours with the understanding that, as the Afrikaner emerged from the economic backwaters, handouts would no longer be relevant, nor deemed necessary.

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<sup>307</sup> O'Meara, Dan, *Op. Cit.*, 1978, p. 63

<sup>308</sup> Van der Westhuizen, Janis, *Op. Cit.*, 2002, p. 42

### 3.5.2. Refusing to Retreat: The Resistance of Pensions against Retrenchments

Despite the popularity of pensions and the passing of welfare legislation in 1928, South Africa's welfare regime, unlike that of Mauritius, was far from coming anywhere close to social democracy (see section on the working class for reasons). Certain welfare responsibilities except for pensions were still considered to be the responsibility of the church and other charitable organisations, such as the Afrikaans Christian Women's Association (ACVV), which had been looking after the poor in the Cape Province<sup>309</sup>. The reason for this less protagonist stance towards the notion of the welfare state is agreement with the withdrawal tone of the Carnegie Commission, which poured cold water on the government for "pushing money" into the pockets of the poor instead of letting them figure out ways to earn a living. The commissioners, Professor R.W. Wilcocks of Stellenbosch University and Ernest Gideon Malherbe, espoused convictions that explicitly echoed the NP's position on this issue. They charged that state paternalism was the culprit behind the poor white problem and, as its solution, they advised in favour of vocational training opportunities to be made available to the unskilled and unemployed white workforce. Hence, in his *Psychology Report*, Wilcocks cautioned against the negative implications of 'state handouts' on incentives to work, whilst in his *Education Report*, Malherbe emphasised the importance of *free* education to meet the skills shortage<sup>310</sup>. The outcome of adopting these recommendations is what I conceive as the differential vertical distribution of social welfare benefits. By this I mean that both the State and local communities (or the church in this regard) adopted an array of measures to try to ameliorate poverty amongst the dispossessed, albeit that the latter entity operated under the auspices of the State and its various institutions. Hence, in this case, the Treasury was tasked with managing and dispersing the pension scheme, whilst the Department of Social Welfare was responsible for the entire offerings of the welfare sector<sup>311</sup>. This outcome certainly laid bare the fact that pensions were given more priority, whilst other aspects of social development were deemed less significant. That old-age pensions were defined in separate terms as other offerings of the general welfare policy continues to be echoed in South Africa's welfare regime, even in modern times (see Chapter 6).

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<sup>309</sup> Brooks, Edgar.: *White Rule in South Africa, 1830 – 1910: Varieties in Government Policies Affecting Africans*, Pietermaritzburg: University of Natal Press, 1974, p. 25

<sup>310</sup> Seekings, Jeremy, *Op. Cit.*, 2008, p. 522 & 529

<sup>311</sup> *Ibid.*, p. 535

Certainly no period in the social security history of the South African welfare state during the first half of the 20<sup>th</sup> century shows the political significance of old-age pensions better than in the time of the 1929 Great Depression<sup>312</sup>. Indeed, the downturn in the economy coincided with the introduction of these types of social assistance programmes within the social development sector of the Union. However, the South African welfare state felt the severe after-shocks of the bleak economic climate at least two years after the abovementioned challenge surfaced on the economic radar. The State was then faced with the challenging dilemma of either scrapping these measures by substituting them with an alternative social assistance programme, or by simply exercising fiscal austerity measures that entailed budget rollbacks and the exercising of more discretion. Both options carried varying repercussions. But it was clear that heeding the former option would have constituted a case of political suicide for the political élite in the Pact Government, given the prevailing problem of white poverty that persisted during that era. It was clear at this stage of South African history that the Old-Age Pensions scheme had been assimilated into the social fabric of the Union so much so that it had almost reached a point of no return.

Even against the background of this reality, government was under the impression that there was a public backlash against the pension scheme<sup>313</sup>. It remains unclear why the government harboured perceptions of the public being antagonistic towards the old-age pension scheme. But it can be assumed that, given the economic climate of the day, those with tax-paying power felt the most severe pinch, as the source of revenue relied heavily on their shoulders and those of the State. Hence the government lamented this issue of fiscal turbulence, with pensions costing the government more than £1 000 000 a year<sup>314</sup>. It was also the decision by the Ministry of Finance to keep public finances under a tight rein that discouraged the implementation of the Sickness and Unemployment Insurance as per the recommendations of the Pienaar Commission<sup>315</sup>. This new approach prompted the passing of the 1931 Old Age Pension Amendment Act, which made provision for pensions to be paid under a stricter regime, with pension payments made as per the pensioner's individual circumstances, instead of the previously standardised means-test approach. Those

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<sup>312</sup> *Ibid*, p. 534

<sup>313</sup> *Ibid*, p. 519

<sup>314</sup> *Ibid*, p. 529

<sup>315</sup> *Loc cit*

considered relatively well-to-do and with children to look after their wellbeing were removed from the list of eligible beneficiaries. As such, the pensioners appearing on the payroll declined steeply, with the number for coloured pensioners contracting from 96 to 21 per cent, compared to that for white pensioners, which declined from 90 to 65 per cent<sup>316</sup>.

It was MPs of opposition parties that supposedly saved the old-age pension scheme from getting wiped off government's key list of intervention mechanisms. MPs capitalised on the abrupt anti-welfare approach, raising concerns about government's anti-pensions approach as being equivalent to abandoning the right-based element of pensions, as well as reducing it to the level of poor relief. This is why, as soon as the economy began to show signs of recovery after the 1929 recession, opposition MPs intensified their pressure on government to relax its restrictions and ultimately reinstate the scheme to its generous original form. The accord proved successful as, by 1937, benefits increased for women over 60 years of age to £42 per year for whites and £21 per year for coloured pensioners<sup>317</sup>.

As shown in Appendix 3A and 3B, the number of pension beneficiaries saw a sharp increase, an incident met by increased public expenditure between 1936 and 1939. During the same period, the number of white and coloured beneficiaries increased by 55 and 44 per cent respectively, with a commensurate total expenditure budget increased by 90 per cent. Indeed, during this period, the Department's expenditure was dominated by this form of social security system (£2.2 million), earmarked for the assistance of farmers (£2 million), employment creation and unemployment expenditure combined (£3 million), child welfare (£0.4 million), together with mental hospital (£0.65 million) and public health (£0.55 million)<sup>318</sup>. By this time, both Africans and Indians had not yet begun to feature on the public pensions system. All the same, parliamentarians' defence of the pension scheme from retrenchment in South Africa during the 1930s bears a striking resemblance to the collaboration of classes (the public and civil society) over half a century later in Mauritius, who through demonstrations vented their disapproval of government's plans to retrench the welfare state when the economy was facing uncertainties (see Chapter 5). Only in the

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<sup>316</sup> Loc cit

<sup>317</sup> Loc cit

<sup>318</sup> Ibid, p. 515

latter, those activities took place in a participatory style, in contrast to South Africa, where they took form of a representative and closed platform.

### **3.5.3. 'The New Form of the State': 1944 and the Extensions of Pensions to the Wider Society**

The year 1944 marked a turning point in the history of social development in South Africa. It was the year which saw the emergence of what Deborah Posel described as “the new form of the State”<sup>319</sup>. This is because the social security sector was undergoing a sea-change because, for the first time ever since the emergence of the welfare state in 1928, blacks and Indians were being put on the pension payroll under the provisions of the Pensions Law Amendment Act of 1944. However, it was not without racial differentiation, since the benefit levels for blacks and Indians were lower than those for whites. Hence, pension levels for blacks accounted for less than one tenth of that for whites, accompanied by a stricter means-test rule<sup>320</sup>. Prior to being added to the social security sector in 1944, the State used to spend only four per cent of social expenditure on Africans (being £211 000, with £3 834 000 for Coloureds and £52 000 for Indians) by providing pensions for the blind as well as targeted relief<sup>321</sup>. Making concessions for special black cases previously was based on the reality that state expenditure on blacks was an insignificant amount and covered only a tiny proportion of blacks. As such, it did not pose a threat to government’s plans to keep the familial welfare structure in the reserves intact. So, when government resolved to include all race groups in the welfare budget in 1944 – albeit with a racial bias against blacks – the latter had never had it that good.

I argue that the extension of pensions to Africans marked not only a period of State reforms, but sowed the seeds for the perpetual culture of dependence on the pension grant in poor black communities being extending beyond the period of white minority rule. The exclusion of pensions was previously based on the premise that the communal and kinship structure remained intact enough to compensate for the state’s absence in the sector of social development. Thus the State maintained that trying to fulfil that role of benevolence

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<sup>319</sup> Posel, Deborah, “The Case for a Welfare State: Poverty and the Politics of the Urban African Family in the 1930s and the 1940s”, in Dubow, S., and Jeeves, A (eds.): South Africa’s 1940s: Worlds of Possibilities, Cape Town: Double Storey, 2005, p. 65

<sup>320</sup> Van der Berg, Servaas, “South African Social Security under Apartheid and Beyond”, in Development Southern Africa, Vol. 14, No. 4, Dec. 1997, p.487

<sup>321</sup> Loc cit



would erode the traditional familial arrangements in existence. Urban Africans, on the other hand, were excluded on the grounds that it was too complex to apply statutory provisions that differentiated between them and their rural counterparts<sup>322</sup>. But, as Servaas van der Berg asserts, the overarching purpose for disqualifying Africans from accessing pensions was predicated on the premise that Africans were not accustomed to the civilised lifestyle and its consumption patterns for which pensions were intended to serve<sup>323</sup>. In the light of the State's antagonism to the provision of old-age pension benefits to all 'citizens' of South Africa since 1928, what inspired the change of mind this time around?

The change in the system of benevolence within the sector of social security was the immediate outcome of the Social Security Committee of 1944. The Committee repudiated popular misconceptions in government that there was no cause for alarm regarding the state of poverty amongst Africans residing in the urban areas, as well as those residing in the rural areas. The views of the Commission echoed those of white liberals, who held the belief that the State was not only contractually obligated to look after those whites on the margins of society, but also to uphold the moral obligation to mitigate the state of dispossession of non-Europeans<sup>324</sup>. White liberals were hard-pressed to champion this cause out of fear that the continued poverty of Africans in the cities – owing to the large urban influx of Africans during the 1930s – would spell social and political agitation<sup>325</sup>. Indications already were that the growing militancy and political unrest of African trade unions was ascribed to a combination of racially discriminatory policies and the poor material conditions of Africans<sup>326</sup>. Resolving not to cushion their economic predicament – along with their marginalised political and civil status – would only serve to inspire further political agitation with far-reaching economic proportions.

It was under the UP Government led by Smuts that pensions were finally extended to blacks. The upsurge in public expenditure after this decision is worth putting into perspective. In 1929/1930, for instance, the Native Economic Commission showed that

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<sup>322</sup> Hellmann, Ellen.: Handbook on Race Relations in South Africa, London: Oxford University Press, 1949, p. 423

<sup>323</sup> Van der Berg, Servaas, Op. Cit, 1997, p. 487

<sup>324</sup> Hellmann, Ellen, Op. Cit, p. 487

<sup>325</sup> Sagner, Andreas, "Ageing and Social Policy in South Africa: Historical Perspectives with Particular Reference to the Eastern Cape", in Journal of Southern African Studies, Vol. 26, No. 3, Sep 2000, p. 533

<sup>326</sup> Loc cit

blacks benefited R8.3 million compared to the R6.6 million they paid in taxes<sup>327</sup>. In 1951, the Tomlinson Commission, appointed in 1950 to draw a blueprint for homeland policy, also showed that social services accrued to blacks was R50.3 million in addition to a share of R32.4 million in non-assignable services. That expenditure contrasted starkly with the direct taxes of R4.0 million and an additional R15.4 million in other taxes, making the net transfer to blacks through the budget total R63.3 million<sup>328</sup>. There is consensus that accounting for this exponential increase in expenditure was commensurate with the increase in the number of elderly blacks receiving pensions, even though whites bore 90 per cent of the direct tax burden<sup>329</sup>.

Indeed, the evidence attesting to the conditions of poverty was preponderant, leaving no grounds anymore for the state to restrict Africans from becoming beneficiaries of state support. As the Deputy Prime Minister under Jan Smuts, Jan Hendrik Hofmeyr put forward the moral significance of dispersing these pensions to blacks as a gesture that all human persons ought to receive during periods of destitution<sup>330</sup>. However, given the political developments of the day, Hofmeyr reaffirmed the approach of UP's predecessor, the SAP, whenever government was faced with prospects of further political agitation. We may recall at this stage that the support of civilised labour policy by the capital-leaning SAP was motivated by the latter's quest to contain further social and political unrest in the aftermath of the 1922 Riots so as not to undermine business interests. So, behind the moral intonation used to justify the inclusion of blacks lay the real quest to protect the interests of English capital, which Smuts sympathised with due to the political allegiance they pledged to his party, the UP.

Against this background, Andreas Sagner contends that one must not downplay the significance of pensions in meeting its 'supposed' objective of lifting destitute elderly blacks out of poverty. Indeed, the impact of state support in the Eastern Cape and rural KwaZulu-Natal, detailed in Sagner's study and that of Ardington and Lund respectively, attests to this

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<sup>327</sup> Van der Berg, Servaas, "Trends in Racial Fiscal Incidence in South Africa", in The South African Journal of Economics, Vol. 69, No. 2, June 2001, p. 249

<sup>328</sup> Loc cit

<sup>329</sup> Spandau, A.M.K.M: Income distribution and economic growth in South Africa, Pretoria: Unpublished Doctoral Dissertation, University of South Africa, 1971, pp. 146 - 147

<sup>330</sup> Sagner, Andreas, Op. Cit, p. 537

fact<sup>331</sup>. Yet what is clear in Sagner's analysis is that the use of pensions as a tool for social control weighed more in significance than it acting as a 'humanitarian' panacea. The political agitations of the 1930s were a symptom of the white state suffering from a legitimacy crisis. Thus pensions were intended to keep political tempers at bay. Unlike whites, blacks could not lay claim to state assistance on the basis of rights, but only on the basis of charity. This very disparity accounts for the failure of the legitimating intentions of pensions. Hence, liberation movements such as the ANC refused to allow the extension of state assistance to Africans to deflecting their attention from demanding their political and civil rights<sup>332</sup>.

Nevertheless, what followed served to open the floodgates of a public support system that would cushion the prevailing levels of poverty within the African society irrevocably. The number of Africans receiving pensions continued to soar. In 1958 and afterwards, a decade after the formal institutionalisation of apartheid, Africans constituted 60 per cent of the 347 000 elderly persons placed on the old-age pension roll<sup>333</sup>. Their share of the overall social expenditure budget, however, accounted for 19 per cent of the total old-age pensions spending. By 1978, blacks constituted no less than 70 per cent of the 770 000 pensioners placed on the pensions roll, even though their share of government's overall pension expenditure was 43 per cent<sup>334</sup>.

The extension of pensions to blacks, however, was not always embraced fully by the National Party after it took over from the UP in 1948. It had on several occasions attempted to remove Africans from the social assistance payroll because it wanted to consign the responsibility for their welfare to the 'independent' states it created in 1951, known infamously as the homelands<sup>335</sup>. Such plans never materialised.

The Sharpeville killings of 1960 had implications with a spill-over effect into the area of social development. The effects of these events were evident in the following two ways: The first pertained to the integrity of the policy of apartheid as a whole. It is worth recalling at this stage that the Smuts government used pensions and other welfare measures as a proxy to demonstrate to the local and international community sympathy to its African

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<sup>331</sup> Loc cit, Ardington, Elisabeth, and Frances, Lund, Op. Cit, pp. 557 - 577

<sup>332</sup> Sagner, Andreas, Op. Cit, p. 537

<sup>333</sup> Woolard, Ingrid, Op. Cit, 2010, p. 7

<sup>334</sup> Van der Berg, Servaas, Op. Cit, 1997, p. 487

<sup>335</sup> Sagner, Andreas, Op. Cit, p. 537

'wards'<sup>336</sup>. The National Party in the wake of Sharpeville seemed bound to do the same. As the apartheid state strengthened its efforts to reinforce the strictures of racial apartness, pensions were designed to make the native policy look more respectable in the eyes of the world, since such a 'gesture' of 'generosity' was unique in Sub-Saharan Africa<sup>337</sup>.

The second related to the state's response as pre-emption of further political upheaval; hence, the 1960 uprising served as an unequivocal reminder of the militancy of trade unions and their disruptive effects on the country's political stability. Consequently, the state resolved to suppress them in a bid to restore the confidence of foreign capital in the South African economy; this capital had already begun pulling out of the country, most notably in the manufacturing sector. The plan worked and soon apartheid policy reached its heyday, characterised by a six per cent GDP growth rate which spanned the remaining years of the 1960s and early 1970s. As the economy reached new heights, it facilitated the creation of a black middle class who were imported from the homelands to occupy (including semi-skilled) positions previously occupied exclusively by whites.

However, fortunes took a rapid turn during the 1970s, marked by a contracting economy (from six to 1.5 per cent) that shed many jobs (from 158 000 to 64 000). Of the entire workforce, blacks were the worst affected and, what aggravated their predicament was the lack of occupational safety nets such as UIF, because these were only available to whites until the early 1980s. This reality left a huge hole in the public welfare system for blacks, especially since the state made no arrangements for the scores of unemployed men and women. Instead it chose to employ repressive measures to repatriate them back to the homelands. This strategy was expedient to containing further political upheaval in the urban areas, especially in the aftermath of the 1976 killings. The state also understood the usefulness of this strategy in the light of the growing militancy of the African trade unions, which had become a strong political force. Their increasingly palpable presence in the political mainstream was due largely to the strong ties they had forged with the nationalist liberation movements, such as the ANC and the United Democratic Front (UDF). Indeed, these political changes ushered in revisions that expedited a change in attitude by the

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<sup>336</sup> Ibid, p. 540

<sup>337</sup> Loc cit

government. The end result was acceding to racial parity concerning the dispersion of pensions, as shown in the next section below.

### **3.5.4. Solidifying the Sea-Change, 1980 to 1993**

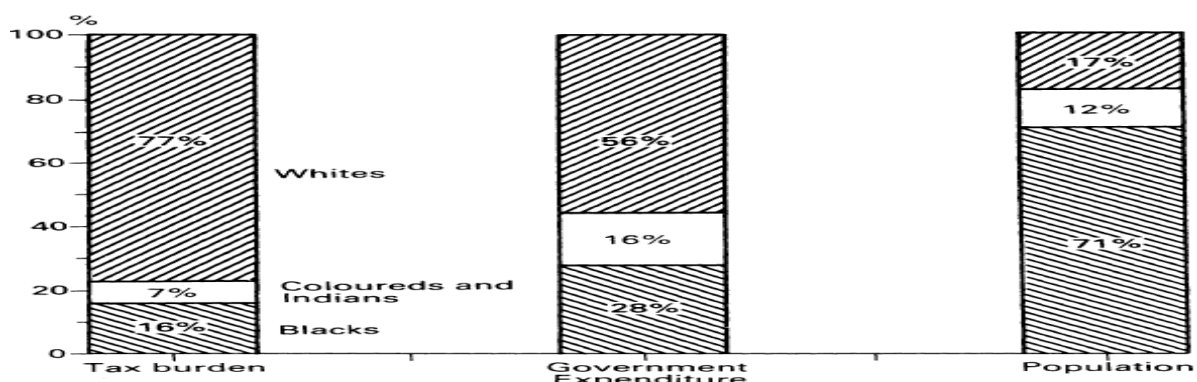
If the 1940s marked the defining moment in the social development history of South Africa, the 1980s completed that sea-change. For what commenced as a welfare system designed to cater for whites (with its distinctive race-determined value of pensions) began treading towards equalisation, which was finalised in 1993. But such a move was preceded by the state's goals to legitimise the homeland system and to institute the tricameral parliament in 1983, which comprised white, Indian and coloured (WIC) chambers. The quest to contain further political agitation against the state in the aftermath of the 1976 riots depicted in the previous section triggered the state to deport many migrants back to the homelands. And, with poverty in the homelands already commonplace, it was clear that a move of this kind by the state was bound to compound the existing problem of dispossession.

Indeed, the prevalence of poverty, coupled with the complacency of the apartheid state, called into question the integrity of the apartheid government's Bantustan policy. Firstly, the state's folding of its arms in the face of such gross social dislocation within the territories it created made the system of the homelands look even more bogus. Homeland governments were at liberty to spend resources the best way they saw fit, but their coffers were at the mercy of funding which came from the purse of the central government<sup>338</sup>. As a result of this sort of leeway, most homelands deviated from the practice set in South Africa by choosing not to implement certain types of grants completely, or reducing benefit levels. Secondly, the three-chamber parliament gave the impression that the plight of blacks would take the backseat in the policy agenda. Thus the state's decision to prioritise financial resources to the homelands was a desperate attempt to prove that blacks were not left out in the cold to fend for themselves in terms of having their wellbeing looked after, even in the absence of political enfranchisement.

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<sup>338</sup> Under Apartheid, ten homelands were created along with four provincial administrations for blacks outside homelands and their separate administrations. Also useful but not related to the subject under discussion, see: Duncan, Innes and O'Meara, Dan, "Class Formation and Ideology: The Transkei Region", in Review of African Political Economy, Vol. 7, Special Issue on South Africa, Sept – Dec, 1976, pp. 69 - 86

The state started showing commitment to equalising the value of pensions for blacks and whites, which led to a rapid increase in funds being channelled to the homeland areas<sup>339</sup>. It was uncanny how the state could afford such a costly fiscal commitment. By the 1980s the NP government had secured white employment, with social security reserved mainly as a safety net for the poor whites who – when assessed in the wider South African context – were not the poorest. Occupation-based social insurance would then replace social security for the majority of whites during their retirement. These changes were made possible, since equalisation within the domain of social development in South Africa occurred at the expense of whites, with white benefit levels reduced to make up for the fiscal burdens that would have otherwise have been incurred by the government<sup>340</sup>. Explaining the incorporation of Indians into the three-chamber parliament was largely the low cost nature of this segment of the population, as not many of them were as dependent on social services as their black counterparts. As shown on Figure 3.3 below, blacks received more than double the government expenditure earmarked for coloureds and Indians combined.



**FIGURE 3.3: ESTIMATED PERCENTAGE SHARES OF DIFFERENT GROUPS IN PAID TAXES AND RECEIVED BENEFITS, 1975**

Source: Servaas van der Berg<sup>341</sup>

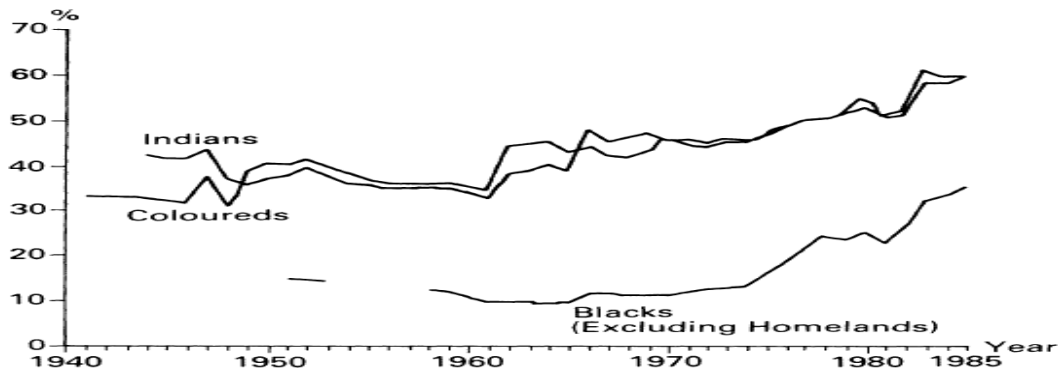
Figure 3.3 also shows that the contribution of whites towards taxes was greater than the benefits they received from government expenditure, yet their benefits beyond pensions

<sup>339</sup> *Loc cit*

<sup>340</sup> Van der Berg, Servaas, *Op. Cit*, 1997, p. 489

<sup>341</sup> Van der Berg, Servaas, "Long Term Economic Trends and Development Prospects in South Africa", in *African Affairs*, Vol. 88, No. 351, Apr 1989, p. 197

remained far more generous than their numbers actually warranted. Indeed, by the mid-1980s, South Africa was well on course to phasing out racial differentials in the social security sector. During this period, for instance, old-age pension benefits for blacks were paid bimonthly at a rate of R57.00, while that for whites was R152.00 per month<sup>342</sup>. Changes in the gradual increase of black pension benefits in proportion to the percentage of white pension benefit levels are demonstrated on the figure below:



**FIGURE 3.4: AVERAGE VALUE OF SOCIAL PENSIONS RECEIVED BY OTHER GROUPS AS PERCENTAGE OF WHITE SOCIAL PENSIONS, 1942 TO 1985**

Source: Same as Figure 3.3

The task of identifying white beneficiaries instead of compromising old-age pensions for any other group, say for coloureds or even Indians for instance, was premised on the notion that the proportion of the elderly white population that was poor was marginal, as it became apparent that such measures were employed in accomplished white areas where resistance to reducing white benefit levels was minimal<sup>343</sup>. Most whites were not poor, so they did not complain about being struck off the pension's payroll, since occupational insurance assumed that responsibility. Be that as it may, political leaders embarked on this drive with the knowledge that the government ran the risk of stepping on the toes of the same segment of the population that it had long placated by dispersing these forms of social assistance. Van der Berg argues that the quest for pension equalisation and reduced discrimination in the

<sup>342</sup> Bishop, Di, "Poverty experience by Black (African) residents of Cape Town: The views of some social workers", Paper prepared for the Second Carnegie Inquiry into Poverty and Development in Southern Africa, No. 12, 1984, p. 2

<sup>343</sup> Servaas van der Berg found this reality to be true in his assessment of the processes which led to equalisation of the social security sector in South Africa, but his assessment is devoid of figures to substantiate these assertions. See: Van der Berg, Servaas, "Issues in South African Social Security", in Bureau for Economic Research, Stellenbosch Economic Working Papers No. 1, 2002, p. 3

application of the means tests were made possible through a sharp decline in the real value of pensions received by white pensioners. This pursuit would go on to be the precursor to changes in many other social programmes as the probability of a strong political opposition became greater<sup>344</sup>.

This ushered in a watershed development in the pensions sector, as the benefits of social old-age pensions were equalised and the discrimination in the application of the means test was eliminated. In keeping with the spirit of the transition to democracy, the Social Assistance Act of 1992 was passed into law to pave the way for these revisions. Thus it removed all racial differentials in the benefit levels of pensions, as well as ensured that social assistance was treated as a right for all South Africans to enjoy<sup>345</sup>. This step occurred amid persistent gaps in the coverage of some other social grants, such as the child maintenance grants. In these cases one can assume that the reluctance to improve coverage to poor blacks would have put the financial viability of the State in serious jeopardy<sup>346</sup>.

A large-scale study conducted by Frances Lund in the non-urban areas of KwaZulu-Natal revealed that almost 30 per cent of households in the deep rural areas received state assistance, most of them being non-contributory old-age pensions<sup>347</sup>. Without pensions, many households would have found themselves in a depressive state of economic displacement. The results of the 1993 Poverty and Living Standards Survey indicated that 19 per cent of rural households were headed by pensioners older than 65 years, and half of these contained six members or more<sup>348</sup>. Andrew Donaldson argues that whole families and communities were dependent on pensioners, who by virtue of being grant beneficiaries “[...] had become wealthy members of poor communities. This makes the presence of a pensioner a critical factor in many households’ wellbeing. It is the principal source of cash

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<sup>344</sup> Loc cit

<sup>345</sup> Leibbradt, M *et al*, “Trends in South African Income Distribution and Poverty since the Fall of Apartheid”, OECD Social, Employment and Migration Working Papers No. 101, 2010, p. 59

<sup>346</sup> Van der Berg, Servaas, Op. Cit, 2002, p. 3

<sup>347</sup> Lund, Frances, “Welfare under Pressure: Financing South African Social Welfare”, in Transformation, vol. 13, 1990, n.p

<sup>348</sup> Loc cit



income for about a quarter of homeland households. In rural areas households with pensioners have higher average incomes than other households”<sup>349</sup>.

The dominance of pensions within the social security sector of South Africa was perpetuated by the culture of dependence on State support. As shown in Appendix 3C, the total pension spending for blacks was more than one-tenth of that allotted to whites. Likewise, the combined pension spending for the white, Indian and coloured (WIC) cluster remained dwarfed by that allotted to blacks, which accounted for more than one-fifth that of the total pension budget. This trend continued up to 1993, with the government’s social security expenditure on pensions for the rural and black-populated homeland areas being 43 per cent higher than that earmarked for the WIC cluster, as shown in Table 3.2 in Appendix 3D. Other grants that showed pre-eminence were the disability grant, followed by the child maintenance grant. It is clear here that, even though budgetary commitments were devoted to these three major variants of social security, budgetary commitments for old-age pensions were certainly exponentially higher than those of any other social grant. Why pensions remained the key defining feature of the South African liberal welfare state had more to do with the penetration of big capital into the echelons of policy making than the options that might possibly have been made available to the ruling élite at the time. Of course, they had the political weight. However, we must recall at this stage that big capital had always supported the idea of a pension-focused welfare state in the aftermath of the Rand Revolt, but that was just how far they were willing to go. Anything less would have spelled disaster for the viability of the economy, just as anything beyond their bargain could have been to the displeasure of the mining-dominated economy. The pensions-leaning developmental welfare framework that ensued after 1994 was premised on the same principles and circumstances that informed the liberal welfare state of white South Africa (see Chapter 6).

Even so, the government’s approach remained clear in its emphasis of the mantra of minimalism. Similarly to the social security front in the post-apartheid context, government’s expenditure on social grants under white minority rule was by no means an

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<sup>349</sup> Donaldson, Andrew. R, “Basic Needs and Social Policy: The Role of the State in Education, Health, and Welfare”, in Lipton, Merle., and Simkins, Charles (eds.): State and Market in Post-Apartheid South Africa, Johannesburg: University of the Witwatersrand Press, 1993, p. 285

indication of government going the social welfare route wholesale. The approach was simply one of helping the poor to make ends meet and to keep their heads above the water. I echo Jinabhai's sentiments that the State's approach was not only that of minimalism, but that of individualism as well, with the principle elements being "[...] that every citizen is responsible for his own welfare and social adjustment, that of his family and of the community. Only where the citizens fails to sustain his independence in these regards, does the state come to his assistance in co-operation with private effort"<sup>350</sup>.

### **3.6. Concluding Remarks**

Without the economic unevenness within the imperialist-dominated social formation of white South Africa, the welfare state would probably not have seen the light of day. Even so, the political convenience of welfare state creation means that welfare state-building did not follow altruistic motives of ameliorating social contingencies, but was advanced out of the quest to cement ideological notions of white domination and supremacy. Indeed, the most striking features of the South African welfare state experience in the first half of the 20<sup>th</sup> century were the pension scheme, as well as the racial differentials of pensions. Due to the successes of the South African economy, which centred on mining until the late 1930s, the State was able to fund a very generous pension scheme, with most of its generosity accrued by whites and coloureds. Even for the white welfare state that it became it fell severely below par for standards for a social democracy. It was unreservedly liberal in orientation, with pensions resorted to as the antidote for the structural failures of the imperialist-controlled economy rather than being the moralistic duty of the State.

Indeed, this chapter set out to ascertain how the structural defects in the economy, working class interests and the ideologies that underpinned the political ruling classes culminated in the liberal character of social responsiveness. The dominance of mining in the economy was not the cause of the social responsiveness, but its appetite for cheap African labour was the trigger. Its continued preference for cheap African labour proved threatening to the livelihood of white labour, as they were expensive for mining corporations to retain. It was at this juncture that politicians saw the political marketability of the civilised white

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<sup>350</sup> Jinabhai, C. C, "The Apartheid Welfare System: From State Security to Social Security", Conference Paper Presented at the Institute for Social Studies Seminar, Amsterdam, December 1989, p.3, Quoted in: Ntebe, Ann, "Effective Intervention Roles of South African Social Workers in an Appropriate, Relevant and Progressive Social Welfare Model", in *Journal of Social Development in Africa*, Vol. 9, No. 1, 1994, p. 47

labour policy as an electioneering tool to win the votes of the marginalised white Afrikaners. The policy of civilised labour would then transcend the social sphere, also serving as a political scaffolding tool to woo the support of white Afrikaners in the open sphere of the European social formation outside the labour market. Even in this case the intention remained that of not going beyond the minimalistic outlook.

I contended that this minimalistic outlook probably would have been reversed if the organised Afrikaner working class had not relinquished a significant portion of their autonomy to the State. The power of the working class to keep the checks and balances within the echelons of the state became severely compromised the moment the workers became concerned more with the affairs of state than those of the working class. As a result, the notion of a social democratic welfare state was prevented from dominating the policy discourse in the state apparatus. Indeed, what secured the welfare state was that all whites, not just the labouring classes, had the political power to deter the ruling classes from abandoning the welfare commitment that was contained in the vote. However, without the support of the working class, who had been co-opted into the political ruling circles, the voting power of the general public could only yield so many welfare outcomes. Hence, organised labour had more power to steer the wheel of social policy on the path of comprehensive social responsiveness as opposed to a minimalistic one. This was by virtue of the significance of their vote, as well as their proximity to the echelons of political realignments in government. Instead, labour was all for protecting its own interests of job security and the livelihoods of the labouring classes. It was never at the forefront of leading a cross-class mass mobilisation movement, as it defined itself as a labour aristocracy and not as part of the broader South African society united behind upholding the common values of human dignity. In Mauritius, the opposite occurred, with the working class understanding their advocacy for change to encompass the interests of Mauritian society across the class spectrum. The incorporation of the organised working classes into the mainstream political ruling classes in the 1940s became the final straw that stripped it of its autonomy altogether. Not only was labour a part of a ruling clique this time around, it was also further out of range of the interests and the plight of the common man.

The political ideologies also played a peculiar role in the orientation of the white-serving South African welfare enterprise. Even so one cannot pinpoint one political party as

having been more socially democratic than others. Indeed, all the dominant political parties within the South African socio-political formation had one striking commonality. They were all at the forefront of pursuing the neoliberal project of capitalist accumulation, which ended up having a significant impact on the ideological dispositions of these parties. This took a gradual course. First they supported the socialist dogma in the 1930s, when they were poor, but made a drastic shift towards embracing the neoliberal orthodoxy when many graduated to the middle class during the 1960s and 1970s, viz. the heyday of apartheid. The NP party stood out amongst the rest and embodied this very drastic shift in ideological beliefs. As a party that emerged from very humble beginnings, it found it important to rather support the notion of enterprise and industry in the minds of its support base, as opposed to being at the forefront of pursuing the socialist project of advancing extensive welfare ideals, just like the ANC did after apartheid, as illustrated in Chapter 6.

## Chapter IV: State-Building and the Emergence of a Social Democratic Consensus in Colonial Mauritius, 1598 to 1968

### 4.1. Introduction

The roots of welfare state-building in Mauritius are deeply embedded in its colonial history. As Matthew Lange asserts, colonialism had a direct impact on the developmental outcomes of nearly all regions of the world<sup>351</sup>. In Chapter 3, I demonstrated how the liberal welfare state in South Africa in the first half of the 20<sup>th</sup> century was informed by the penetration of the imperial interests of global capitalism in the echelons of political power. The concept of ‘white civilisation’ only followed as the ideological mainstay exploited by the politicians to amass votes. For the political élite, it became one salient element of the South African state-building project, even though it entailed a socio-political contract that involved the state and the white segment of the population only.

In a number of ways it was the very nature of colonialism to remain socially aloof, even when the need for intervention for those in economic distress became apparent. In the case of Mauritius it was the way in which colonialism took shape that meant that the social structure was not conditioned to sympathise with the plight of those at the margins of the economic establishment. *In what way did colonialism take shape and how did it give birth to an unequal society? What impact did this trajectory have on welfare state-building in general? And finally, how did this experience have a bearing on the intersections between the state, capitalist interests and the advocacy of different social forces in laying the foundations for the emergence of a social democratic welfare regime.* The forceful handover of Ile de France (Mauritius) by the French Colonial Empire to Britain in the early 19<sup>th</sup> century defined the very nature of the newly-named Colony of Mauritius’s response mechanisms to poverty. For those members of society not forming part of the colonial fraternity, the Mauritian state became one that was socially, politically and economically non-inclusive.

This chapter seeks to unpack the relationship between state-building and the emergence of a social democratic welfare state in Mauritius. It traces the island’s history from colonial encounter with the Dutch East India Company until Britain claimed ownership

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<sup>351</sup> Lange, Matthew, ‘British Colonial Legacies and Political Development’, in *World Development*, Vol. 32, No. 6, 2004, p. 236

of the territory in 1810. My discussions of the processes that led to a social democratic welfare state end in 1968, when Mauritius gained independence. The reason for creating this parameter is because I want to give an assessment of the continuation of the social democratic route in post-colonial Mauritius in Chapter 5, to flow alongside the same period as in Chapter 6, which focuses on the welfare regime in post-apartheid South Africa. I argue in this chapter that the rise of social forces to the level of political prominence served to counterweigh the powers of the ruling clique in both the political and economic domain to accede to grassroots demands for social reforms. This newfound approach was realised through a social development path that chiefly prioritised the provision of public pensions.

This chapter is divided into the following three sections: Section I explores *the role of colonialism in the economic and political development of Mauritius*. The convergence of colonial interests of political control and those of big capital emerged as salient elements that conditioned the structural properties of capitalism not to be submissive to the notions of social accountability and responsiveness. To begin with, colonialism was historically “contingent” on either created or dramatically transformed state institutions throughout the world. Moreover, due to the relatively high autonomy of the colonial state and a more apparent division between the state and social actors, colonialism provided what Robert Merton dubbed “strategic research sites”<sup>352</sup> – a case that refers to the occurrence of social processes with unusual clarity – for the purposes of analysing the impact of society on the project of state-building. This section thus contains a dense historical account of the relationship between British colonial officers and the French settlers, and how that encounter dictated power relations that were seemingly swayed in favour of the economically affluent Franco-Mauritians. It thus notes the nature of the colonial society, social class hierarchies on the island, and the absence of political representation for the Indo-Mauritian majority.

Section II chronicles the rise of social forces in taking mobilised action against the colonial state’s casual attitude towards the notion of social responsiveness to the economically marginalised. This section thus puts into perspective collaborations of social forces transcending class divisions as configurations that strengthened the campaign of the

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<sup>352</sup> Merton, Robert, “Three fragments from a sociologist’s notebook: Establishing the phenomena, specified ignorance, and strategic research”, in *Annual Review of Sociology*, Vol. 13, 1987, p. 18

social reform movement. These developments are tied closely to the cross-class collaborations that took to the streets in the late 1930s and early 1940s to confront the state for being too passive in its approach to mitigate social dislocation. This active confrontation is best described as a broad-based movement that championed the rights of those at the margins of society. These dynamics are depicted in in-depth detail in Section III to highlight the role of critical junctures with which the path towards sweeping constitutional reforms and therefore social democratic welfare outcomes were paved. The nature of a welfare paradigm that commenced on the basis of non-contributory social assistance as a key mode of intervention is illustrated.

## **Section I: The *Structural Properties of Capital Accumulation in Mauritius***

### **4.2. In the Beginning: Colonial Rule and the Creation of a Socially Stratified Society**

As a territory without indigenous inhabitants, Mauritius is a country that reflected its peculiar encounter with three different colonial masters. It is said that it was first spotted by Portuguese sailors on their voyage to the East to pursue the spice trade. However, they were not interested in setting up a colonial outpost there. It was then discovered in 1598 by the Dutch sailors, who established a small settlement<sup>353</sup>. The Dutch were attracted to the island's vast forests, since they offered prospects of creating a timber-based economy earmarked for the market in Europe. Concurrently kick-starting spice plantations became one of the goals. However, that ambition proved abortive due to the lack of labourers to work in the plantations. The absence of favourable weather conditions proved to be yet another discouraging factor<sup>354</sup>.

The Dutch abandoned the island in 1710 without having made a meaningful contribution on the island's economic landscape, except bringing the Dodo bird to extinction and clearing the vast forests. It was under French rule, which commenced in 1720, that Mauritius began to jump out of economic despondency, as the French made an effort to transform the island into a sugar plantation economy. To meet the demands of the

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<sup>353</sup> Titmus, Richard, and Abel-Smith, Brian.: Social Policies and Population Growth in Mauritius: Report to the Governor of Mauritius, London: Frank Cass Co.Ltd, 1968, p. 5

<sup>354</sup> Ly-Tio-Fone, Madeline.: Mauritius and the Spice Trade: The Odyssey of Pierre Poivre, Publication No. 4, Port Louis: Esclapon Limited, 1958, p.1

sugar economy, the French East India Company began a massive importation of Malagasy and African slaves to work in the plantations<sup>355</sup>.

The French control of Mauritius spanned ten years short of a century before the British annexation in 1810. Unlike the island's first colonial masters, it was not the economic offerings of the island they were *mainly* after. Instead, Britain viewed Mauritius as a strategic geopolitical location through which to advance its military ambitions on that side of the planet. The goal was to restrict France from having a formidable presence in the Indian Ocean, as well as to challenge her presence in India<sup>356</sup>. However, upon its arrival, Britain was tactful enough to exercise sensitivity to the local context. At the time of the annexation, the Franco settlers had demonstrated competence in the economic management side of things, especially concerning everything to do with the sugar plantations. Therefore the Colonial Office in London deemed it fitting that a *de jure* colonial pact established between the British administrators and the French settlers be sealed so as to avoid compromising the economic viability of the island. As such, the French legal system was retained, along with its cultural heritage<sup>357</sup>. Thus, the Roman Catholic Church was spared and French was retained as the social *lingua franca* of the island as a sign of Britain's commitment to cordial coexistence with the French settlers<sup>358</sup>.

Whilst the British treaded carefully so as not to step on the toes of the Franco-Mauritians, their tolerance for each other was based on the fact that their relationship was to yield mutually beneficial gains within the realm of the economy. Whilst the Colonial Government sought to maintain the economic sustainability of the island, submitting somewhat to the British Empire by the French settlers came with the perks of a protected

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<sup>355</sup> Titmus, Richard, and Abel-Smith, Brian, Op. Cit, 1968, p. 5

<sup>356</sup> Eriksen, Thomas. Hylland, "Ethnicity, Class and the late 1999 Mauritian Riots", in May, Stephan., Modood, Tariq., and Squires, Judith (eds.): Ethnicity, Nationalism and Minority Riots, Cambridge: Cambridge University Press, 2004, p. 81. Also see: Eriksen, Thomas. Hylland.: Common Denominators: Ethnicity and Nation-Building and Compromise in Mauritius, Oxford: Berg Publishers, 1998, p. 22

<sup>357</sup> Lange, Matthew.: Lineages of Despotism and Development: British Colonialism and State Power, University of Chicago Press: Chicago and London, 2009, p. 76

<sup>358</sup> Loc cit



market and guaranteed adequate labour supply<sup>359</sup>. Although Mauritius experienced economic success under French rule, it was under the British that *that* success was heightened. The proportion of acres earmarked for sugar production was increased fivefold during the first two decades of British control. As a result, Mauritius became the largest sugar producer in the world. Between 1855 and 1859, its proportion of sugar cane accounted for 9.4 per cent of the world sugar cane footprint, and its production accounted for 7.4 per cent of that of the world (see Appendix 4A)<sup>360</sup>. This success was matched by the efforts of the colonial state to reduce tariffs and investment in infrastructure, especially in the sector of road construction and transportation<sup>361</sup>.

The major intervention made by the Colonial Government in the economy of the island was the abolition of slavery in 1835, in keeping with the anti-slavery laws that were passed in Britain in that same year. The Colonial Government was determined to rectify this particular aspect of the social class structure on the island. At the top of the food chain were the Franco-Mauritians, who constituted nine per cent of the population as the owners and controllers of the economy. In the middle were the Créoles of African and European heritage, who accounted for 19 per cent of the population. They were freed from slavery just before the outbreak of the French Revolution and thus tipped for economic success in commerce and the civil service, since they gained access to “élite educational institutions” early in the 19<sup>th</sup> century<sup>362</sup>. Essentially, this culminated in them modelling their lifestyle on that of the Franco-Mauritians. At the bottom of the economic scale were the African slaves, who comprised 72 per cent of the population<sup>363</sup>.

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<sup>359</sup> Lamusse, Roland, “The Achievements and Prospects of the Mauritian Export Processing Zone”, in Appleyard, R. T and Ghosh, R. N (eds.): Economic Planning and Performance in Indian Ocean Island States, Canberra: National Centre for Development Studies: Australian National University, 1990, pp. 34-35

<sup>360</sup> Allen, Richard. B, “The Slender, Sweet Thread: Sugar, Capital and Dependency in Mauritius 1860 – 1936”, in Journal of Imperial and Commonwealth History, Vol. 16, No. 2, January 1988, p.p. 177-200

<sup>361</sup> Nepal, D.: The Development of Local Government in Mauritius, Moka: Mahatma Gandhi Institute, 1984, p. 13

<sup>362</sup> Carroll, Barbara. Wake and Carroll, Terrance, “Accommodating ethnic diversity in a modernising democratic state: Theory and Practice in the case of Mauritius”, in Ethnic and Racial Studies, Vol. 23, No. 1, 2000, p. 135

<sup>363</sup> Population statistics are provided for by Matthew Lange but calculations showing percentage distribution are that of the author. Out of a population of 92,000 at the time of British annexation, Europeans were 8,000 in number whilst Creoles of European and African ancestry were 18,000, and the African slaves were 66,000 in number. See: Burton, Benedict.: Mauritius: Problems of a Rural Society, New York: Prager, 1965, p. 15

After the abolition of slavery, many of the African Créoles tried to shed the haunting memories of slavery by leaving the sugar estates to become artisans in Port Louis or establishing new fishing villages in the Mauritian coastal areas<sup>364</sup>. This situation caused labour shortages, forcing the Colonial Government to introduce the indentured labour system, whereby 300 000 and 1 000 workers were imported from India and China respectively. The process took place between 1835 and 1920, with the overwhelming majority of them arriving between 1843 and 1865<sup>365</sup>. Notwithstanding Britain's intervention in the labour supply chain, indentured labours remained subjected to conditions that were akin to an institutionalised system of oppression. Apart from the working and living conditions the labourers had to put up with, they were also contractually bound to the sugar estates, which imposed punitive measures of a jail sentence on those who breached their contracts<sup>366</sup>. The disturbing treatment of the workers prompted Hugh Tinker<sup>367</sup> and Marina Carter<sup>368</sup> to suggest that the indentured labour system was none other than a subtle, yet flagrant, reincarnation of slavery.

The colonial agreement struck between the British colonial administrators and the French sugar barons in Mauritius defined the foundations upon which the *structural properties* of capitalism would conceive its role within the entire Mauritian social formation. In other words, because the sugar plantocracy had a vice-like grip on the economy, the process of capital accumulation ignored with impunity the duty to put in place measures for relieving the plight of the subordinate classes through the material distribution of resources.

It was the human rights movement in the labour sector during the mid-19<sup>th</sup> century that precipitated the *formal* recognition of the plight of the workers by the state. The workers, although unorganised, garnered the strength to challenge the capitalist system because of (a) labour shortages on the estates, which strengthened the leverage of workers

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<sup>364</sup> Burton, Benedict, "Factionalism in Mauritian Villages", in The British Journal of Sociology, Vol. VII, No. 4, December 1957, p. 331

<sup>365</sup> Lange, Matthew, Op. Cit., 2009, p. 72

<sup>366</sup> Ibid., p. 73

<sup>367</sup> Tinker, Hugh.: A New System of Slavery: The Export of Indian Labour Overseas, 1830 – 1920, London: Oxford University Press, 1974, p. 54

<sup>368</sup> Carter, Marina.: Servants, Sirdars, and Settlers: Indians in Mauritius, 1834 – 1874, Delhi: Oxford University Press, 1995, p. 1

over employers, and (b) the government was able to yield to labours' demands for protection against subordination. According to the new laws that were passed, indentured labourers were no longer contractually bound to be restricted to the estates. Furthermore, they were granted access to the legal institutions of the colony, even though there was an absence of legal frameworks that protected the workers' cause for favourable working and living conditions. Over 10 per cent of the Indian workers filed legal charges against their employers between 1890 and 1896, and almost 71 per cent of these cases resulted in successful convictions<sup>369</sup>.

Just after the extension of rights to the Indo-Mauritians, fortunes turned on the sugar plantocracy. Mauritius sugar exports faced severe competition due to the soaring growth in the production of sugar during the mid-1800s<sup>370</sup>. The externally integrated sugar-based economy propelled the sugar estates in Mauritius to minimise costs and increase efficiency so as to remain profitable. These developments triggered reforms in the legal system, which forbade landownership by Indo-Mauritians. These revisions in the system of land tenure ushered in *le grand morcellement* (viz. the great division), as the plantocracy sold large portions of their land to Indo-Mauritians of a higher social class standing. This category of people was the sidars (overseers), job contractors and money lenders. The sugar barons were particular eager about this process, as they could not wait to put on the market land that was non-productive and non-cultivated. Secondly, the Franco-Mauritians' choice of selling to the Indo-Mauritians was inspired by the strategy to keep them on the land so that they may offer a form of labour guarantee to the estates<sup>371</sup>.

Consequently, the tables turned in Mauritius as the previously displaced lower classes participated in the production process not only as labourers, but also as small-scale farmers who contributed to the overall crop output<sup>372</sup>. This translated into the erstwhile lower classes having the chance for upward social mobility and the mobilising capacity to call into question the integrity of the economy as far as the material interests of the working

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<sup>369</sup> Lange, Matthew, *Op.Cit*, 2009, p. 73

<sup>370</sup> *Loc cit*

<sup>371</sup> Lange, Matthew, *Op. Cit*, 2003, p. 421n1

<sup>372</sup> Figures released by colonial censuses depict this change in population and land distribution since the proportion of workers residing on the sugar estates declined from 145,000 in 1881 to 73,000 in 1921. In the same vein, the proportion of arpents (the close equivalent of an acre) of sugar plantation under the control of Indo-Mauritians hiked from 46,000 in 1910 to 82,000 in 1921. See: Lange, Matthew, *Op. Cit*, 2003, p. 423

poor were concerned. The transfer of land culminated in a significant proportion of the island's population moving from estates to rural settlements, which saw the creation of 150 villages of small land owners across the island<sup>373</sup>. As a result, the farms owned by Indo-Mauritians amounted to approximately 15 000 in the 1920s – an amount of land which comprised 46 per cent of the island's total area under sugar cane cultivation<sup>374</sup>. In contrast, mineral-based capitalism in South Africa destroyed rural society by displacing the agricultural society and imposing laws that expropriated land, rather than promoting its ownership. Many were forced to seek employment in the urban areas, further reducing the prospects of mobilisation across class divisions.

All the same, the role of the colonial state in recognising the socioeconomic plight of the lower classes and in being proactive about it remained absent. It is shown in the next discussion that the widened social distance between the colonial state and grassroots social realities played a factor in contributing to the government's passive outlook.

#### 4.2.1. The Distant Colonial State

The root causes for the colonial state's lack of a pro-active approach in social welfare were embedded in the intentions of the Mauritian state. Motivated by the desire to pursue British military ambitions, the colonial control resembled that employed in other colonies, i.e. advancing economic interests at the expense of material priorities. Hence:

...to the English mercantilist the economic development of colonies means the development of colonial natural resources for the exclusive benefit of the people of the metropolitan country. *Less thought was given to way to promoting the welfare state of colonial peoples*<sup>375</sup>.

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<sup>373</sup> Loc cit

<sup>374</sup> Lange, Matthew, Op. Cit., 2009. 74

<sup>375</sup> Wicker, E.R, "Colonial Development and Welfare, 1929 – 1957: The Evolution of a Policy", in Social and Economic Studies, Vol. 7, No. 4, Dec 1958, p. 170

On the impact of British colonialism on its former colonies, liberals such as Dinesh D'Souza and Niall Ferguson offer the dissenting view. They posit that British colonialism in all its manifestation was a gift to the 3<sup>rd</sup> World since it 'apparently' drove the development in those entities. However as shown in Appendix 4B, former colonies of Britain were spread across all levels of the development scale.

See: D'Souza, Dinesh.: The End of Racism: Principles of a Multi-Racial Society, New York: Free Press, 1996, p. 85; Fergusson, Niall.: Empire: The Rise of the British World Order and the Lessons for Global Power, New York: Basic Books, 2003, p. 120; and Sokoloff, Kenneth. L, and Engelman, Stanley. L, "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World", in The Journal of Economic Perspectives, Vol. 14, No. 3, Summer 2000, p. 230

In Mauritius, the administration became too centralised, thereby creating a geographic and organisational distance between the state and its subjects<sup>376</sup>. Judging from Matthew Lange's comparison of British colonialism in Sierra Leone and Mauritius, the presence of local chiefs who then acted as intermediaries in Sierra Leone shortened the distance between the colonial administration and its citizens. This method enabled the colonial government to channel resources in a manner that met the specific needs of the society<sup>377</sup>. For Mauritius, being the only former British colony in sub-Saharan Africa to have been ruled directly<sup>378</sup>, the absence of intermediaries due to the lack of an indigenous society meant that the colonial state may not have had a full picture of the scale of social challenges. The citizens also were without channels that they could use to convey their frustrations. This certainly had a negative impact on the relationship between the state and the citizens. As one British Colonial official lamented<sup>379</sup>:

The administration of Mauritius is over centralised. There is District Administration, no District Health Service. Generally speaking, magistrates, doctors, teachers, engineers, and labour inspectors do not live among the people they administer ... . The administration is consequently largely out of touch with the people.

In contrast to the French, the Belgians and the Portuguese, Britain was not rigid in its method of exerting control to the extent that it followed the one-size-fits-all direct style of rule adopted by the other colonial empires. Where the British were unlikely to be confronted with resistance, as in Singapore and Japan, they opted for the direct route of colonialism. Conversely, in extreme cases like Nigeria and Uganda, an indirect approach was opted for because the colonial officials were faced with strong resistance from the locals. Unlike the indirect and bureaucratically independent alternative, direct and bureaucratically dependent rule increased the prospects of state-led development, since bureaucratic control predisposes an effective administration<sup>380</sup>. As a result, state-led development

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<sup>376</sup> Lange, Matthew, *Op. Cit.*, 2009, p. 70

<sup>377</sup> Lange, Matthew, "Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius", in *International Journal of Comparative Sociology*, Vol. 44, No. 4, 2003, p. 385

<sup>378</sup> Lange, Matthew, *Op. Cit.*, 2004, p. 919n12

<sup>379</sup> Colony of Mauritius.: *Annual Colonial Report of Mauritius, 1943*, Port Louis: Government Printers, 1943, p. n.p

<sup>380</sup> Grier, Robin, "Colonial Legacies and Economic Growth", in *Public Choice*, Vol. 98, No. 3/4, Jan 1999, p. 314

precedes the 'natural cause' of providing those public goods that are relevant to enhancing economic production (education, health care, sanitation, roads, law and order). For Grier, flexibility, decentralisation and understanding the local context are only achieved when the economy is successful and when it is placed at the forefront with regard to the dispersion of public goods<sup>381</sup>.

Capital accumulation in Mauritius did not seek to disperse resources with fairness; instead it was poised to reinforce inequality. The colonial attitude did not speak of development and social wellbeing in the same light. In fact, the two were regarded as two disparate entities that stood little chance of reaching a common ground in the apparatus of policy-making (see section on the emergence of pensions below).

In South Africa, the welfare state was used as a trump card by the ruling élite to settle political scores. Secondly, such initiatives were endorsed by capital, which gained from the political calm that followed the welfare measures. In Mauritius, capital and the state did not see the bigger picture because: (1) the franchise was only extended to a wealthy few who were immune to the negative impact of the policies chosen by those incumbents they elected to power concerning the poor. Had the profile of the electorate been more diverse and dominated by the lower classes, there would have been pressure on the ruling élite to embark on a more socially responsive pathway; and (2) the ruling incumbents could not foresee their mobilisation as a cross-class mass movement meticulously organised and united with one voice in the quest to advance the cause of the economically marginalised. Different results would have emerged if social forces were separate entities jostling to outsmart each other. The following discussion further reaffirms my assertion that capitalism in Mauritius commanded a significant degree of authority over the colonial state, and consequently came to be at odds with the notion of social justice.

#### **4.2.2. Left to its Own Devices: The Hegemony of Capitalism over the Colonial State**

The colonial agreement struck between the French settlers and British colonial administrators had the far-reaching implication of drawing the line of demarcation according to which Britain would consolidate its sphere of control. I have established in the previous discussions that the colonial government's turf of authority was in administration,

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<sup>381</sup> Loc cit

whilst the French settlers exerted influence in the realm of the economy. I contend that the terms of this colonial pact marked a turning point in Mauritius, which was followed by the execution of capitalist interests in the absence of the vertical and horizontal oversight of the colonial government. The former provides the legal framework upon which to base sanctions against those sugar estates not complying with the laws. Likewise, the latter should serve as a complementary law-enforcement mechanism entailing regular government inspections in order to ensure that the business community complies with the standards that have been laid down by the state. Giving in entirely to the conditionalities of big capital by the colonial government culminated in the emergence of a bifurcated state. According to Mamdani, such a state is characterised by the incompatible use of systems of governance in tandem, with the colonial and more dominant one presiding over the subservient traditional system of the chiefs<sup>382</sup>. This method of maintaining control compromised the ability of the colonial government to monitor the capitalist accumulation project *vis-à-vis* the broader spectrum of society.

Similar contradictions prevailed in Mauritius, marked by a division of labour between the Franco economic élite and British colonial administrators. Certainly, this bifurcated system was perpetuated by British *laissez faire* economic traditions, thus enabling French capital, especially the plantocracy, to hold sway. Inevitably the stranglehold of the plantocracy on the economy became so strong that the colonial state ended up being subordinated to the power of the capitalist élite as opposed to the situation being the other way round.

Apparent in Mauritius's colonial experience is the reality that the opposite of what transpired in other bifurcated systems occurred. Of course, the administrative aspects of Mauritius were directly ruled from Whitehall through governors. However, one can purport that the Franco Mauritians – as the custodians of power within Mauritian society at the point of British annexation – assumed roles similar to the ones of traditional leaders in those indirectly controlled colonies. The only difference is that the Francos were the ones calling the shots without being answerable to the colonial government.

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<sup>382</sup> Cited in Lange, Matthew, *Op. Cit*, 2009, p. 78

These power dynamics also impacted on social welfare policies. The Chamber of Agriculture in Mauritius is said to have served as a *de facto* government, with the Franco-Mauritians at the apex of shaping state policy heavily influenced by business. In essence, the Chamber of Agriculture became the “shadow government” of the Colony of Mauritius and it consistently succeeded in pestering the colonial state into doing its bidding, except on several occasions when their requests faced opposition from the Colonial Office in London<sup>383</sup>. Even with a possible counterweight from London, the colonial under-secretary in Mauritius, Arthur Dawe, cautioned against the plantocracy’s unrivalled policy influence. This influence remained intact throughout the 20<sup>th</sup> century, when the grassroots democratic movement called for changes in the plantations:

My instinct is that if we are to avoid storms we ought to set our political course a few points to the left. The situation of the working classes is deplorable. The white planters are excessively ancien regime. For them the Bastille seems not to have fallen. They have, under the present constitution, an over-weighted political power. They have their representation in London and underscored the technique of making things uncomfortable for the Governor unless he moulds his policy generally to conform with their views and commercial interests<sup>384</sup>.

In South Africa, the economy and social sphere may have been dominated by imperial capital, but its power was kept in check by the vote of the lower white classes. They essentially pressured the government to find reasons to guide the economy along the path of redistribution. In Mauritius, the lower classes had no vote and the plantocracy, along with the well-off Créoles of mixed heritage, were preoccupied with protecting their interests of dominating the politico-economic landscape.

This disproportionate economic influence of the plantocracy within the realm of policy-making must be viewed against the backdrop of the type of colonial rule that was imposed on Mauritius by Great Britain. Certainly, this type of rule engendered a particular type of outlook on the notion of a socially responsive state by the settler community. Mauritius was a directly ruled colonial outpost with most of its policy direction orchestrated and formulated in the Colonial Office in Whitehall in London (See Section 4.2 & 4.4 below).

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<sup>383</sup> Will, H.A, “Problems of Constitutional Reform in Jamaica, Mauritius and Trinidad, 1880-1895”, in The English Historical Review, Vol. 81, No. 321, Oct. 1966, p. 701

<sup>384</sup> Quoted in: Seekings, Jeremy, “British Colonial Policy, Local Politics, and the Origins of the Welfare State, 1936 – 1950”, in The Journal of African History, Vol. 52, 2011, p. 162



The *status quo* became one which refused to embrace change and map out new policy directions that responded to the local context.

Certainly the role of colonial administrators was that of ensuring that the island retains its functional viability by setting up rules and regulations that allowed the private agricultural enterprise to thrive. The institutions that were tasked to formulate and enforce these rules were concerned mostly with the affairs of economic management and thus seldom brought themselves down to the level of society. These elite caucuses were nothing more than talk shops which simply passed laws that favoured private business interests.

The power relations that existed between the colonial administrators and the business class no doubt speaks to the core of the white settler society's outlook on the notion of the welfare state. To put it bluntly, there was no push for welfare state-building to take place in the formative years of industrialisation. This dynamic was also compounded by the fact that white settler society, which uniformly had an affluent social class standing, were the only claimants to the franchise. The rest of the poor non-white settler community became a politically disempowered class, and were thus excluded from political participation. Had the franchise been extended to all groups, the entire body politic of Mauritius would have been altered much earlier on in the industrialisation process to espouse pro-poor egalitarian ideals.

To highlight the impact of political reforms on early welfare awakening in an industrial economy, Mauritius's politically-empowered white settler society must be put in comparative perspective with its counterpart, South Africa, during early industrial take-off. Similar to Mauritius, qualification for the franchise in South Africa was also based on race. Like the Indo-Mauritians in Mauritius, the larger black majority in South Africa were excluded from participating in the main political mainstreams. However, the white social formation of South Africa was starkly different to that of Mauritius before and around the turn of the 20<sup>th</sup> century. As Chapter 3 shows, two societies were in existence within the white social formation following early settlement in South Africa. Certainly, the white social formation in that country was defined not only on the basis of ethnic identity, but also on the basis of social class divisions. This differs starkly to the white social formation during the period of early white settlement in Mauritius. In that country, divisions centred

predominantly on the basis of spheres of control for each group in the white social formation within the wider scheme of the economy, with the Franco-Mauritian plantocracy engaged in economic activity, while the British colonial administrators handled the whole institutional framework that enabled production to happen sustainably.

Compared to their Afrikaner counterparts, the English settler community in South Africa were affluent due to their control of the economy. This reality turned the social polity to centre on equal access to economic opportunity and the role of the state in alleviating the plight of those on the margins of society. Unlike in Mauritius, where there was no push for the social and political discourse to centre on redistribution, among the white settler community in South Africa, the political environment became utterly focused on those issues. And because all whites had the franchise, the notion of the welfare state easily turned into a tool of political expediency to advance the sectional interests of the political elite. The emergence of the welfare state that protected whites against social risks followed this active political process, whereby the role of private charitable organisations would be replaced by the state. In Mauritius, on the other hand, charitable organisations, dominated by the Roman Catholic Church, filled a major welfare hole as the state largely played an absent role.

In the next section I look at configurations of social forces, their mobilisation, and how their dissatisfaction with the economic establishment kicked off a national conversation about creating an inclusive economy that was sensitive to the needs of the marginalised in Mauritius.

## **Section II: *Configurations of Actors: The Rise of the Grassroots Movement and Calls for a Socially Responsive State in Mauritius***

### **4.3. The Rise of Cross-Class Mass Collaborations**

To counter the unrelenting attitude of the economic élite towards the lower classes, mobilising the social forces across the social class divide in Mauritius became a sacrosanct strategy that set the country on the course towards the adoption of a more social democratic welfare regime. The general perception amongst the lower classes at the turn of the 20<sup>th</sup> century was that, if there was to be any change in their living and working conditions, the political system would have to undergo reforms. The British colonial

administrators created the Council of Government at the time of seizing control of the island, and they picked a handful of wealthy Créoles and Franco-Mauritians to represent the interests of Mauritian high society<sup>385</sup>. The Council served as a legislature comprised of ten elected representatives who were elected on the basis of a very exclusive franchise. In addition to this ten, the governor elected nine more members and eight colonial officials<sup>386</sup>.

“Franco-Mauritians could therefore influence colonial policy, while subordinate groups – particularly in rural areas – were unable to press their interests upon the Colonial Administration”<sup>387</sup>. Hugh Tinker noted that “Indo-Mauritians have found no way of becoming fully integrated Mauritians ... . Although forming the majority, they have not yet shed the status of marginal man ... . The Indo-Mauritians remained ‘strangers in Mauritius’, outsiders, accepted on sufferance”<sup>388</sup>. The only form of recourse available to the Indo-Mauritians on the sugar estates was the legal system, which convicted sugar barons for the maltreatment of their workers (see previous section). These convictions never culminated in the establishment of mandatory or legally binding living and working standards.

Having access to the state therefore was deemed important for the subordinate classes. This is because such a platform was believed to be the only way to have a say in matters that concerned their material wellbeing, as well as informing the responsive mechanisms of the state in that regard. I doubt that the colonial state would have remained as distant to the lower classes had the franchise been extended to the lower classes just as it was to poor whites in South Africa, who – by virtue of having been an electoral majority – held the key to political office.

The mobilisation of social actors in the villages and workers in the sugar estates was critical to the emergence of a grassroots democratic movement challenging the status quo. The discontent of the working poor was borne out of the recognition that only through an inclusive political framework can there be an overhaul in the manner in which the state relates to capital – not just as a passive overseer and accomplice in the capital accumulation

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<sup>385</sup> Ulriksen, Marianne. S.: Politics, Policy, and Poverty in Botswana, Mauritius and other developing countries, Unpublished PhD Dissertation: Aarhus University, 2009, p. 110

<sup>386</sup> Lange, Matthew, “Embedding the Colonial State: A Comparative Historical Analysis of State-Building and Broad-based Development in Mauritius”, in Social History, Vol. 27, No. 3, Fall 2003, p. 397

<sup>387</sup> Lange, Matthew, Op. Cit., 2009, p. 77

<sup>388</sup> Tinker, Hugh, “Between Africa, Asia, and Europe: Mauritius: Cultural Marginalisation and Political Control”, in African Affairs, Vol. 76, No. 304, July 1977, p. 329

project, but as the guardian of equity – and in turn, how capital responds to the plight of the lower classes. Such was the nature of these new configurations of power that they went on to layout the foundations upon which the socio-political fabric of Mauritius would conceive, embrace and guard jealously the notion of the State being obligated to live out its responsibility of being responsive to the poor.

By virtue of wealth having begun to change hands, reaching the palms of the Indo-Mauritian community by the mid-19<sup>th</sup> century, a significant portion of them experienced a degree of social mobility that graduated them into the middle class.<sup>389</sup> That was also enhanced by the fact that they were small sugar producers who invested heavily in the education of their children. Many of their offspring went on to become doctors, lawyers and mill and estate owners, flanked with considerable political influence<sup>390</sup>.

Out of these land transfers that took place in the mid-1800s, a large number of Mauritians moved from the estates to settle in rural areas, ultimately causing over 150 villages of small landowners to emerge across the island<sup>391</sup>. Of paramount importance about the villages that mushroomed out of the economic restructuring of Mauritius was the way in which the lower classes forged stronger community bonds among themselves, which translated, in turn, into inhabitants participating in broad-based developmental activities<sup>392</sup>. In the words of Jean Benoist: “Different from other plantation societies with their characteristically weak integration of peasant communities, the Mauritian villages were extremely well organised due to familial structures and numerous and well-organised voluntary associations ... . Rare were individuals that were not members of several associations”<sup>393</sup>. Implicit in Benoist’s assertions is that the social restructuring of the Indo-Mauritians into more communally tight associations not only opened the platform for

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<sup>389</sup> Statistics show that the number of acres of sugar cane owned by Indo-Mauritians in the 1860s was nil compared to 46,000 in 1910 and 82,000 in the 1921. In total there were 15,000 Indian-owned farms in 1920 which accounted for 46 per cent of the island’s sugar cane cultivation. Lange, Matthew, Op. Cit, 2003, p. 393

<sup>390</sup> Teelock, Vijayakshmi.: Mauritian History: From its beginnings to modern times, Moka: Mahatma Ghandi Institute Press, 2001, pp. 301 – 303; Bowman, Larry. W.: Mauritius: Democracy and Development in the Indian Ocean, Boulder: Westview Press, 1991, pp. 23 – 25; and Simmons, Adele. Smith.: Modern Mauritius: The Politics of Decolonization, Bloomington: Indiana University Press, 1982, pp. 6 - 10

<sup>391</sup> Lange, Matthew, Op. Cit, 2003, p. 407

<sup>392</sup> Loc cit

<sup>393</sup> Benoist, Jean “Contraintes environnementales et developement á l’Ile Maurice”, in Benoist, J (ed): Regards sur le Monde Rural Mauricien, Port Louis: ENOA-Ocién Indien, 1981, pp. 1-23, quoted in Lange, Matthew, Op. Cit, 2003, p. 408

participating in the economy, but spawned a stronger effect of strengthening them as a group. Moreover, the Indians especially had always established the value of forging communal ties amongst themselves wherever they established a settlement as a group. The agrarian experience amongst the Indo-Mauritians culminated in the strengthening of their group identity. This contrasts with that of the white Afrikaner agrarian classes in South Africa, who preferred *distance* and *independence* over *interdependence* and *tight communal* associations, and who did not embrace the concept of a racial or class-inclusive identity (see in Chapter 3).

The close association between the Indo-Mauritians in the villages promoted the creation of numerous local associations, such as the *baitka*, which sought to promote the Hindu cultural heritage in the rural areas. Other social groups had an explicitly religious and social welfare tone. One such association was *Arya Samaj*, which was founded in 1875 in India but had enjoyed a significant following in Mauritius, having opened 116 branches by 1952 with 5 000 members who paid dues. It also enjoyed a regular following of 30 000<sup>394</sup>. What is significant about these cultural associations is that they became an essential part of the social restitution struggle of the Indo-Mauritians. Hence, they provided the much needed “weight” and “strength” in the creation of the pro-poor political party formations that challenged the state for its lack of responsiveness to the plight of the economically dispossessed in the latter part of the 1930s (see the next section)<sup>395</sup>.

Of course the emergence of Afrikaner self-help groups in the late 1930s may qualify to be classified as cultural movements that kept the white Afrikaner community together. However, unlike the *baitka* and *Arya Samaj* in Mauritius, they fell short of serving as catalysts for a culturally-focused social class activism that championed the political cause of *only* white Afrikaners. The reason behind the limitations of the ones of the Afrikaners is that they were élite-driven projects that were intent on uplifting the status of the white Afrikaner society through Afrikaner-bred capitalistic ventures. The ones in Mauritius, on the other hand, were grassroots projects that were prone to social activism and were on the

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<sup>394</sup> Mauritius Legislative Council, “Sessional Paper no. 9: Report of the Commission appointed to examine the possibility of subsidising religions which are not being subsidised at present in Mauritius”, Port Louis: Government Printers, 1956, p. 5-7; and Mayput, V, “Development and Activities of the Arya Samaj Movement in Mauritius, 1900 – 1968”, Unpublished BA Thesis: University of Mauritius, 1993, p. 38

<sup>395</sup> Lange, Matthew, *Op. Cit.*, 2003, p. 408

receiving end of the support of the middle classes to add to their political weight and impetus. It is clear that the vast majority of the lower classes, who were already participating in well-organised broad-based developmental activities in the villages, trusted the middle class with the responsibility of championing their cause. Indeed, the collaboration between the poor and the middle class became expedient for effective mobilisation against the state's non-existent role in the social sphere due to its overly-centralised form of governance, as described earlier in this chapter. Later on in this chapter it is shown that these mobilisations culminated in powerful political forces that relentlessly fought against the state's palpable absence within the area of social welfare.

In the following section I demonstrate how the configuration of social forces in Mauritius consolidated their political presence to propagate tirelessly the notion of fairness and equity. It also demonstrates how the mere antagonism of the state and capital towards the notion of social responsiveness inspired a period of critical junctures. The social forces across the social class spectrum of Mauritius formed a political movement that was determined to keep the progressive struggle afoot.

### **Section III: The Role of *Critical Junctures* in the Quest for Welfare Reforms in Mauritius**

#### **4.4. The Organisational Strength of the Social Democratic Movement**

Although the Indo-Mauritian small producers may have competed alongside their large Franco-Mauritian producers in market terms, they identified closely with the Indian workers because of ethnicity<sup>396</sup>. As I already hinted in the previous section, the collaboration of various social classes became the precondition that enabled the reform movement to develop as a powerful group. I do accept that an element of shared ethnicity was at play in keeping the spirit of unity together, but Ulriksen overlooks the economic expediency of the middle classes' determination to garner the support of the poor Indo-Mauritians in seeking to reform the political landscape. The economy was experiencing the aftershocks of the 1929 depression and the small producers, owing to a similar fate to that of the Franco-Mauritian producers, were struggling to stay afloat. However, the situation of the Indo-

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<sup>396</sup> Loc cit

Mauritian producers was particularly concerning because they could not sell directly to the preferred mills since they were being marginalised by the bigger sugar producers<sup>397</sup>.

Meanwhile, the workers on the estates were being severely affected by the effects of the depression, which impacted negatively on their wages. Similarly, the Creole workers in the urban areas had economic frustrations similar to those of the workers on the estates. These two groups – the rural farm labourers and the urban workers – could be rallied to create mass support for the founding of a political movement championing the interests of the working poor<sup>398</sup>. On their own, the workers, however, were fragmented and poorly organised, therefore lacking the capacity to get the colonial government to act or have their interests receive the attention of the ruling élite. A Creole doctor by the name of Maurice Curé masterminded this mobilisation, thus crossing ethnic and class divisions. With his experience in the main political circles – having served in the Council of Government in Port Louis – he became instrumental in this regard, with his efforts culminating in the establishment of the Mauritian Labour Party (MLP) in 1936<sup>399</sup>. Indeed, the Labour Party became the vanguard of the workers and was founded on a strong social democratic ethos.

The emergence of the Labour Party in championing progressive causes to the benefit of the lower classes is reminiscent of the rise of the Labour Party (LP) in South Africa. The latter emerged in the political radar to champion mainly the interests of the élite skilled workers, but later accommodated the politically destitute poor Afrikaners, who came from the rural areas and who would then form the party's majority support base. As I discussed earlier in Chapter 3, the workers' mobilisation against economic marginalisation triggered the ruling élite to consider the plight of the working poor and consequently the broader poor white society as a whole. The Mauritius Labour Party also followed suit; they first pulled no punches in making a case for constitutional reforms, being highly critical of the colonial government for "subservience to the capitalist class"<sup>400</sup>. Secondly, the Labour Party called for the repeal of the 1922 Labour Ordinance on the grounds that it was still holding onto the penal clauses of the 1878 Labour Ordinance. The 1922 ordinance legalised the

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<sup>397</sup> Loc cit

<sup>398</sup> Ulriksen, Marianne, Op. Cit, 2009, p. 182

<sup>399</sup> The reasons why Cure spearheaded the reformist agenda through the founding of the Labour Party remain debatable. However it is widely believed that he did so because he lost election into the council of government in the January elections of 1934

<sup>400</sup> Seekings, Jeremy, Op. Cit, 2011, p.

punishment of workers, servants and labourers in the event of cessation of work duties after the staging of industrial action<sup>401</sup>. The Labour Party argued that “legislation [ought] to be introduced in Mauritius to ensure the working classes the right to association by trade unions, old-age pensions and other measures recommended” as per the standards of the International Labour Organisation (ILO)<sup>402</sup>. Thirdly, the Labour Party made the call for better wages and living conditions, as well as means of support to provide for old age. The idea was that it would have a ripple effect of being of benefit to the families whose livelihoods depended on the workers<sup>403</sup>.

However, it was the call for social reforms that triggered support across both the lower and middle classes. The labour movement in Mauritius, unlike that in South Africa in the first quarter of the 20<sup>th</sup> century, did not define itself as a ‘labour aristocracy’ by focusing attention solely on worker’s issues, but also looked at issues of interest to other groups.

The 1929 depression proved critical in this regard. The living conditions continued to deteriorate further, whilst the prices for basic commodities were also spiralling out of control. Even some estates acknowledged that some of the labouring poor were “underpaid” and “underfed”. The poor relief measures employed by the colonial government to mitigate the effects of the depression were considered grossly inadequate<sup>404</sup>. In the views of the subordinate classes, the inadequacy of poor-relief measures was tantamount to refusal by the colonial government to act responsibly.

Like the Rand Revolt which broke out in 1922 to mark a period of *significant change* in South Africa, the violent industrial action embarked upon by the workers on the estates in 1937 evoked the same effect. It resulted in the death of five workers – four at the hands of the managers in the factories and one at the hands of the police. Mauritius had reached a moment of political reckoning, with the workers leading the discourse on social justice. The 1938 stevedores’ strike<sup>405</sup> and the 1943 strike<sup>406</sup> illustrated their determination in this regard (see next section). Although no evidence linked the Labour Party to the incitement of

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<sup>401</sup> Maartensz, L.M *et al*, “Eastern Colonies”, Journal of Comparative Legislation and International Law, Vol. 6, No. 3, 1924, p. 151

<sup>402</sup> Seekings, Jeremy, Op. Cit, 2011, p. 161

<sup>403</sup> Loc cit

<sup>404</sup> Hazareesingh, K, Op. Cit, p. 113

<sup>405</sup> Ibid, p. 164

<sup>406</sup> Lindsay, Collen, and Seegobin, Ram, Op. Cit, 1977, p. 111



violence, there were some indications that the influence of the LP did have a bearing on all these violent activities. The demonstrators who incited violence were members of the General Workers Union (GWU) and Amalgamated Labourers Association (ALA), which supported the inception of the Labour Party in 1937. Other unions that also were able to trace their origins to the LP were the Engineering and Technical Workers' Union (ETWA), the Mauritius Agricultural Labourer's Association (MALA) and the Indian cultural association. It is said that these workers' associations were the brainchild of the core leadership of the Labour Party, which was determined to bridge the ethnic chasm dividing the Indo-Mauritians and the Creoles in the war against social injustice<sup>407</sup>.

Whilst industrial action marked a significant moment of setting on course the social justice discourse in Mauritius, Matthew Lange highlights the role of critical junctures in determining the island's developmental trajectories. Lange argues that the period after WWII marked a period of increasing state-society relations in Mauritius, since colonial administrators shifted focus from the maintenance of law to human wellbeing<sup>408</sup>. His assertions seem to insinuate that these changes were applicable not only to the area of development policy, but also to other aspects relating to it, such as social policy. Like Grier referred to in previous sections, he fails to acknowledge that colonialism put the notion of social policy and development on separate domains; they were yet to be seen as *interlocking* areas that could not be divorced to operate on separate planes as colonial policy intended.

There is no denying that the post-WWII period was characterised by major improvements in the quality of life for the people in the British dominions, especially in such areas as health care and the eradication of malaria. However, these policies and the budgets that accompanied them were agreed upon by the colonial officials and the technocrats from Whitehall. As such they were not the outcome of internal policy reform processes taking place *within* the British dominions themselves. Moreover, the Colonial Office in London stated in explicit terms that finances were not to be channelled to the provision of pensions. That condition, as in all British dominions, meant that Mauritius was expected to finance further improvements in social welfare from locally sourced funds and not from the coffers

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<sup>407</sup> Ulriksen, Marianne, *Op. Cit.*, p. 182

<sup>408</sup> Lange, Matthew, *Op. Cit.*, 2009, p. 78

of Whitehall. What ushered in social reforms was not solely the change in the colonial attitudes towards social responsiveness in the colonies after the Second World War, as Matthew Lange seems to suggest. Instead, it was also owing to the rise of social policy discourse within the colonial state in Mauritius through the relentless campaigns of a cross-class movement comprised of the working class, proletarianised small landholders, and middle-class small planters. They articulated their grievances through riots and industrial demonstrations in the quest to challenge the ruling élite to be more responsive to the plight of the poor. From there onwards, the struggle towards social reforms became a very long one. Cross-class collaborations championed these reforms, forcing or prompting a change in attitude by the colonial government. These dynamics are depicted in the next section.

#### **4.4.1. The Long Road towards Achieving Social and Political Reforms, 1937 to 1945**

The 1937 industrial action prompted action on the part of the state to appoint the procurer-general, Mr Charles Hooper, to head a commission of inquiry tasked with investigating the causes of the riots. Based on its findings, the Commission presented a very candid report that highlighted the negative impact the complacency of the colonial government had in addressing the subject of workers' rights on the estates and the debilitating state of wellbeing across the broader spectrum of Mauritian society<sup>409</sup>. The committee thus concluded that reforming industrial relations should be viewed as a *sine qua non* and that the state should do so urgently. On the issue of societal wellbeing, the committee recommended the introduction of pensions and sickness insurance and that expert advice be sought to investigate the possibility, on the condition that the reforms "apply to all sections of the population and not merely to persons employed in the sugar industry"<sup>410</sup>.

Despite these recommendations, then Governor Jack refused to implement them, maintaining that social security was a luxury that the colony could not afford<sup>411</sup>. The Labour Party also contended in 1939 that allowing for political and social reforms to take place in Mauritius would be in accordance with British libertarian traditions, which championed the extension of equity to coloured workers within the Empire. Yet these sentiments failed to

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<sup>409</sup> Colony of Mauritius.: Report of the Commission of Enquiry into the Unrest on Sugar Estates in Mauritius, 1937, Port Louis: Government Printers, 1938, p. 168

<sup>410</sup> Loc cit

<sup>411</sup> Seekings, Jeremy, Op. Cit, 2011, p. 161

get the sympathy of the new governor, Sir Bede Clifford, who replaced Governor Jack in 1937 after serving as the governor of Barbados<sup>412</sup>.

Whilst local colonial officials were sympathetic to the provision of welfare, these officials were unsure how local Mauritian capital would react. Ormsby-Gore therefore related that “we may have some trouble with the more conservative planters etc, but a more progressive labour policy in Mauritius as elsewhere is a policy which I desire to see carried out by the Governor”<sup>413</sup>.

The governor, Clifford, instituted more equitable employment relations as a means to achieve greater social stability. He created the Department of Labour in 1938 and appointed Edward Twining as its director, along with labour inspectors to help fulfil its functions<sup>414</sup>. Representative committees were created in accordance with the objectives of the Department, and they comprised small planters and large estates so that there was clear communication flow of government framework to the respective owners. This ushered in the passing of the 1938 Labour Ordinance, which set minimum standards for wages and working conditions, as well as the establishment of an Industrial Association Ordinance. Significantly, the latter marked the *repeal* of laws that outlawed union formation in Mauritius<sup>415</sup>.

However, in a bid to avoid the pressure from the left, Clifford nominated only wealthy mill owners and affluent merchants when the secretary of state proposed that he appoints two more members to the Legislative Council. It was only when one of his preferred candidates died that he appointed Seewoosagur Ramgoolam to the Council, who subscribed to the social democratic ethos he learnt from the Fabian Society during the time he was studying medicine in London<sup>416</sup>. Likewise his humble background had the effect of predisposing him to fight for the cause of the poor. Clifford appointed him because he believed him to be less of an agitator, pragmatic and an Anglophile<sup>417</sup>.

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<sup>412</sup> Ibid, p. 163

<sup>413</sup> Loc cit

<sup>414</sup> Loc cit

<sup>415</sup> Ibid, p. 165

<sup>416</sup> Ibid, p. 159

<sup>417</sup> Loc cit

The devil was in the detail, since Ramgoolam was more loyal to the progressive cause than any of Clifford's earlier nominees and he became one of the key drivers of Mauritius's social reforms agenda<sup>418</sup>. Hence, upon his arrival from the United Kingdom (UK), Ramgoolam went on to found the newspaper called *Advance*, which was intent on highlighting the plight of the lower classes. When he was elected to the Council in 1940 he exploited his position to chant progressive rhetoric and the need to improve the conditions of the downtrodden. He was already indicating the need for welfare-oriented policy, charging that the government take seriously the issue of education, health and welfare generally. Eventually, his presence in the Council was accompanied by positive changes in the 1940s, as the colonial government started softening its stance on the subject of social legislation (see following sections). Ultimately, his joining of the Labour Party in 1950 united the Hindu élite and the Creole and Hindu working classes and made the party truly a cross-class collaboration movement<sup>419</sup>.

Clifford's continued antagonism precipitated another industrial action the following year, in 1938. Although considered peaceful, the state declared a state of emergency and banishing some within the key echelons of the Labour Party's leadership, such as Emmanuel Anquetil, to the island of Rodriguez. Twining was appointed to head a commission investigating the causes of the riots and, in his reply, he reiterated Hooper's sentiments that government's disdain towards alleviating the plight of the workers, even against the background of the 1938 Ordinance, was a cause for concern<sup>420</sup>. Twining also did not hold back to state that the "breakdown" in the system of old age remained one of the major factors that put the colony on the brink of social dislocation if the colonial government did not make swift intervention to address adequately the issue.

However, Twining's report ended up blighting prospects of a socially inclusive framework seeing the light of day because of its support of a contributory social security and not a tax-funded one. It argued that it was unfair "that the full responsibility of providing for the aged should be transferred entirely from the family to the tax payer"<sup>421</sup>.

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<sup>418</sup> Loc cit

<sup>419</sup> Bunwaree, Sheila, "The Ballot and Social Policy in Mauritius", in Bangura, Yusuf (ed.): Democracy and Social Policy, New York: Palgrave MacMillan / United Nations Research Institute for Social Development, 2007, p. 223

<sup>420</sup> Loc cit

<sup>421</sup> Ibid, p. 166

The report thus called for prioritisation of old-age pensions and health insurance to commence at the cost of £22 000 p.a. and £60 000 p.a. respectively<sup>422</sup>. Prospects of introducing Unemployment Insurance were not explored as they were considered at the outset to be financially unsustainable. These proposals were in sync with the British approach which favoured the contributory format. The Labour Advisor Orde-Brown's revised his less protagonist stance after his visit to Mauritius in 1941 wherein he bemoaned the inadequacy of the poor relief measures relied upon to meet the poor halfway. But many in the Colonial Office remained obstinate desiring for Mauritius not to emulate the Beveridge model since it was not an 'advanced' colony to be financially prepared to undertake such measures<sup>423</sup>.

Against the background of the Twining Report, the only commissioner in the Committee who was coloured, Dr E Millien, levelled heavy criticism against the Committee for not exploring all avenues important to make such recommendations. He argued that the Committee was biased against the lower classes from the outset, since the process allowed for submissions from the sugar estates but not from the working classes. The second most damning rebuttal showed that Twining was in possession of reports detailing the non-contributory old-age pension schemes of South Africa and Barbados, but refused to circulate it to the commissioners for consideration. On the other hand, he opted to circulate the one that detailed the British social insurance system instead. Dr Millen himself happened to have been in possession of the reports<sup>424</sup>.

It is not clear why Twining kept the reports to himself. By drawing parallels to the development of the welfare state in South Africa during the first half of the 20<sup>th</sup> century (illustrated in Chapter 3), we may cast some light on this issue. Firstly, after studying the two reports, Twining might have discovered that non-contributory social assistance for the poor was affordable and that Mauritius did not have to explore contributory social insurance

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<sup>422</sup> Loc cit

<sup>423</sup> It was only after many colonies made enquiries about the possibility of introducing non-contributory social assistance that the Colonial Office prepared a memorandum titled *Social Security in the Colonial Territories* in which they were encouraged to rely on the existing agrarian structure. The report emphasised the importance of the agrarian structure in poor colonies since the colonial office was hell-bent on keeping the familial welfare structure and not the state funded one. Drawing on these objectives of colonialism, one can assume that the criteria used to differentiate advanced and less advanced colonies was mainly the level of industrialisation attained in the colonies relative to that of the colonial societies of Australia, Canada and New Zealand, which significantly dwarfed that of Mauritius. Ibid, p. 169

<sup>424</sup> Ibid, p. 167

before embarking on the tax-funded, more publicly-oriented model. Secondly, since the South African model was tax financed, Twining probably believed it was going to be too costly for the tax payer in Mauritius. But in reality, Twining would have been protecting the interests of the sugar capitalists in that regard, because in retrospect a tax-funded system in Mauritius meant that the wealthy plantocracy was going to have to incur most of the tax burden. After all, the South African welfare experience set a precedent for the business sector in Mauritius since (I suspect) it was demonstrated in the South African report that getting business on board was possible as long as there was evidence showing that they would benefit from footing part of the bill. The issue in the case of Mauritius was not whether business was willing to cooperate, but instead whether there existed the political will to get big capital to play its part in the cause of economic redistribution. In short, whilst the political ruling classes in South Africa were able to get business to make an élite compromise, the colonial government in Mauritius was determined to protect big capital from assuming that responsibility.

The governor who was appointed to replace Clifford in 1943, Donald Mackenzie-Kennedy<sup>425</sup>, followed in the footsteps of his predecessor by towing back and forth on the subject of social assistance. He would nonetheless be confronted on his arrival by the violent industrial action of 1943, which claimed the lives of three protestors at the hands of the police. Not only was this an indication of a brutal onslaught on the daring lower classes, but the case of Mauritius seems to confirm the premise that where capital seems to wield a great degree of influence, the state machinery is usually deployed to carry out acts of repression against those who challenge the status quo. The Mauritian industrial development experience also has a striking resemblance to South Africa's. The bloody revolts in South Africa in the gold mines in 1922 and in the platinum belt of South Africa at Marikana in 2012 demonstrate the often unholy alliance between the state and capital and the complexity of incorporating labour into policy processes (see Chapters 3 and 6 respectively).

Nonetheless, Mackenzie-Kennedy's presence within the area of social reforms was overshadowed by post-WWII shifts in the attitude of the British government. The reality of poverty in the colonies was no longer a subject of petty political bickering in the Commons

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<sup>425</sup> *Ibid.*, p. 165

of Westminster; it was instead growing into a reality that potentially could compromise the integrity of the colonial project as a whole. The British government created grants or exchequer loans under the Colonial Development and Welfare Act of 1945 to help improve educational and health provision in the colonies, as well help eliminate malaria<sup>426</sup>. This piece of legislation served as an amendment of those that preceded it, such as the Colonial Development Act of 1940 (and a sequence of twenty-two others that preceded it) and the Atlantic Charter of 1942. It revealed an acceptance both within the Colonial Office and the Treasury that the principle of territorial self-sufficiency for colonial governments' recurrent expenditure had to be abandoned<sup>427</sup>. These financial measures, which started pouring into the coffers of the colonies after WWII, ensured that the "British state expenditure would be directed towards the promotion of welfare to *pre-empt social unrest* and the promotion of investment to make any political possibility for self-government economically permissible"<sup>428</sup>.

No colony had the authority to use the grants in any form other than the way they had been designed by Whitehall. For Mauritius, which had been engrossed in the debate on the possibility of introducing the old-age pension system for nine years, the chances of the state footing the social assistance bill came to naught<sup>429</sup>. Nonetheless, in other areas of benevolence, the colonial state in Mauritius began to make strides to shorten the social distance between the administration and the poor in the rural areas. The pendulum in the approach shifted from one of social *aloofness* to *embeddedness* underpinned by strong state-society synergies, whilst the institutional structures of the colony ensured that private business interests remained intact. Within a few years the colonial government appointed 100 village and district councils, which got the communities to participate in policy matters. The state started to become familiarised with local circumstances, inevitably filling the

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<sup>426</sup> Dommen, Edward, and Dommen, Bridget.: Mauritius: An Island of Success: A Retrospective Study, 1960 – 1993, Chippenham: Pacific Press and James Currey, 1999, p. 39

Colonial Development and Welfare Acts are to be differentiated with the Colonial (Commonwealth) Development Corporation as the former spearheaded "commercially non-remunerative projects" whilst the latter was mandated to undertake projects that were "commercially remunerative" in nature. See: Wicker, E. R, Op. Cit, p. 170

<sup>427</sup> Cowen, Mike, "Early Years of the Colonial Development Corporation: British State Enterprise Overseas during Late Colonialism", in African Affairs, Vol. 83, No. 330, Jan 1984, p. 63

<sup>428</sup> Loc cit; italics are my own

<sup>429</sup> Titmus and Abel-Smith, Op. Cit, p. 88

structural holes between the state and society that enhanced developmental outcomes<sup>430</sup>. The community began to have a bigger say in the establishment of and maintenance of collective goods, whilst the state in turn became compelled to listen to its subjects and take note.<sup>431</sup>

Government ventured to expand its battery of social welfare programmes, concentrating on health, education and programmes geared towards the alleviation of poverty. These were dominated mainly by the introduction of emergency employment programmes, the provision of milk to school pupils and decentralising the administration of public assistance<sup>432</sup>. Yet pensions had not yet entered the social welfare landscape of Mauritius, despite the Fabian Colonial Bureau campaigning in 1943 to have non-contributory and contributory pensions recognised as of “particular importance<sup>433</sup>”.

However, as shown in the previous section, the decentralisation of public administration replaced the old, socially aloof, centralised method. This system emphasised societal participation as its hallmark, ensuring greater access even to social security after pensions were introduced in 1950. The government was able to achieve its social mandate by improving its bureaucratic capacity, which expedited state revenue collection. For instance, because of this coordination capacity, in 1947 alone the Mauritian state managed to collect 17 per cent of the colony’s gross national product (GNP). This amount expanded to over 25 per cent of GNP in 1967, following the introduction of corporate and personal income taxes in 1950<sup>434</sup>. Matthew Lange has drawn a model that depicted the reality of this newfound approach of decentralised public administration in Mauritius, as well as its ultimate impact on outcomes on the social development landscape.

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<sup>430</sup> Mauritius Legislative Council, “Sessional Paper No. 2: The Development of Rural Local in Mauritius”, Port Louis: Government Printers, 1956, p. 2

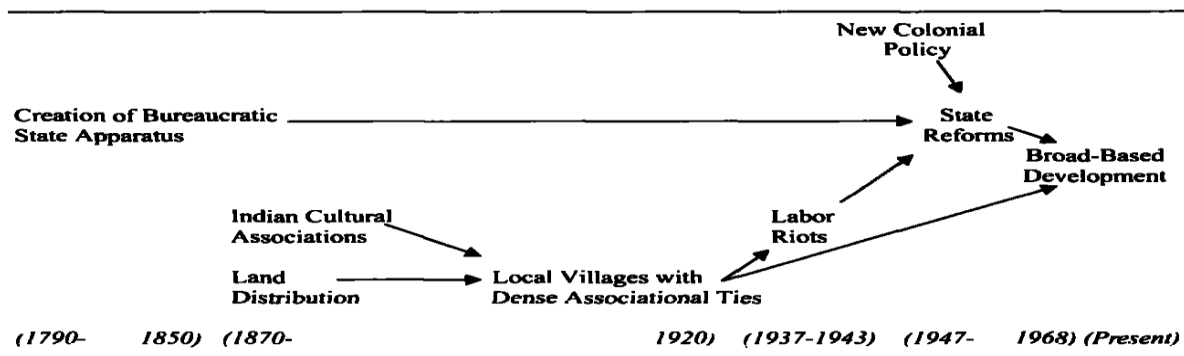
<sup>431</sup> Nepal, D.: The Development of Local Government in Mauritius, Moka, Mauritius: Mahatma Gandhi Institute, 1982, p. 29

<sup>432</sup> Lange, Matthew, Op. Cit, 2003, p. 412

<sup>433</sup> Seekings, Jeremy, Op. Cit, p. 170 & 172

<sup>434</sup> Lange, Matthew, Op. Cit, 2003, p. 411





**FIGURE 4.1: A CAUSAL CHAIN SHOWING COLONIAL STATE-BUILDING AND DEVELOPMENT IN MAURITIUS**

Source: *Ibid*, p. 403

The integration of strong associations and the increased state-society nexus into the new development framework as illustrated in Figure 4.2 provided a fertile ground to plant social democratic traditions deep within the socio-political fabric of Mauritius. The effects of these networks in sowing the seeds of social democracy existed on two different levels of analysis. First of all, these networks served the purpose of being the Colonial State's key channel of communication, as they engaged the local population on matters that concerned the beneficence of the broader spectrum of society, namely the construction of irrigation, river canalisation, draining marshes, and the application of insecticides to the internal surfaces of buildings in a bid to prevent the spread of water- and insect-borne diseases. Hence the proportion of deaths caused by malaria were reduced significantly, from 23 per cent in 1945 to zero in 1956, whilst the deaths caused by infectious and parasitic diseases were reduced significantly, from 4 053 in 1948 to 187 in 1967.<sup>435</sup>

These networks went on to offer a strong political backing to the centre-left movement<sup>436</sup>. Indeed, the reformist measures of the colonial state came at the instruction of the higher colonial office in London, not at the behest of the mass movement, which had protested for social inclusion before. However, there is no escaping the fact that the introduction of pro-poor programmes served to cement the confidence of the lower classes in the Labour Party. Furthermore, they reaffirmed its relevance not only as a reliable champion of the poor that delivers on its promises. The Labour Party was urban-based, but

<sup>435</sup> Lange, Matthew, *Op. Cit*, 2003, p. 413

<sup>436</sup> *Loc cit*

these dense associational networks in the rural areas became instrumental in mobilising the rural support required to garner patronage across class lines on the island.

In the next discussion we see these dynamics being played out in the political landscape when the political voting platform was opened to nearly all subordinate classes. The following discussion reveals that, whilst the colonial state began to embrace the notion of a welfare-based approach towards development, only once an influential centre-left movement emerged to shape government policy did the kind of path dependence emerge that would lead to the development of a more social democratic order. So far, the cross-class movement, community-based cultural associations, and a decentralised system of development were instrumental in contributing to this path dependence.

#### **4.2. Democratising the State and Paving the Path of Social Democracy, 1945 to 1967**

Reforms in the social security sector in Mauritius reached a high point after the Colonial Office began focusing on broad-based development. Thanks to Mackenzie-Kennedy for attaching importance to constitutional reforms, the political landscape was headed towards a significant overhaul towards being inclusive. Mackenzie-Kennedy changed the name of the Council of Government to Legislative Council. He also wasted no time in extending the franchise to literate adult men and women in 1947, whilst universal franchise was extended in 1959. In 1947 the colonial state had begun reverting back to informal development and non-programmatic welfare framework, with social assistance scrapped from its agenda<sup>437</sup>. These weaknesses added to the competitive streak of the Mauritius Labour Party, which campaigned vigorously for a progressive framework that encompassed, amongst other things, the significance of the old-age pension scheme for the majority poor. With the voters' roll having increased from 12 000 to a staggering 70 000, the MLP was able to garner the most support, which as a result reduced the representation of the Franco-Mauritian settler community in the Legislative Council to only one<sup>438</sup>. The political landscape of Mauritius was changed irrevocably in 1948, when the Labour Party rose to political prominence, whilst those used to calling the shots had virtually no say on matters concerning governance.

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<sup>437</sup> Seekings, Jeremy, *Op. Cit.*, 2011, p. 172

<sup>438</sup> Hazareesingh, K, *Op. Cit.*, p. 117

Mackenzie-Kennedy was replaced in 1949 by Governor Hilary Blood, who gave in to pressure from the members of the Legislative Council to debate the motion seeking to have the non-contributory social insurance introduced<sup>439</sup>. It was passed and came into law in 1950, making provision for the extension of old-age pensions at Rs 12/month with the application of a means test to all men and women from the age of 65<sup>440</sup>. Policymakers had initially planned to revise the non-contributory social assistance method by introducing a contributory one. However, with the progressive caucus disproportionately skewed in favour of the MLP, there was no chance of retracting this initiative. Table 4.1 below shows that, by 1967, the social security sector received the lion's share of the government's public expenditure budget, at over Rs 30 million, whereas that for its close rival, education, stood at slightly over Rs 28 million<sup>441</sup>. These measures were dominated mainly by pensions and outdoor relief, at the cost of 10 per cent of the government's recurrent expenditure or the equivalent of two per cent of GDP. Meanwhile, additional cash benefits aimed at the poor were introduced in the 1960s<sup>442</sup>. By contrast, in 1947 the government budget earmarked for social security paled in comparison, at Rs 0.6 million when paralleled with that for the other sectors, such as education and health, which were at Rs 4.6 million combined<sup>443</sup>.

Explaining the spending was the soaring increase in social security beneficiaries between 1950 and 1959, standing at 1 600 per cent compared to the increase in school attendance (140 per cent) and reduction in mortality (140 per cent) and death rates (200 per cent)<sup>444</sup>. Also contributing to this upward trend of increase in social security spending was the elimination of the affluence test in 1958, which made accessibility to pensions a right for all elderly citizens who, by reason of age and *not* assets, were eligible for a government pension payout. Hence, the number of social security beneficiaries doubled from 22 082 in 1950 to 48 815 in 1959, with 26 000 of that number placed on the pension payroll<sup>445</sup> representing a 65 per cent increase from the 17 000 of 1953<sup>446</sup>.

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<sup>439</sup> Seekings, Jeremy, *Op. Cit*, 2011, p. 172

<sup>440</sup> *Loc cit*

<sup>441</sup> About 2 per cent of GDP was spent on public assistance including pensions. It is said that these measures were modest, but they at least paved the path for future developments in the social security sector.

<sup>442</sup> Ulriksen, Marianne, *Op. Cit*, 2009, p. 183; and Seekings, Jeremy, *Op. Cit*, 2011, p. 158

<sup>443</sup> Lange, Matthew, *Op. Cit*, 2003, p. 415

<sup>444</sup> Lange, Matthew, *Op. Cit*, 2003, p. 414

<sup>445</sup> Seekings, Jeremy, *Op. Cit*, 2011, p.

<sup>446</sup> Colony of Mauritius, *Annual Colonial Report, 1953*, Port Louis: Government Printers, 1953, p. 84

**TABLE 4.1: SOCIAL SECURITY AND DEVELOPMENT IN MAURITIUS, 1947 TO 1968**

| <b>Health care<sup>a</sup></b>     |                        |  |                |                                 |                |
|------------------------------------|------------------------|--|----------------|---------------------------------|----------------|
| <b>Expenditures</b>                |                        | <b>Infant mortality rate<br/>(per 1,000)</b> |                | <b>Death rate (per 1,000)</b>   |                |
| <b>1937:</b>                       | <b>Rs. 1.3 million</b> | <b>1935–40:</b>                              | <b>153.3</b>   | <b>1936–45:</b>                 | <b>28.3</b>    |
| <b>1947:</b>                       | <b>2.6 million</b>     | <b>1950–59:</b>                              | <b>75.4</b>    | <b>1946–50:</b>                 | <b>20.8</b>    |
| <b>1957:</b>                       | <b>11.0 million</b>    | <b>1960–67:</b>                              | <b>63.3</b>    | <b>1951–58:</b>                 | <b>14.0</b>    |
| <b>1967:</b>                       | <b>21.8 million</b>    |  |                | <b>1960–67:</b>                 | <b>9.3</b>     |
| <b>Education<sup>b</sup></b>       |                        |  |                |                                 |                |
| <b>Expenditures</b>                |                        | <b>School attendance</b>                     |                | <b>Literate population</b>      |                |
| <b>1937:</b>                       | <b>Rs. 1.4 million</b> | <b>1938:</b>                                 | <b>42,000</b>  | <b>1931:</b>                    | <b>52,496</b>  |
| <b>1942:</b>                       | <b>2.0 million</b>     | <b>1947:</b>                                 | <b>51,000</b>  | <b>1944:</b>                    | <b>98,910</b>  |
| <b>1957:</b>                       | <b>14.7 million</b>    | <b>1957:</b>                                 | <b>115,000</b> | <b>1952:</b>                    | <b>280,529</b> |
| <b>1967:</b>                       | <b>28.2 million</b>    | <b>1967:</b>                                 | <b>179,000</b> |                                 |                |
| <b>Social security<sup>c</sup></b> |                        |  |                |                                 |                |
| <b>Expenditures</b>                |                        | <b>Number of cases assisted</b>              |                | <b>Number of relief workers</b> |                |
| <b>1947:</b>                       | <b>Rs. 0.6 million</b> | <b>1947:</b>                                 | <b>7,284</b>   | <b>1964:</b>                    | <b>2,624</b>   |
| <b>1952:</b>                       | <b>3.3 million</b>     | <b>1952:</b>                                 | <b>22,082</b>  | <b>1965:</b>                    | <b>6,964</b>   |
| <b>1959:</b>                       | <b>15.5 million</b>    | <b>1959:</b>                                 | <b>48,815</b>  | <b>1966:</b>                    | <b>19,773</b>  |
| <b>1967:</b>                       | <b>30.3 million</b>    | <b>1967:</b>                                 | <b>121,874</b> | <b>1967:</b>                    | <b>18,469</b>  |

Source: Lange, Matthew, *Op. Cit*, 2003, p. 415<sup>447</sup>

Even with such improvements in the social security sector, some groups in the Legislative Council sought to reverse these welfare reforms by charging that there ought to be a reversion to the contributory scheme as initially promised. Social democratic supporters, led by F.S. Chadien within the Legislative Council, argued on normative grounds that it was the responsibility of the state to look after the vulnerable elderly, since they had contributed to the building of the economy over the years:

The old age pensioner has throughout the years paid taxes on commodities he had consumed as everyone else had. He had paid taxes on tea, sugar, tobacco, matches, rice, pulse, dried fish, rum, calico, khakhi, everything he had consumed and used to be able to live as useful member of our society. One way or another he has contributed to the national budget. The Old Age Pension scheme being financed out of public funds is contributory one. The applicant for Old Age Pension has already paid in his contributions<sup>448</sup>.

The Labour Party continued to remain steadfast to social democratic traditions and they were unwavering in their conviction that the provision of pensions was the most effective strategy to bridge the social divide. The Labour Party's remarks in the Legislative Assembly

<sup>447</sup> The data was obtained from the following sources: Colony of Mauritius, *Blue Book of the Colony of Mauritius*, Port Louis: Government Printers, 1938; Colony of Mauritius, *Blue Book of Mauritius*, Port Louis: Government Printers, 1948; Colony of Mauritius, *Colony Report*, Port Louis: Government Printers, 1951 – 1960; Colony of Mauritius, *Colony Report*, Port Louis: Government Printers, 1961-1968; Mauritius Economic Commission, *Health and Welfare: Report of the Committee No. 3*, Port Louis: Government Printers, 1948; Mauritius Legislative Council, *Sessional Paper No. 2: The Development of Rural Local Government in Mauritius*, Port Louis: Government Printers, 1956a; and Mauritius Legislative Council, *Sessional Paper No. 5: Mauritius Development and Welfare ten-year plan*, Port Louis: Government Printers, 1956b

<sup>448</sup> Willmore, Larry, *Op. Cit*, 2003, p. 1

in 1950 (following the passing of the pension legislation) demonstrate that the party understood the provision of state-funded pensions to be the primary marker of the state's commitment to social democracy. Hence the Labour Party related on that occasion that "[t]he fact that we have unanimously passed such a measure of the old age pension is no doubt that we are all progressive in this country"<sup>449</sup>. However, the social policies in Mauritius did not receive much attention until after the island obtained its independence in 1968. The political élite in Mauritius, including those within the Labour Party, were preoccupied with the prospect of power being handed over from Britain in 1968<sup>450</sup>.

The period was also characterised by the emergence of new political formations. The Creoles and the Franco-Mauritian alike had begun harbouring fears of the Hindu hegemony, charging that the Hindu-dominated Labour Party was determined to create a Hindu state in Mauritius. The Creoles feared that they would not have access to opportunities when Britain relinquished control of the island, whilst the Franco-Mauritians were of the view that MLP was going to have an anti-capitalist outlook. Indeed, it was fear of subversion that helped the Creoles and the Franco-Mauritians to find common ground and they ended up forming the *Parti Mauricien* (PMSD), which opposed the idea of political independence from Britain<sup>451</sup>. Inevitably, the PMSD became the party of capital, just as the SAP of General Smuts was in South Africa.

However, the fear of subversion held by the Creoles and the Franco-Mauritians was not without reason. The consolidation of democracy in Mauritius in the late 1940s did encourage changes in the social class landscape, with various ethnic groups dominating specific areas of specialisation in the economy. Still remaining at the top were the Franco-Mauritians, followed by the middle-class Creoles, the Chinese and Muslims dominating trade, and Indo-Mauritians remaining at the bottom. Nevertheless, Indians began having a significant presence in the economy, although never reaching the level of the Franco-

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<sup>449</sup> Albeit the process occurred officially in 1961 when Dr Seewoosagur Ramgoolam, the then leader of the Labour Party, was appointed as the first Prime Minister of Mauritius; Colony of Mauritius, Legislative Assembly Debates, Session No. 3, October 3, 1950, p. 22. Also see: Lingayah, Sam.: Social Welfare in Mauritius: A Critical Analysis of Social Provisions, Faversham: Sankris Publishing, Ltd, 1996, p. 2

<sup>450</sup> Ulriksen, Marianne.S, Op. Cit, 2009, p. 182

<sup>451</sup> Simmons, Adele. Smith.: Modern Mauritius: The Politics of Decolonisation, Bloomington: Indiana University Press, 1982, p. 23

Mauritians<sup>452</sup>. As Benedict Burton contends, “economically and occupationally Mauritius appears to be undergoing a change ... to a society which is economically stratified with each group pursuing a whole range of occupations”<sup>453</sup>. The strides owing to Indians’ dominance of the civil service afforded them a standard of living higher than that of their counterparts in their native India<sup>454</sup>. Thus the rise of the Indo-Mauritians – however marginal it may have been as a phenomenon – was enough to cause much agitation amongst the Franco-Mauritians and (especially) the Creoles. The latter were convinced that the rise of Indo-Mauritians to political prominence would condemn them to economic marginalisation<sup>455</sup>.

The 1967 elections helped to dispel these myths. Both parties, the LP and PMSD, were not able to gain an outright majority<sup>456</sup>. It provided an opportune moment to create a government of national unity by forging coalitions between the Hindu-based MLP and the party of capital<sup>457</sup>. Instead of this trust coming at the cost of displacing social reforms, as it did in post-apartheid South Africa, it rather cemented the social democratic welfare consensus for post-colonial Mauritius (see Chapter 5). The MLP contended that close cooperation with the PMSD was expedient for the quest for national harmony and for fostering the spirit of national reconstruction. But it is clear here that the MLP’s actions were not out of character, given the large number of middle class members in its ranks who tossed the party’s ideological direction somewhat to the right of the ideological spectrum, just as the National Party in South Africa became more neo-liberal by the 1990s. In the next chapter I argue that this specific development – the adoption of market-friendly policy choices – was crucial in setting the tone for private-public partnerships towards the upholding of the social democratic ethos during the post-colonial period.

### 4.3. Conclusion

The journey towards welfare state development in Mauritius was not smooth sailing, with the colonial state making sufficient interventions upon the realisation of the appalling social

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<sup>452</sup> Burton, Benedict, “Cash and Credit in Mauritius”, in *South African Journal of Economics*, Vol. 26, No. 1, 1958, p. 213

<sup>453</sup> Burton, Benedict, *Op. Cit.*, 1958, p. 213

<sup>454</sup> Burton, Benedict, *Op. Cit.*, 1957, pp. 328 - 342

<sup>455</sup> Many Creoles of mixed heritage took these fears seriously with most immigrating to the Anglo-Saxon commonwealth countries, mainly Canada, Australia, Fiji, the UK and South Africa.

<sup>456</sup> Ulriksen, Marianne.S, *Op. Cit.*, 2009, p. 183

<sup>457</sup> *Loc cit*

and economic conditions of the lower classes. If anything, the colonial state's response was characterised by antagonism ascribed to the following reasons: (a) the British poor laws were highly restrictive in the area of social responsiveness and, (b) whilst the British colonial administrators consolidated their political presence in Mauritius, the Franco-Mauritian élite held the power to control government policy and the nature of its responsive mechanisms. This exacerbated the plight of the lower classes because neither party *in power* appeared to pay attention to their grievances.

However, the progressive struggle in Mauritius became pioneered by the working poor, who mobilised a cross-class coalition to stand united against the state's lack of intervention to resolve the situation of poor wages and working conditions. Unlike their South African counterparts during the early phases of welfare state development, the working classes in Mauritius did not adopt the workerist attitude that sought to protect the interests of the working poor and neglected the plight of the poor. In Mauritius, the workers had a genuine sense of solidarity with the general poor, since the working poor understood that their struggle would be half-won if it did not reflect the plight of the broader spectrum of Mauritian society as well. The source of this consensus was the solidarity in the villages, as well as the alliance between the small-scale farmers, the working class and the middle class, which was absent in South Africa. Moreover, in South Africa, communicating the struggle of the working classes so as to encompass those of the broader poor white society was non-existent. As a result, the South African welfare state was initially limited to whites.

Ultimately garnering the support of the middle classes, who felt equally marginalised by the wealthy plantocracy, the middle class rallied behind the workers and led the social responsiveness struggle, which tried to get the state to act through violent resistance. Together they formed one cross-class mass mobilisation with the determination to address the issues around equity and fairness guided by the values of social democracy. This culminated in the establishment of the Mauritius Labour Party, which, through its connections with its sister party in the United Kingdom, garnered the courage and resilience to continue fighting for the progressive cause.

What the lower classes wanted in Mauritius were constitutional reforms to correct the inequalities of the global capitalist system in which Mauritius was embedded. Matthew

Lange<sup>458</sup> and Jeremy Seekings<sup>459</sup> attribute the emergence of the welfare state in Mauritius to the change in the colonial stance towards the notion of welfare during the post-1945 era, as well as the relentless spirit of the social democratic movement in Mauritius. Whilst the colonial government kicked off the welfare agenda upon receipt of funds from Whitehall in 1945, the idea of a programmatic welfare approach was abruptly scrapped from the agenda by 1947. This means that the extension of the franchise in 1947, which invariably catapulted the social democratic movement into the Legislative Council, became the saving grace of the welfare state that was on the verge of being retrenched. The Labour Party bolstered the progressive caucus in the apparatus of government. It ensured not only the restoration of a welfare ethos in the Mauritian social fabric, but made sure that the welfare state became synonymous with non-contributory social assistance and universal old-age pensions in particular. These virtues laid the foundations upon which the post-colonial welfare paradigm would be modelled spanning through time into the 21<sup>st</sup> century. As shown in Chapter 5, the pragmatism of the Labour Party, its forward-looking approach, and its determination to foster public-private synergies after independence ensured that the ideological orientation of the welfare state remained true to form.

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<sup>458</sup> Lange, Matthew, Op. Cit, 2003, pp. 397 - 422

<sup>459</sup> Seekings, Jeremy, Op. Cit, 2011, pp. 157 - 177



## Chapter V: Retaining the Social Democratic Welfare Consensus in Post-Colonial Mauritius, 1968 – 2013

“And they (the political parties in Mauritius) seem to recognise that, at the end of the day, they will be left with what they started with: an agricultural colony, created by empire in an empty island and always meant to be part of something larger, now given a thing called independence and set adrift, abandoned imperial barracoon, incapable of economic or cultural autonomy. They (the Mauritians) have such confidence in their rights, their votes, the power of their opinions.”

– Vidiadhar Surajprasad Naipaul<sup>460</sup>

### 5.1. Introduction

At the time of its independence in 1968, Mauritius exhibited the features of a nation not poised for a smooth transition from colonial rule. As shown in Chapter 4, the violence that erupted in that country in 1967 was a succinct reminder that Mauritius was a deeply divided society that espoused divergent views on whether or not the island should be granted independence from Britain. However, it became clear that the politics of independence were a cover up of the deep-seated divisions that had been simmering within the Mauritian social landscape. Indeed, the real bone of contention was the disproportionate distribution of the country's wealth, which had been based along ethnic lines. The violence became a demonstration of this discontentment, with those who had always sat on the margins of society (and the political sidelines) resorting to violence as a way of venting their frustrations. Compounding this grim reality was an economy that was in dire straits, with a GDP per capita (viz. measure of a country's average income) that plummeted to \$190 in 1968<sup>461</sup>, whilst the GDP had been falling annually at a rate of seven per cent<sup>462</sup>. Unemployment was soaring at 20 per cent and it was coupled with a disturbingly high birth

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<sup>460</sup> Naipaul, Vidiadhar. Surajprasad.: *The Overcrowded Barracoon and other Articles*, Deutsch: London, 1972, Quoted in: Subramanian, Arvind, “Mauritius: A Case Study”, in *Finance & Development*, Vol. 38, No. 4, December 2001, n.p

<sup>461</sup> Brautigam, Deborah with Tania Diolle, “Coalitions, Capitalism and Credibility: Overcoming the Crisis of Coincidence at Independence in Mauritius”, in Developmental Leadership Program, Research Paper 04, April 2009, p. 10

<sup>462</sup> Srebrnik, Henry, “Can an Ethnically-based civil society succeed? The case of Mauritius”, in *Journal of Contemporary African Studies*, Vol. 18, No. 1, 2000, p. 14

rate of three per cent<sup>463</sup>. Indeed, the high rate of population increase concerned policymakers, especially when considering that the island was 720 square miles with over 900 persons accommodated per square mile<sup>464</sup>. Mauritius was as such described by James Meade as a classical case of a Malthusian economy – one that was characterised by a population boom, yet with the lack of economic capacity to absorb its workforce<sup>465</sup>.

As an antidote to Mauritius's lack of social progress, James Meade thus postulated that "... the welfare state becomes indispensable if the population at large is to be assured a share of the country's output"<sup>466</sup>. However desired or highly recommended social progress may have been, it was clear that it was unaffordable for this economically fragile island. James Meade himself provided evidence that diversifying the economy should be the primary preoccupation of the incoming government, since monocrop sugar dependence was depriving the country from realising its economic potential<sup>467</sup>. Nevertheless, even with such ambitious goals, Mauritius could not be expected to kick-start and nurse a successful industrialisation course given that it was apparently "too small to be a viable nation"<sup>468</sup>.

Since then, Mauritius has risen above its challenges and has been hailed by Richard Sandbrook<sup>469</sup>, Richard Kearney<sup>470</sup>, Thomas Meisenhelder<sup>471</sup> and Barbara and Thomas Carroll<sup>472</sup> as a model for countries on a similar development scale to turn their fortunes.

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<sup>463</sup> Gulhati, Ravi and Nallari, Raj, "Successful Stabilisation and Recovery in Mauritius", Economic Development Institute, Policy Case Series No.5, World Bank, Washington, DC, 1990, p. 95

<sup>464</sup> Back, Kurt. W, "Review: Planning for Mauritius", in The Milbank Memorial Fund Quarterly, Vol. 39, No. 4, Oct 1961, p. 647

<sup>465</sup> Meade, James, "Mauritius: A Case Study in Malthusian Economies", in Economic Journal, LXXI, September 1961, pp. 521 - 34

<sup>466</sup> Meade, James & Others.: Economic and Social Structure of Mauritius, London: Methuen & Co. Ltd, 1961, p. 251

<sup>467</sup> Ibid, p. 3

<sup>468</sup> Brookfield, H. C, "Pluralism and Geography in Mauritius", in Geographical Studies, Vol. 5, No. 1, 1958, p. 17

<sup>469</sup> Sandbrook, Richard, Op. Cit, 2007, pp. 123 - 146

<sup>470</sup> Kearney, Richard, "Mauritius and the NIC Model Redux: Or, How many cases make a model?", in The Journal of Developing Areas, Vol. 24, No. 2, January 1990, p. 198

<sup>471</sup> Meisenhelder, Thomas, "The Developmental State in Mauritius", in Journal of Modern African Studies, Vol. 35, No. 2, 1997, p. 286

<sup>472</sup> Carroll, Barbara, and Carroll, Thomas, "State and Ethnicity in Botswana and Mauritius: A Democratic Route to Development?", in The Journal of Development Studies, Vol. 33, No. 4, 1997, pp. 468 & 471

Hence with the absence of natural resources, it has been able to turn the limitations of the sugar industry into strength by investing the sugar profits into commercial enterprises. That sheer determination has since turned Mauritius into a high middle income country. On the social development front Mauritius has also risen to the challenge. It is shown in this chapter that the *configurations* of subordinate class forces which gave life to the reform movement during colonial days retained the same momentum after independence and thus kept the country's universal welfare consensus true to its character. As the government understands the notion of social justice not as a peripheral aspect of development, but as an interlocking component of success which ought to be pursued with as much vigour and determination as the quest for growth. Mauritius is consistently ranked first or second in Africa in human development indices of the United Nations Development Programme (UNDP)<sup>473</sup>. Compared to its counterpart South Africa, Mauritius's social security and welfare budget is significantly higher as it currently accounts for 6.7 per cent of the country's GDP while Basic Retirement Pensions represent 33 per cent of the welfare expenditure<sup>474</sup>. In South Africa the government's overall welfare expenditure as percentage of GDP is 3.5 per cent with pensions accounting for 1.3 per cent of GDP (See Chapter 6).

This chapter aims to assess the forces which enabled a social democratic consensus to remain continuous in post-colonial Mauritius. It looks in particular at the precedence of the old-age pension scheme within the broader scheme of the social development framework of the island and how they remained uncompromised against the background of a neoliberal macroeconomic framework. What makes the study of Mauritius's social development trajectory compelling is the fact that its welfare state-building experience was emulated by that of post-apartheid South Africa whereby the new government adopted policies of the previous dispensation to inform its current social development agenda. Indeed Richard Sandbrook *et al* attest to the common trend which characterises the resilience of most social democratic regimes. They make the case that such development

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<sup>473</sup> United Nations Development Programme (UNDP), "Human Development Index and Its Components", [http://hdr.undp.org/en/media/HDR\\_2010/Table1.pdf](http://hdr.undp.org/en/media/HDR_2010/Table1.pdf), 2010, Accessed: 22/08/2013, p. 146

<sup>474</sup> Statistics Mauritius (STATS Mauritius), "Social Security Statistics, 2008 – 2012", <http://statsmauritius.gov.mu/English/Publications/Pages/Social-Security-Statistics-Year-2012.aspx>, p. 2

experiences do not exist in a vacuum as their mere emergence takes record of those salient historical features which conferred them their genetic code<sup>475</sup>.

However, Sandbrook *et al* seem to suggest that welfare regimes are not indispensable. What they missed is that there can never be guarantees that the factors which enabled social democracy to prevail in the previous dispensation will remain unchanged in the new one. Inevitably the context also changes for social groups to create welfare regime. There is more to why Mauritius retained (a) its social democracy ethos, and (b) its old-age pension scheme to remain being integral to its social development framework than just historical antecedents. A strong sense of a national ownership for the notion of the welfare state is embedded deeply within the Mauritian social fabric and this culture has kept social democratic ethos firmly intact in that country. This chapter therefore argues that at each stage of change in the political economy of Mauritius, cross-class collaborations arose to serve as counterweight against pressures to rollback the welfare state and its social democratic foundations.

This chapter has been divided into two parts. Section I illustrates the response of the ruling élites to Mauritius's social challenges in the post-colonial period. I argue that the embrace of the social democratic traditions of Fabianism by the leadership of the Labour Party-led government set Mauritius on a socially conscious development path. Its grassroots and mass mobilisation traditions compelled the new incumbents not to lose sight of the promises they made to their supporters. I note this period as an important phase of the transition from colonial rule which set to serve as critical junctures. This early social conditioning of the economy in the post-colonial era was largely attributable to the fact that the social democrats in the high echelons of power refused to back down to the power of the market forces to embrace neoliberalism in a raw form. Qualifying this transition furthermore as a period of critical junctures is that the social democratic movement remained relentless to the pursuit of the progressive project even though they were in league with the advocates of free market capitalism, the PMSD.

This significant period of change had a particular bearing in shaping the orientation of the post-colonial economy. I therefore argue that the reaffirmation of the progressive

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<sup>475</sup> Sandbrook, Richard, *et al*, Op. Cit, 2007, p. 139

principles of the Labour Party in government *modified* the structural properties of capitalism to be those which embraced social development as an integral part of a successful development trajectory. This approach ensured that the notion of egalitarianism would be regarded as necessary instead of having them disdained by the capitalist economic order. I also put into perspective the internal ideological battles which played out between the radicals and the moderates within the Labour Party after the latter agreed to close ranks with the PMSD. It is in this case that I show that much as the political leadership within the Labour Party remained committed to the progressive project, the breakaway of the radical Marxist faction to form a political party of their own prevented the Labour Party and the government from deflection or even being swayed too intensely into the liberal camp. Certainly there is a possibility that without the splinter group having taken cause to sever ties, the LP would have possibly compromised its egalitarian beliefs by giving the market free rein as to function without being conscious of the notion of social accountability.

In Section II I assess the configurations of the social forces in adding to the shape and resistance of the welfare state. Whilst the notion of a social welfare state had always remained an élite concept, it was however formulated against the background of the societal makeup of post-colonial Mauritius. Ethnicity played a big part in bolstering the notion of social welfare even in the face of ambivalent capitalism. However it is the manner in which the ethnic attributes of the Mauritian social fabric are sequenced that were able to reinforce a social pact which got communities to agree with government on important economic decisions. This framework proved to be reciprocal in form since it also kept the government to account on those matters deemed to be of importance to the society. The working class are factored in here and how together with the state, business and the broader spectrum of society complete a peculiar form of corporatism which makes consultations on public policy choices more inclusive. But even more compelling about the working class in Mauritius, unlike those in South Africa, is the manner in which they have not asserted themselves as a labour aristocracy since together with the public they are able to mobilise and overturn unpopular policy choices. That organised workers are able to mobilise and bring awareness to the public about policy choices has shown to have the automatic effect of playing out into the political voting platform. Through the ballot, voters

replace governments which are perceived to be non-egalitarian with incumbents whom they believe will stay committed to the progressive agenda.

## **Section I: The Overlap of *Critical Junctures* and the *Structural Properties* of Capitalism in Retaining Egalitarian Ethos in Mauritius**

### **5.2. Keeping social democratic principles intact in Post-Colonial Mauritius**

Although at independence the economy remained inspired by the neoliberal principles of free market, Mauritian political ruling classes were determined from the onset not to give the market free rein. They were unflinchingly of Fabian orientation and they espoused the doctrine that growth is only desirable if it is kept in sync with the national goals of equal redistribution of wealth amongst the poor. They understood that Mauritius could only proceed forward as a viable nation if the structural defects in the economy (which widened the income gap between the rich and the poor) were not corrected<sup>476</sup>.

For instance, at the top of the economic chain was the one per cent of households who earned 46.7 per cent of the national income whereas the poorest 20 per cent received just four per cent<sup>477</sup>. Sir Seewoosagur Ramgoolam (SSR), the leader of the Labour Party and the father of the new nation, was a self-proclaimed socialist and he believed that Mauritius ought to pursue the egalitarian cause so that it progresses into a 'civilised' nation. Mauritius's economy was performing poorly and unemployment figures were soaring at an average of 20 per cent per annum<sup>478</sup>.

The recommendations of the Titmus Commission (1960) and those of James Mead (1967) study on the social conditions in Mauritius were hanging over the ruling classes in the new independent state. Both reports flagged the inadequacy of the social welfare structure on the island which they found to be largely dependent on family arrangements despite the fact that the old-age pensions scheme looked after the welfare of the island's elderly. However if anything weighted more heavily on the subject of the need for social reforms, it was the ethnic riots that rocked the island in the months running to the elections. Indeed the haunting memories of the 1967 ethnic riots between the Muslims and Creoles which led to the death of 29 people, 2 473 arrests, the burning of 597 houses and the displacement of

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<sup>476</sup> Carroll, Barbara and Carroll, Terrance, *Op. Cit*, 1997, p.

<sup>477</sup> Meisenhelder, Thomas, *Op. Cit*, 1997, p. 284

<sup>478</sup> *Ibid*, p. 285

700 families were still raw in the memory of the new leadership in government<sup>479</sup>. As a result, the Labour Party seemed perfectly poised to reaffirm its Fabian-oriented socialist beliefs which consequently bolstered its societal appeal amongst the voters. The leader of the Labour Party, Sir Seewoosagur Ramgoolam, was therefore not reluctant to assert that:

Fabian socialism suited my temperament and I have been a Fabian all my life ... . I have tried to cultivate the indefatigable patience of the Fabian philosophy and the Fabian belief in moderation and conviction in parliamentary reform and the concept of the welfare state wherein the state is viewed as the representative and trustee, guardian and protector of the people<sup>480</sup>.

During its first term in office, the Labour Party government was in a coalition with the neoliberal oriented *Parti Mauricien* led by Gaëtan Duval, who was known commonly as King Creole. However Ramgoolam found it fitting to create a government of national unity as *sine qua non* if there was to be reconciliation that washes across the ethnic spectrum of Mauritius. The Labour Party was already enjoying the support of the Muslims as well as vast Hindu support through the alliance they entered into with the Muslim-dominated *Comité d'Action Musulman* (CAM) and the Hindu-dominated Independence Forward Block (IFB). Together they formed what became known as the Independence Alliance which helped secure electoral victory for the Labour Party and thus proclaim Mauritius's independence from Britain. With the *Parti Mauricien* part of Government, the Labour Party was able to cement its credibility since having the Creoles on board sent a message of reconciliation as well as that of debunking the popular allegations that the Labour Party was only looking after the interests of the Hindus.

In this coalition Gaëtan Duval's party also tried to reassert itself as a movement which identifies with the subordinate classes and not just acting as a mouthpiece of the economic élite. Consequently the *Parti Mauricien* tried doing what the ANC did in the negotiations leading to the democratic elections in 1994. The former party aligned themselves with the Mauritian Trade Union Congress (MTUC) sealing that relationship by a name change to *Parti Mauricien Sociale Démocraté* (PMSD) in a bid to underplay its neoliberal economic roots. The PMSD, unlike the ANC, was unable to convincingly reassert itself as a pro-poor movement as it struggled to shed off its image as a party of the capitalist

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<sup>479</sup> Brautigam, Deborah with Tania, Dolle, *Op. Cit.*, p. 8

<sup>480</sup> Bunwaree, Sheila, *Op. Cit.*, 2007, p. 226

class since it continued to receive significant electoral and financial support from the wealthy Creoles and the Franco-Mauritians. The Labour Party was the only political movement at the time that could claim sole custodianship of the centre-left ethos of redistribution, through which, as in the case of the ANC, it was able to cement its image as a symbol of the political and economic liberator of the marginalised.

So with the awareness of a diverse constituent base to which the coalition government had to account and be sensitive to, the Labour Party decided to seal the conciliatory tone with actions. It refused to entertain the Hindu appeal for communalism on the grounds that the Labour Party was founded as a trans-ethnic movement and as such government's responsiveness ought to know no racial boundaries. Speaking as the leader of the MLP, Seewoosagur Ramgoolam contended that the Hindu community was aspirant upper class-oriented in character so the Labour Party could run the risk of sliding on a slippery slope towards becoming elitist and out of touch.

Even with such steadfastness, the workers in the General Workers Union (GWU) which was allied with the Labour Party remained uncomfortable that the Labour Party could be so accommodating to the proponents of capital. After independence, the Labour Party entered into a coalition with the PMSD in a bid to allay the fears of capital that it will turn out too radical. These alignments confirmed GWU's fears that the party's cordial tone towards the PMSD was enough to conclude that it had become elitist in character and it was no longer championing the interests of the working class. As such they resolved to sever ties with the Labour Party by getting into an alliance with the organisation of radical students called *Club des Étudiants Mauricien* (CEM) of Paul Berengér<sup>481</sup>. This pro-Marxist alliance between the students and the workers culminated in the founding of the Militant Mouvement Mauricien (MMM) in 1969. The MMM ended up being dominated by the Muslims and it was able to garner their support because it did not raise suspicions of being supportive to a specific ethnic community at the expense of minority ones<sup>482</sup>. But equally so it was the radicalism of the MMM calling for nationalisation of the sugar estates and redistribution of resources which ended up attracting those feeling displaced in the Labour Party to find a political home in it.

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<sup>481</sup> Brautigam, Deborah with Tania Diolle, *Op. Cit.*, p. 15

<sup>482</sup> Loc cit



I argue that the rise of the MMM to the political landscape in Mauritius marked a significant turning point in cementing the virtues of social democracy within the socio-political fabric of the island. Previously, no political party had the ability to challenge the position of the Labour Party as the sole custodian of centre-left principles. Even after the Parti Mauricien changed its name to Parti Mauricie Sociale Democraté (PMSD), and then articulated its presence as defender of social democratic principles, the Labour Party's position remained unthreatened since the PMSD was still perceived as being out of touch. However, after the MMM merged with the radicalism of Marxism that they so boldly purported, it provided the political alternative to the people of Mauritius. This new addition to the political scene resulted in the rise of social democratic doctrines on the political scene to be used as a trump card by those parties intent on challenging the dominance of the Labour Party.

What added to the impetus of the MMM is that it partly came out of the womb of the Labour Party. Hence, in the important by-elections of 1970, less than a year after it was incepted, the MMM took everyone by surprise when the candidate they put up won an overwhelming victory, gaining 76 per cent of the vote<sup>483</sup>. In Mauritius, unlike in South Africa, social democratic principles were advanced and cemented much earlier in the post-colonial period, leaving long-established centre-left parties no chance to bask on the success of the political liberation struggle. The ANC, on the other hand had no centre-left challenger after the democratic elections, and even though the leftist quarters in the tripartite alliance were discontented about the government having gone too far down the neoliberal route, the working class remained unwilling to part ways by way of providing a political alternative to the ANC.

I argue that the existence of the willingness of the ultra left faction within the Labour Party in Mauritius to form an alternative defender of social democratic values left behind the legacy of a competitive multi-party social democratic discourse. On the other hand, in South Africa that awakening is yet to make its mark on the political landscape. Indeed the tug of war in South Africa over ideology appears at face value to be between the centre left in government and centre right political parties whilst it is apparent that the government in league with the liberal camp as far as policy execution is concerned. So there is a lack of

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<sup>483</sup> Loc cit

preponderance of centre-left political parties dominating the policy debate like in Mauritius which could have helped a great deal in causing the ANC to stay committed to the neoliberal economic fraternity. I address the configurations of these class actors in the context of resilience of the social democratic welfare consensus in Mauritius later on in this chapter as well as in the case of South Africa for discussions on the welfare consensus of a different form illustrated in Chapter 6.

### **5.3. Modifying the Structural Conditions of Capital and the Striking of Élite Compromise**

When the Labour Party assumed control in 1968 sugar production alone was to Mauritius what mining and manufacturing combined were to South Africa at the time the ANC took office. Based on this reality Titmus and Abel-Smith related that Mauritians “ate or starved according to the price of sugar”<sup>484</sup>. Indeed sugar accounted for 99 per cent of exports and 90 per cent of arable land was earmarked for sugar plantations. However what made Titmus and Abel-Smith’s analysis on the social implications of the sugar sector to hit the nail on the head was the fact that the sugar production absorbed 70 per cent of the Mauritian workforce<sup>485</sup>. By the end of the 1960s however, the Mauritian economy was struggling with a GDP of one per cent<sup>486</sup>. This served blight to the already frail social and economic landscape. Therefore the lacklustre performance of a sugar-dominated economy offered little prospects of helping the government to achieve its ambitious plans of carrying out its social programme.

As a strategy to diversify the economy and therefore generate revenues required in addressing social problems, government pursued industrialisation. It first experimented with import substitution industrialisation (ISI) but due to lack of capital and the absence of a domestic market, the plan was abandoned. Secondly government tried export-led industrialisation which was pursued through the creation of export processing zones

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<sup>484</sup> Quoted in Seekings, Jeremy, *Op. Cit.*, p. 2011, p. 160

<sup>485</sup> Burton, Benedict, “Indians in a Plural Society: A Report on Mauritius”, in *Colonial Research Studies*, No. 4, Colonial Office: London, 1961, p. 12

<sup>486</sup> Chernoff, Brian, and Warner, Andrew, “Sources of Fast Growth in Mauritius: 1960 – 2000”, Paper Prepared for Conference on Iceland and the World Economy: Small Island Economies in the Era of Globalization, Harvard University, May 2002, p. 3

(EPZs)<sup>487</sup>. To realise the latter, government passed the Export Processing Zone Act of 1970 which set the wheels of Mauritius's industrial development trajectory in motion. The Act declared every part of Mauritius an industrial development zone whereby investors had the freedom to establish business ventures wherever they found it convenient and conducive to do so<sup>488</sup>. As a result the firms which focused on export markets were given tax incentives intended to advertise Mauritius to foreign investors as an investment destination of choice (See Appendix 5A & 5B)<sup>489</sup>.

These economic initiatives marked *First Phase* of Mauritius's post-colonial development trajectory. Hence, in addition to export-led industrialisation, the government ventured to focus on high-end tourism. However, it was manufacturing it paid more attention to as it deemed it the catalyst to its long-term growth prospects. It had hoped to realise that project through the sugar profits Mauritius accrued from its preferential access to the European Economic Community (EEC) through the African, Caribbean and Pacific (ACP) sugar protocol of the Lomé Convention. It was at this stage that the Labour Party's socialist convictions – and whether it would be able to achieve those – were put to the test. Mauritius post-colonial economic model followed the simple principle of trying to ensure that government revenues pour into the welfare budget to meet its social obligations. However, by all accounts post-colonial industrial development in Mauritius was at the mercy of private investors as there was less capital within the government coffers to get such ambitious projects off the ground. Compounding the situation was the haemorrhaging capital which was leaving the Mauritian shores at an alarming rate being exacerbated by a massive emigration of wealthy and skilled personnel to other countries (See Chapter 4)<sup>490</sup>. Hence the sugar barons had no interest in keeping capital in Mauritius anymore. In the

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<sup>487</sup> Stanislaw and Philippe Lam Shin Shaw, "Mauritius", in Frindlay, Ronald and Wellisz, Stanislaw (eds.): Five Small Open Economies, New York: Oxford University Press, 1993, p. 215

<sup>488</sup> Srebrnik, Henry, "Ethnicity and the Development of a 'Middleman' Economy on Mauritius: The Diaspora Factor", in The Round Table, Vol. 350, 1999, p. 298

<sup>489</sup> UNCTAD, "Investment Policy Review: Mauritius", Geneva: United Nations Conference on Trade and Development (UNCTAD), 2001, pp. 22 – 25; and YeungLamko, Louis, "The Economic Development of Mauritius Since Independence", [www.docs.fce.unsw/economics/Research/.../1998\\_6.pdf](http://www.docs.fce.unsw/economics/Research/.../1998_6.pdf), 1998, Accessed: 2009, p. 26

<sup>490</sup> Between 1964 and 1968, Mauritius' annual outflow amounted Rs21 million (US\$4.4 million). New capital investment in manufacturing declined ferociously from an average of Rs 25 million (US\$5.25 million) per year between 1960 and 1964 to approximately Rs14 million (US\$ 2.94 million) between 1965 and 1968. See Brautigam, Deborah with Tania Diolle, Op. Cit., p. 10

words of Mannick “[t]he sugar barons stopped investing, banks refused loans, overdrafts and credits to small businesses and loan owners”<sup>491</sup>.

This grim reality rendered the ruling élite to have had little upper hand in all dealings with the private sector. Under normal circumstances, as demonstrated in South Africa during the negotiations which led to the democratic elections, big business was positioned to have the commanding authority over the policy framework. However the leadership of the Labour Party demonstrated better resilience and autonomy compared to that of the ANC in handling the pressure coming from the private sector to make the economy more neoliberal. The issue of timing effect plays a factor here; hence, in the 1970s the Labour Party had better control over the economy compared to the ANC in the 1990s when globalisation commanded stronger control over the national economies. As it is shown in Chapter 6, the ANC relinquished its social democratic convictions in support of a *laissez faire* management. The Labour Party in Mauritius on the other hand became sterner in approach and they resolved to take driver’s seat of the economy instead of leaving the market to their own devices.

The leadership of the Labour Party-led government did adopt a pragmatic approach, albeit with conditions. About half of the cabinet studied at the Royal Academy in Curépipe ahead of taking up legal studies at the London School of Economics (LSE) where they were indoctrinated with Fabianism<sup>492</sup>. They called for the same level of pragmatism from business by charging that the welfare state was unavoidable since business had to be responsive to local conditions. For instance, one of Ramgoolam’s cabinet ministers promoted a pro-business outlook but maintained it should be modified to have a social conscience. It amounted to what I contend to be *the modification of the structural properties of capital* as one which had a moderate tone instead of a radical one. As a result the Minister of Agriculture in Ramgoolam’s first cabinet, Mr Satcam Boolell, was not shy to mention that socialism and the liberal virtues of the economy can be reconciled behind the common vision of social change:

I am a socialist, and for me, the class struggle continues: capitalists against workers ... . However, for me as for other, the overriding interest of the country

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<sup>491</sup> Mannick, A.R.: *Mauritius: The Politics of Change*, Mayfield, East Sussex: Dodo Books, 1989, p. 22

<sup>492</sup> Brautigam, Deborah with Tania Diolle, *Op. Cit.*, p. 10

comes first. That interest today is to eliminate unemployment, hunger, destitution. My conditions is that the large sugar employers, the groups of the Mauritius Sugar Producers Association, give a formal guarantee that they will employ the unemployed, those who have been laid off since the introduction of the wage councils, and that they will start up other projects. I will support the coalition if it leads to work for everyone<sup>493</sup>.

Even in the Investment Guides of Small Island States embarking on export-led industrialisation, namely Jamaica, Barbados, and Zanzibar amongst others, Mauritius reiterated the message of growth with social justice the most (see Appendix 5C)<sup>494</sup>. This outlook did not frighten off investors. Instead, that the Labour Party was in a coalition with the party of the business élite, the PMSD, did allay fears amongst the business élite about the economic future of the country. Economic take off through garment-dominated export-led industrialisation did win the support of business from the start. Hence in the 1968 Annual Report, the Mauritian Chamber of Commerce and Industry (MCCI) proclaimed that: "... it no longer is relevant to ask whether export industries should be set up. The important question is how best to achieve this kind of development"<sup>495</sup>. Public diplomacy, which was executed by government and representatives of the private sector through the exchange of cordial gestures in public, served as a means to confirm that both government and business were on the same page<sup>496</sup>. Also Gaëtan Duval, the leader of PMSD, regularly accompanied SSR on international engagements as a proxy to assure the West that Mauritius was not becoming a communist state<sup>497</sup>.

Adding impetus to the determination of government to bring Mauritius out of the economic doldrums was the quality of its workforce, which was lauded by employers as competent and intelligent enough to guarantee business success<sup>498</sup>. But perhaps what became the main force of attraction to investors was the calibre of the public bureaucracy which was set to outline Mauritius's growth objectives to mimic those of the developmental

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<sup>493</sup> Quoted in Brautigam, Deborah with Tania Diolle, *Op. Cit.*, p. 10

<sup>494</sup> Others were Barbados, Jamaica, Zanzibar, Costa Rica, El Salvador, Haiti and Cabo Verde. See, Klak, Thomas, and Myers, Garth, "The Discursive Tactics of Neoliberal Development in Small Third World Countries", in *Geoforum*, Vol. 28, No. 2, 1997, pp. 133 - 149

<sup>495</sup> *Ibid.*, p. 13

<sup>496</sup> Brautigam, Deborah with Tania Diolle, *Op. Cit.*, p. 7

<sup>497</sup> *Ibid.*, p. 14

<sup>498</sup> Peter House, a leading businessman in Mauritius sang praises to the workforce in that country as very competent and "intelligent". Cited in Dommen, Edward and Dommen, Bridget, *Op. Cit.*, p. 31

states in the East Asian Pacific<sup>499</sup>. Like the Mauritian workforce, public officials too were both competent and ethical which helped to entrench the tenets of accountability within the system. This shows that the colonial legacy of maintaining bureaucratic control remained intact in the post-colony. Mauritius ultimately became more developmental than patrimonial, flanked by strong institutions of good governance and prudent economic choices<sup>500</sup>. Results show that each of these unique attributes which defined Mauritius post-colonial development trajectory i.e. a trustworthy leadership, ambitious development targets and a competent workforce, paid off. Hence the economy experienced a meteoric rise from 1 per cent in the 1960s to about 10 per cent by the end of the 1970s owed mainly to foreign investment pouring into the country and the increase in domestic investment<sup>501</sup>.

Ramgoolam acceded to calls by the business community to redistribution of wealth through tax instead of assets in a bid to win business confidence and bolster the legitimacy of government thereof<sup>502</sup>. This became the élite compromise which bolstered the notion of egalitarianism to become firmly embedded within the social and economic planes of Mauritius. However, because the power balance was not disproportionately skewed on the side of those who controlled the economy, Mauritius's form of élite compromise took a middle-zone approach.

By this I mean the state did yield to the demands of business by creating an enabling environment through the re-investment of sugar profits to enhance the business environment. Meanwhile, business kept their end of the bargain by staying committed to the social welfare agenda as a signal of a balanced class compromise struck between the two entities. In exchange the private sector was expected to help fund the welfare agenda, which they probably found it easy a compromise to make because their commitment served to guarantee social stability. It was unlike in South Africa where the balance of power was less well distributed in favour of business thus retarding the striking of a sustainable class compromise. Hence the government of Mauritius's decision to re-invest sugar profits to

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<sup>499</sup> Brautigam, Deborah, "What can Africa learn from Taiwan? Political Economy, Industrial Policy, and Adjustment", in *The Journal of Modern African Studies*, Vol. 32, No. 1, 1994, p.114

<sup>500</sup> Peter Evans draws a link between sound bureaucratic practices and favourable economic outcomes in the East Asian countries which peaked in the 1970s. See: Evans, Peter. B, "Predatory Developmental and other Apparatuses: A comparative analysis of the Third World state", in *Sociological Forum*, Vol.4, No. 4, 1989, pp. 561 - 587

<sup>501</sup> Sandbrook, Richard *et al*, *Op. Cit*, 2007, pp. 134 - 135

<sup>502</sup> Sandbrook, Richard, *Op. Cit*, 2005, p. 565

fund 50 per cent of the industry<sup>503</sup> must have left a lasting impression in the minds of the private sector. In turn business was probably left encouraged to meet government half-way as an act of reciprocity and as a carrot-and-stick way to encourage further healthy public-private working synergies. Wolfgang Lutz asserts that what was responsible for Mauritius's success story was the understanding between government and the private sector that empowering ordinary people was paramount<sup>504</sup>.

The élite compromise brokered in South Africa on the other hand leaned more to the right of the ideological divide as it embraced the whole notion of economic redistribution only in part (see Chapter 6). Another reason explaining the striking of a progressive variation of an élite compromise in Mauritius could be due to the fact that about 50 per cent of the exports processing enterprises were locally owned<sup>505</sup> so there was less burden of foreign dependency<sup>506</sup>. As a result, the state was afforded autonomy in development policy without trampling social fundamentals. This had an effect of fair distribution of power on the negotiation table between the ruling élite in government and the economic élite in the private sector. Indeed the creation of the *even* plane did contribute towards the successful negotiation of a socially progressive settlement. Unlike in Mauritius, the private sector in South Africa was dominated by foreign-owned mining houses which skewed the power balance to become unfavourable to government's goals of sweeping redistribution. The end result was the lesser variation of an élite compromise than in Mauritius as the state was carved into acquiescence by the overpowering business sector (See Chapter 6). In the next section I demonstrate that the government's pledged allegiance to market forces set it on a collision course with the radical working class movement.

### **5.3.1. The Bias of the Labour-led Government against Ultra-leftist Social Reformers**

In the discussion above it is apparent that Mauritius's post-colonial welfare state-building is greatly indebted to the leadership of the Labour Party who showed the firm determination to champion social responsiveness in the face of market forces. Be that as it may, little

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<sup>503</sup> Ulriksen, Marianne. S, *Op. Cit*, 2009, p. 184

<sup>504</sup> Wolfgang, Lutz, "Lessons from Mauritius in the Global Context, in Wolfgang, Lutz (ed.): Population – Development – Environment: Understanding their Interactions in Mauritius, Berlin: Springer-Verlag, 1994, p. 384

<sup>505</sup> Ulriksen, Marianne. S, *Op. Cit*, 2009, p. 187

<sup>506</sup> Meisenhelder, Thomas, *Op. Cit*, 1997, p. 290

differentiates the Labour Party from the ANC in South Africa. They both were centre-left in orientation but believed in the neoliberal orthodoxy as a means to an end. The only difference is that the ANC failed to strike a progressive form of élite compromise with capital (See Chapter 6 for reasons). However the Labour Party in Mauritius in the 1970s began to water down its egalitarian rhetoric as it began to give market forces more control since export-led industrialisation had just begun take off.

The above should not suggest that once in government the Labour Party started drifting away from its progressive traditions. Firstly the type of élite compromise I alluded to in the previous section attests to the focus of government in carrying out pro-poor policies. Secondly, the imposition of the Sugar Tax on the large estates whilst small planters benefited from government's subsidies is also illustrative of the Labour Party pulling no punches in pursuing the social agenda. This is further confirmed by the fact that government remained undeterred in the face of mounting pressure of the sugar barons who called for retraction of that decision. Indeed it was the Tax which was hailed as the source which kept the Mauritian welfare agenda alive in the 1970s, when industrialisation was still in the infancy stage<sup>507</sup>. Hence, it is because of the Tax that the PMSD succumbed to the pressure of the sugar barons to pull out of the coalition<sup>508</sup>.

But even with the Labour Party in government, the state could only put up with so much anti-capitalist demonstrations since it perceived them distractive to the growth agenda. Hence in 1971 when the MMM organised a strike calling for a retraction of measures imposing general austerity, the state responded by arresting 50 members of the MMM and 6 members of the GWF under the Public Order Act as they were perceived to be disruptive<sup>509</sup>. In writing to the World Bank explaining how Mauritius was handling local resistance towards the neoliberal approach, the Minister of Finance, Mr Veersamy Ringadoo, flagged the following areas of concern:

We have made good progress, we have a carefully prepared plan, foreign investors are coming, we are moving ahead but we have now to face some wild youngsters of 'Che Guevara' type who are in a hurry to overthrow the

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<sup>507</sup> Dommen, Edward, "Meade's Sugar Export Tax saved Mauritius", in Week-End, Port Louis, Mauritius, 10 March, 1996, p. 42

<sup>508</sup> Brautigam, Deborah, with Tania Diolle, Op. Cit., p. 11

<sup>509</sup> These strikes affected major sectors of the economy, namely: Transport, sugar, dorks, public services and electricity. See Bunwaree, Sheila, Op. Cit., 2007, p. 223; and Lindsay, Collen and Seegobin, Ram, Op. Cit., p. 111



government and seize power by organising strikes and political uprisings. We are thus not being given a proper chance to work in peace<sup>510</sup>.

In the next section I look at the configurations of class actors as per their role in attempting to challenge the ideological orientation of the economy of Mauritius. I also lay out the debate within the context of the social development discourse. This is done by illustrating how inclusive consultation mechanisms extending beyond tripartite norms have spawned cross-class collaborations which have gone to defend a centre-left national welfare consensus.

## **Section II: *Configurations of Class and Ethnic Interests through All-in Consultations in Mauritius***

### **5.4. Breaking with Tradition: A Shift from Tripartite to Broad-Reaching Consultation Platforms**

Mauritius's economy after 1976 experienced fundamental challenges. The impressive growth rate it experienced between 1970 and 1975 – owed to preferential access to EEC market and prudent economic reforms – had by the end of the 1970s become a thing of the past. Sugar prices on the world markets had been severely compromised resulting in palpable impact on the competitiveness of Mauritius's manufacturing industry. As a result, the balance of payment declined severely, external debt was on the increase, whilst unemployment and inflation remained commonplace<sup>511</sup>. It has been argued that what compounded the budget deficit in Mauritius was its excessive social welfare programme with its focus on social security which was only rivalled by education as shown on the social expenses budget in Appendix 5D<sup>512</sup>. However the real culprits were factors which fell beyond the control of Mauritius, such as a series of cyclones which hit the island in 1975 and 1979 as well as soaring oils prices which led to a reduced demand of commodities<sup>513</sup>. The latter caused many economies to revise their spending patterns as well the ideological

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<sup>510</sup> Brautigam, Deborah, with Diolle, Tania, *Op. Cit.*, p. 16

<sup>511</sup> Sandbrook, Richard, *Op. Cit.*, 2005, p. 125

<sup>512</sup> Bunwaree, Sheila, *Op. Cit.*, 2007, p. 225

<sup>513</sup> Alladin, Ibrahim: *Economic Miracle in the Indian Ocean: Can Mauritius Show the Way?*, Rose Hill: Stanley, 1993, p. 103

orientations of their growth strategies<sup>514</sup>. As a developing country that was highly integrated into the global economy Mauritius was not to be exempted from the rule<sup>515</sup>.

The ruling élites reacted by adopting an inclusive approach of consultation which represented a break with tripartite methods of traditional corporatism. Government began devising ways to tame the resistance of the Mauritian public for the uncomfortable economic choices it was preparing to make during the times of economic adjustment (*see the role of broad-based civil society in retaining the social wage during Adjustment in the next discussion*). As a result the organised working class, the private sector and Community-Based Organisations (CBOs) were invited to make inputs on policy choices. Previously mainly the business community had access to government through institutionalised mechanism which provided guarantees<sup>516</sup>. The Mauritius Export Processing Zone Association (MEPZA) which was created six years after the creation of the export zone enjoyed this prerogative and so did the Joint Economic Commission (JEC) which represented the directors of major enterprises across the sectors. The latter even understood that “there [was] an unwritten law that the JEC meets the government twice a year in December and August”<sup>517</sup>.

Likewise the creation of tripartite wage boards underscored the importance of the working class in determining economic choices. These mechanisms facilitated wage negotiations and labour tribunals. As a result they served to solve disputes around wages and conditions of employment without compromising production capacity. To this end, the National Remuneration Board (NBR) was tasked with settling minimum wages and industry-specific working conditions. Similarly other enforcement mechanisms such as the Permanent Arbitration Tribunal (PAT) and the Termination of Contracts and Services Board

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<sup>514</sup> Andersen, Jen *et al*, “Trade and Structural Adjustment Policies in Selected Developing Countries”, OECD Development Centre, Working Paper No. 245, July 2005, p. 41; Callaghy, Thomas. M, “Lost Between the State and Market: The Politics of Economic Adjustment in Ghana, Zambia and Nigeria”, in Nelson, Joan. M (ed.): Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World, Princeton, NJ: Princeton University Press, 1990, p. 245; Joan, Nelson, Joan.M (ed.), “Introduction: The Politics of Economic Adjustment in Developing Nations”.: Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World, Princeton, NJ: Princeton University Press, 1990, p. 30

<sup>515</sup> Selvon, Sydney.: A Comprehensive History of Mauritius: From the Beginning to 2001, Rose-Hill: M.D.S, 2005, p. 467

<sup>516</sup> Brautigam, Deborah., Rakner, Lise., and Taylor, Scott., Op. Cit, p. 526

<sup>517</sup> Loc cit

(TCSB) were respectively tasked to impose dispute settlements and a fair system of work dismissals<sup>518</sup>.

With the new plan to make policy more inclusive, in 1979 the government created all-in consultation mechanisms known as civic networks to integrate parties falling outside the traditional corporatist norm within the apparatus of policy making<sup>519</sup>. On the face of it, government was keeping in sync with the traditions of transparency and accountability as the hallmarks underlying Mauritius as a functioning democracy. Legitimacy is what the government sought to achieve and indeed it did succeed in enhancing its image as trustworthy with the aim to impose austerity measures. Unlike in South Africa where consultations are exclusive to the members of the tripartite arrangements (involving the state, labour and the private sector), calls made by the civil society to get the government to account and be transparent for its actions are often dismissed by the ANC as a smear campaign to discredit its image. This has made policy-making the preserve of those in the higher echelons of power with COSATU assuming the self-defeating role of defending working class interests in a tripartite alliance which embraces a neoliberal policy framework almost through and through. This had resulted in accusations levelled on the government for being out of touch and that its poor record of delivery is linked to the poor culture of accountability swelling the ranks of the ANC.

In Mauritius the presence of non-governmental and charitable organisations became used by the state as mechanisms to improve policy capacity just like in the aftermath of the WWII when the colonial state forged dense ties with the CBOs as way to penetrate the society (See Chapter 4). However at the centre of this style of consultation is ethnicity<sup>520</sup>. Research conducted on the social dynamics of Mauritius shows that ethnicity, more than class, forms the high water mark of the country's politics. In as much as the government embraced the consultative and inclusive approach, it was its way of taming the ethnically charged environment<sup>521</sup>. Post-colonial Mauritius was the most ethnically divisive period in the island's history. The competition between the Hindus, Muslims and Creoles culminated

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<sup>518</sup> Sandbrook, Richard, *Op. Cit*, 2005, p. 559

<sup>519</sup> *Ibid*, p, 562

<sup>520</sup> Carroll, Barbara, and Carroll, Terrance, "Accommodating ethnic diversity in a modernizing democratic state: theory and practice in the case of Mauritius", in *Ethnic and Racial Studies*, vol. 23, no. 1, p. 128

<sup>521</sup> *Loc cit*

in violence six weeks prior to independence in 1968, causing the British government to dispatch troops from Singapore to come and restore calm<sup>522</sup>. Given the memories of ethnic violence hanging over the new nation, ensuring stability marked a true test of the island's ability to rise above domestic challenges. Certainly the incumbents deemed broad-based social inclusion expedient to that cause. In South Africa the ruling élite was also determined to get a redistributive paradigm off the ground to avert the possibility of political instability in a divided nation where economic marginalisation was synonymous with the majority blacks. Using social justice to contain further episodes of ethnic-based violence has seen the welfare state in Mauritius avoiding austerity even when poor economic performance during the mid-1970s may have called for such interventions. Indications of an ailing economy were demonstrated by the worsening balance of payments, high unemployment and persistent inflation, amongst others.

Of course the rise of other competitors on the political platform in 1970 which sought to challenge the MLP as the champion of the poor loomed large and it had a profound influence on the government's decision to retain the welfare state. A closer examination of Mauritius at the time shows that succumbing to the pressures of the ailing economy (through the reduction of the social budget) would have risked having the country's political landscape divided along ethnic lines. Thus, for the government, abandoning promises of substantive social equity would have ushered an exodus of the remaining ethnic minorities within the Hindu-dominated and 'élite-oriented' MLP to help bolster the political presence of the radical and more ethnically diverse MMM.

Mauritius remains an ethnically charged community in that people identify themselves first as individuals belonging to a specific group. Even the proliferation of community based organisations has an ethnic character. So in other words ethnicity is the principal factor which had spawned the charitable organisation movement to exist in the broader scheme of the policy making processes. The Hindu-community organisations in the rural villages covered in Chapter 4 have entrenched the tradition of having group associations serving as channels through which communities can tackle the socioeconomic problems confronting the society.

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<sup>522</sup> *Ibid.*, p. 122

Whilst ethnic identification was the sole characteristic defining these organisations in the high echelons of policy making level, they were being treated by government not as monolithic ethnic associations. Instead they were perceived as social groups which can make societal impact transcending narrow ethnic interests. After all Mauritian villages displayed a great degree of ethnic diversity, but it was the Indo-Mauritians who were dominant in number<sup>523</sup>. In the end it would make the task of prioritising the interests of one group in a fragmented ethno-social setting very difficult especially against the background of poor organisation of communities such as African Creoles who rely on the Roman Catholic Church for expression of their interests. This helped a great deal in dispensing with conflict amongst the ethnic groups as the spirit of trust and cooperation helped forge cross-ethnic sense of national identity. This outcome was being facilitated by the fact that senior government officials, including at ministerial level, reflected the ethnic diversity of the island. Moreover, with the exception of African Creoles, all ethnic groups in Mauritius were able to achieve success one way or the other. As a result this has helped minority groups to accept power sharing “that [may] fall short of being proportional to their numbers”<sup>524</sup>.

#### **5.4.1. The Role of Broad-Based Consultations in Sustaining Egalitarian Policies during the Period of Structural Adjustment, 1979 to 1985**

The true litmus test of Mauritius’s social democratic welfare consensus came during the era of economic adjustments. To say the economy was in distress would be an understatement. In 1981, the budget had a deficit of Rs. 983 million and by the end of the financial year, it had climbed over the Rs 1 billion mark<sup>525</sup>. Inflation also peaked at a record high of 42 per cent in 1980 with the number of unemployed persons retreating back to 1968 levels of 20 per cent<sup>526</sup>. Against this background, Mauritius refused to bow down to the conditionalities of the International Monetary Fund (IMF) which called for the imposition of economic adjustment commonly known as the Structural Adjustment Programmes (SAP). The central principles underlying these measures were that government spending had to undergo severe cuts as they were deemed to be the primary cause of the economic woes of developing countries. They also maintained that for the economies in the Third World to get

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<sup>523</sup> *Ibid*, p. 130

<sup>524</sup> *Ibid*, p. 135

<sup>525</sup> Dommen, Edward and Dommen, Bridget, *Op. Cit*, 21; Government of Mauritius, Development Plan, 1984 – 1986, Port Louis: Ministry of Economic Planning and Development, 1985, p. 20

<sup>526</sup> *Loc cit*

back on shape they would have to be liberalised alongside the selling of parastatals so that government's involvement in the economy may be kept at a bare minimum<sup>527</sup>.

However, having Mauritius to rollback the public budget was out of the question. Public officials were determined to pursue what they termed a "human-faced" adjustment as they feared that rolling back the social wage would spell a "social revolution" in a country battling to overcome class and ethnic divisions<sup>528</sup>. Even with the determination to resist conditionalities of the IMF, sacrifices had to be made and because of consultations with societal stakeholders the latter eventually saw it as a necessary evil. For instance, the budget for social security, education and health care were not tampered with, whilst that for food subsidies on rice and flour underwent cuts<sup>529</sup>.

Inclusive consultation methods did not provide enough strength to keep the Labour Party from not being voted out of power. The effects of the adjustment were too severe for the Labour Party to keep its voter confidence intact. For instance, the devaluation of the Mauritian Rupee, which came as part of the Adjustments, eroded the purchasing power of all Mauritians with the impact felt mostly by the poor<sup>530</sup>. As a result discontentment were rife within the society with accusations levelled at the LP for not doing enough to "sweeten the pill" for the low income groups. This opened an opportunity for the MMM in the 1982 campaign trail to accuse the LP for being more right than left. It contended that it had drifted away from championing the cause of the lower classes and that it should take the blame for failing to cushion the effects of the Adjustments for the poor<sup>531</sup>.

The Labour Party lost the elections which resulted in the Leninist-Marxist MMM coming to power in 1982. However, in government the MMM came face-to-face with the reality of the economy causing it to continue with the same austerity measures it vilified its predecessor for. In addition the broad-based consultative approach of the Labour Party was retained thus buttressing them further as salient features shaping the Mauritian social

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<sup>527</sup> Nelson, Joan. M, "Poverty, Equity, and the Politics of Adjustment", in Haggard, Stephen, and Kaufmann, Robert (eds.): The Politics of Economic Adjustment, Princeton, NJ: Princeton University Press, 1992, p. 254

<sup>528</sup> Bappoo, Sheila, "72<sup>nd</sup> Session of the International Labour Conference", Ministry of Labour and Industrial Relations, Women's Rights and Family Welfare, Geneva, 1987, p. 132

<sup>529</sup> Bunwaree, Sheila, Op. Cit, 2007, p. 230

<sup>530</sup> Loc cit

<sup>531</sup> Loc cit

development sector<sup>532</sup>. For instance, under the MMM government, consultations with societal organisations on policy was an élite strategy used to reject the idea of downsizing the important aspects of the welfare state in the face of external pressure. Also refusing to adopt the SAPs in full proved to have *quid pro quo* political implications. This is because policy guarantees won the incumbents in government the electoral vote. Hence Arthur Goldsmith also contends that policymakers in Mauritius “made their economic and social gains within a framework of civil rights and open political competition”<sup>533</sup>. For instance, most of MMM’s supporters demanded the retention of the education budget whilst that for health was also deemed by the government as a non-negotiable. To that effect the government was of the premise that no economy could function well without a physically sound workforce<sup>534</sup>.

It was during this period of the Adjustments that the old-age pension scheme came under the spotlight. Previously the government only made slight reforms in the pension structure by passing a two tier pension bill in 1976. It made provisions for private, earnings-related pensions at the top and the flat rate non-contributory old-age pension scheme a bottom one<sup>535</sup>. Even with these revisions in the method of support the bill did not make any provisions for those in the informal sector of the economy<sup>536</sup>. Indeed no period in the history of pensions in Mauritius since it attained its independence depicts the resilience of the Basic Retirement Pension (BRP) better than the 1980s. Also it was around this period that pensions featured ever more prominently in the progressive caucuses since the end of colonial rule. Policymakers understood that there was an unwritten law that regardless of bleak economic prospects, pensions were not to be reduced *let alone* being dispersed on means-tested basis. The Minister of Finance under the MMM government reaffirmed this principle in 1982 adding that the scheme was a “gesture of gratitude” to the elderly for having “toiled during their lifetime to increase the wealth” of Mauritius<sup>537</sup>. Table 5.1 below captures the trends in government’s public expenditure during the Adjustment period.

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<sup>532</sup> Loc cit

<sup>533</sup> Goldsmith, Arthur, “Africa’s Overgrown State Recognised: Bureaucracy and Economic Growth”, in World Politics, Vol. 51, No. 4, 1999, p. 522

<sup>534</sup> Bunwaree, Sheila, Op. Cit, 2007, p. 233

<sup>535</sup> Abel-Smith, Brian, and Lynes Tony: Report on a National Pension Scheme for Mauritius, Port Louis, Government Printer, April 1976, p. 2

<sup>536</sup> Bunwaree, Sheila, Op. Cit, 2007, p.

<sup>537</sup> Cited in Willmore, Larry, “Universal Pensions in Mauritius: Lessons for the Rest of Us”, DESA Discussion Paper No. 32, April 2003, p. 6

Education received the lion's share of the social expenditure, followed by Social Security and Welfare which in the mid-1980s overtook the one earmarked for the former, albeit by a small margin.

**TABLE 5.1: GOVERNMENT EXPENDITURE ON SOCIAL WELFARE, 1981/1982 TO 1984/1985**

| R. Million   |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
|  | 1981/1982 | 1982/1983 | 1983/1984 | 1984/1985 |
| Education  | 474.9     | 532.6     | 531.9     | 542.5     |
| Health   | 235.2     | 275.6     | 290.8     | 312.0     |
| Social Security and Welfare  | 377.0     | 443.5     | 500.6     | 548.2     |
| Housing and Community Amenities  | 43.8      | 20.2      | 25.0      | 28.5      |
| Other Community and Social Services  | 19.4      | 21.5      | 22.0      | 18.0      |
| Food Subsidies<br>(Rice and flour)   | 230.0     | 190.0     | 100.0     | 113.8     |
| 1. Total social welfare expenditure  | 1.380.3   | 1.483.4   | 1.470.3   | 1.563.0   |
| 2. Total social welfare expenditure as a percentage of total current expenditure | 47.7      | 46.0      | 43.3      | 42.3      |

Source: Joynathsing, Mohipnarain, Op. Cit, 1987, p. 139



**TABLE 5.2: ANNUAL INCREASE IN OLD-AGE PENSIONS PROPORTIONAL TO THE CONSUMER PRICE INDEX (CPI), 1978 TO 1985**

| Pension | Financial year | CPI increase (%) | Increase in BRP (Rs.) | Increase in BRP (%) |
|---------|----------------|------------------|-----------------------|---------------------|
| BRP     | 1978/1979      | 8.0              | 100.00<br>110.00      | – 10                |
| BRP     | 1979/1980      | 33               | 110.00<br>122.00      | – 10.9              |
| BRP     | 1980/1981      | 26.5             | 122.00<br>141.00      | – 15.6              |
| BRP     | 1981/1982      | 13.4             | 141.00<br>158.00      | – 12                |
| BRP     | 1982/1983      | 7.5              | 158.00<br>174.00      | – 10.1              |
| BRP     | 1983/1984      | 5.6              | 174.00<br>184.00      | – 5.7               |
| BRP     | 1984/1985      | 8.3              | 184.00<br>201.00      | – 9.2               |

Source: Government of Mauritius, 1979-1980, 1980-1981, 1981-1982, 1982-1983, 1983-1984, 1984-1985<sup>538</sup>

There are no details demonstrating how much of the Social Security and Welfare budget was dedicated towards financing the old-age pension scheme. Nevertheless, Mohipnarain

<sup>538</sup> Government of Mauritius: Budget Speech, 1979 – 1980, Port Louis: Government Printers, 1980, p. 12; Government of Mauritius: Budget Speech, 1980 – 1981, Port Louis: Government Printers, 1981, p. 11; Government of Mauritius: Budget Speech, 1981 – 1982, Port Louis: Government Printers, 1982, p. 8; Government of Mauritius: Budget Speech, 1982 – 1983, Port Louis: Government Printers, 1983, p. 14; Government of Mauritius: Budget Speech, 1983 – 1984, Port Louis: Government Printers, 1984, p. 12; and Government of Mauritius: Budget Speech, 1984 – 1985, Port Louis: Government Printers, 1985, p. 9

Joynathsing, Deborah Brautigam and Larry Willmore<sup>539</sup> echo the sentiment that the social security budget was oriented more towards looking after the wellbeing of the elderly, especially through the preservation of the old-age pension scheme. In Table 5.2, it is shown that yearly increases in the value of pensions since the economy started emitting signs of difficulty in 1978 was set to be over a 10 per cent mark on average in keeping with the yearly changes in consumer price index (CPI). A cursory look at the precedence of the pension scheme in Mauritius during the 1980s makes for an interesting observation. Larry Willmore purports that government's prioritisation of pensions were popular and easier to finance compared to other social programmes<sup>540</sup>. However, one gets a sense that they were intended by policymakers to serve as income guarantee with households living with the elderly set to benefit in the event that they were experiencing financial risks due to the economy having lacked lustre. Chances are high that these social assistance measures ended up having the generational ripple effect in the same manner which pensions were used after 1994 by the government in South Africa to mitigate the prevalence of household poverty as a result of high unemployment levels.

#### **5.4.2. Broad-based Collaborations and the keeping of the Social Democratic Consensus after Structural Adjustments, 1983 to 1995**

Unlike many developing countries that were subjected to the SAPs of the IMF, Mauritius's economy recovered very quickly and by 1985 it was already showing signs of moving on a high growth trajectory. With Export Oriented Industrialisation (EOI) already firmly in place, Mauritius underwent the *Second Phase* of industrialisation which peaked in the late-1980s and resulted in a 10 per cent growth rate by the end of the decade. During this period Mauritius pursued banking and financial services as the fourth leg of the economy. It also fostered regional economic ties with the Southern African Development Community (SADC) and Common Market of East and Southern Africa and Indian Ocean (COMESA). The World Bank hailed it as a development miracle whilst the IMF attributed the country's success to the recommendations to set it on a more neoliberal path<sup>541</sup>.

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<sup>539</sup> Brautigam, Deborah, "The People's Budget? Politics, Participation and Pro-Poor Policy", in Development Policy Review, Vol.22, No. 6, 2004, p. 662; Joynathsing, Mohipnarain, Op. Cit., p. 139; Willmore, Larry, Op. Cit., 2003, p. 5

<sup>540</sup> Willmore, Larry, Op. Cit., p. 6

<sup>541</sup> Ibid., p. 8

Open collaborations amongst the working class and community-based organisations remained relevant during the post-adjustment phase which acted as bulwarks against the retrenchment of the welfare state. The answers to how this dynamic played out is connected to the political formations which took place in the 1980s. Soon after taking over from the LP's 13 year-old rule in 1982, the MMM underwent a split with the dissenting faction forming the Mauricien Socialist Movement (MSM)<sup>542</sup>. There were clashes over the ideological orientation of the MMM, on whether the party should retain its ultra-Marxist tone or adopt a politically realistic and pragmatic approach so that a favourable economic climate could prevail. The MSM was therefore formed by those who supported the pragmatic orientation of the economy for further liberalisation<sup>543</sup>.

The split of MMM led to the elections of 1983, which saw the MSM rising to power within a year after its formation. It would go on to retain this position by winning three consecutive elections until 1995 when a coalition led by the LP took over. Between 1983 and 1995 the MSM was not confronted by major social challenges or unrests as the quality of life underwent major improvements<sup>544</sup>. After all the economy was improving significantly thanks to the expansion of the EPZs, the Free Ports and of the Offshore Business Activities, which received a major investment boost from mainly Hong Kong. Hence of all foreign investments in Mauritius's EPZ sector, those from Hong Kong accounted for 79 per cent in 1985 and 27 per cent between 1985 and 1990<sup>545</sup>. It is possible Mauritius captured the interests of investors from Hong Kong because of the size of landmass which resembled that of the fast growing economies such as Taiwan and Singapore as well as its strategic location as a gateway to the rest of the economies in the Indian Ocean. The EPZ expanded at an annual rate of 30 per cent, leading to the rise in employment in the EPZs from over 25,000 workers in 1983 to fewer than 90,000 in 1990 (See Appendix 5E)<sup>546</sup>. Indeed by the end of the decade Mauritius was no longer facing challenges of unemployment, but instead it was

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<sup>542</sup> Miles, William, F.S, "The Mauritian Enigma", in Journal of Democracy, Vol. 10, No. 2, 1999, p. 105

<sup>543</sup> Loc cit

<sup>544</sup> By the end of the 1980s, infant mortality dropped to below 19, life expectancy was 65/75 whilst public budget deficits rates remained between 3 and 4 per cent. Meisenhelder, Thomas, Op. Cit, p. 290

<sup>545</sup> Darga, Amedée, "Autonomous Economic and Social Development in Democracy: An Appreciation of the Mauritian 'Miracle'", in Africa Development, Vol. XXI, Nos. 2&3, p. 83

<sup>546</sup> Loc cit

being confronted with the problem of labour shortages prompting government to import contact workers mainly China in their thousands.<sup>547</sup>

However, as the mid-1990s approached the economy started to contract with a GDP plunging from 10 percent to below five per cent levels. High wages, the rise of competitors within the global textile and garment manufacturing industry, increasing public debt and rising deficit in balance-of-payments, resulted with the closure rate of EPZ firms standing at one in five before dipping to 477 in 1995<sup>548</sup>. The question of the sustainability of the universal welfare state including universal pensions resurfaced. The MSM was already buying into the recommendations of the WB which suggested that the economy be liberalised wholesale alongside the privatisation of social development programmes<sup>549</sup>. Given the declining economy it argued that reforms were inevitable and went on to relate that the pioneers of the universal welfare state such as Sweden were conceding to pressures of the economies to reform as a way of adjustment<sup>550</sup>. The government thus outlined its plan to “move from its role as a provider of economic opportunity and of public services to a facilitator of internationally competitive activity, a guarantor of fair competitive practices and a last resort for the most disadvantaged”<sup>551</sup>.

These contra-progressive plans provoked cross-class collaborations spearheaded by intellectuals and the trade unions who led a nationwide protest against government’s plans to impose austerity. The MSM was generally perceived as unsympathetic towards the social cause as well as being hostile to open consultations during its time on the website. This was despite it being commended for its sound macroeconomic framework, hence the economic successes of the 1980s and early 1990s. Indeed these strikes served to highlight the MSM as a party which was killing the consultative traditions that have kept Mauritius’s pro-poor economic framework in place. As a result the MSM lost to the Labour-led coalition in the 1995 December elections<sup>552</sup>. In stark contrast, organised labour in South Africa have been unable to lead a nationwide cross-class protest against the state’s plans to direct the South African economy through the GEAR macroeconomic framework further down the neoliberal

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<sup>547</sup> Loc cit

<sup>548</sup> Bunwaree, Sheila: Mauritian Education in a Global Economy, Rose Hill: Mauritius, 1994, pp. 58 – 71

<sup>549</sup> Meisenhelder, Thomas, Op. Cit, p. 292

<sup>550</sup> Hansard, HC. Vol. 2 (13 – 23), col. 1648 – 1650, 21 June 1993

<sup>551</sup> De St. Antoine, Pamela, “Government Delays worry World Bank”, in Week-End, 1<sup>st</sup> December 1996, p. 15

<sup>552</sup> Meisenhelder, Thomas, Op. Cit, p. 292

path. Explaining the ambivalent disposition of the working class in South Africa is that they were already co-opted as part of the ruling clique in the high echelons of state power compounded by the absence of another formidable labour federation to serve as an alternative champion of the progressive cause.

#### **5.4.3. Testing Economic Times and the Role of Cross-class Collaborations as the Safeguards of the Welfare Consensus, 1995 to 2005**

Upon taking over from the MSM the Labour Party wasted no time allaying the fears harboured by the general population that the country was moving more towards adopting the principles of neoliberalism wholesale and that it was retrenching the social wage as per the recommendations of the World bank. As a result the government moved swiftly to complete the Vision 2020 plan, which was still in formulation when the MSM was voted out of power. It was finalised and disseminated in 1996 after the Labour Party called in civil society and the private sector alike to become part of the policy making process whereby the notion of stately responsibility towards the wellbeing of the citizens was reemphasised<sup>553</sup>. In the Vision 2020 document, the government downplayed the dogmatic approach of the previous government that economic growth has got to receive first priority above the society's wellbeing. The document therefore reaffirmed the notion that both social welfare and economic stability were mutually reinforcing suggesting furthermore that one is bound to suffer if the other does not receive equal care.

The *Third Phase* of Mauritius's post-colonial development trajectory followed the Vision 2020 document when government announced its plans in 1999 to pursue information and communications technology (ICT) as the island's fifth leg of the economy. It set various ambitious plans of turning Mauritius into a Cyber Island in the league of Singapore and Taiwan with the long-term hope that the results will translate into further social gains. Government has since built a USD\$100 million Ebene Cyber-City, a tax free commercial hub aimed at multinationals wishing to do business in Mauritius<sup>554</sup>.

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<sup>553</sup> World Bank, "Mauritius – One Nation, One Destiny: A comprehensive development framework profile", <http://documents.worldbank.org/curated/en/2003/12/6396560/mauritius-one-nation-one-destiny-comprehensive-development-framework-profile>, 31 December 2003, Accessed: 25 August 2013, p. 3

<sup>554</sup> Sandbrook, Richard *et al*, *Op. Cit*, 2007, p. 1444

At the time of this announcement Mauritius was emitting signs that it was entering the 21<sup>st</sup> century as an economy still struggling to come out of distress. The Mauritian garment and textile industry was finding it difficult to compete with cheap Indian and Chinese products for European market as the terms of the Multi-fibre agreement, which previously allowed it preferential access, were being phased out. The results were far-reaching with the EPZ sector shedding jobs on a massive scale. For example in the first quarter of 2001/2002 financial year, the manufacturing sector laid off 5 600 workers and an additional 4 000 workers during the 2002/2003 financial year<sup>555</sup>. This officially saw the level of unemployment rising from naught in 1990 to 5 per cent in 1995 and eventually 10 per cent at the turn of the century. Consequently, the Mauritian Labour Party found difficulty retaining credibility in the eyes of the electorates as a party that will recuperate the economy from its ailing state. The high level of corruption which had marred the Labour-led coalition government also dealt a severe blow to the ability to retain voter support base.

All the above factors allowed the MSM/MMM to win the elections of 2000 with plans to reintroduce the subject of welfare reforms. The coalition had concluded that what would save the economy from freefall would be cuts in government expenditure, especially pensions<sup>556</sup>. An average Mauritian was living longer than before with a life expectancy having been experiencing a steady rise from 72 years in 2005 to 73 years in 2012<sup>557</sup>. However, the real culprit was the ageing problem as an average Mauritian male was expected to live another 15 years and females 20 years<sup>558</sup>. Already costing the economy 3 per cent of its GDP, the pension scheme was projected by the World Bank in 2003 to double to 5.9 per cent in 2020 and increase furthermore by more than 10 per cent in 2050<sup>559</sup>. However current government expenditure on pensions has surpassed the Bank's projections 8 years ahead of time. In 2012 pensions accounted for 5.9 per cent of the social security and

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<sup>555</sup> The figure amounted to 22,000 in the end.

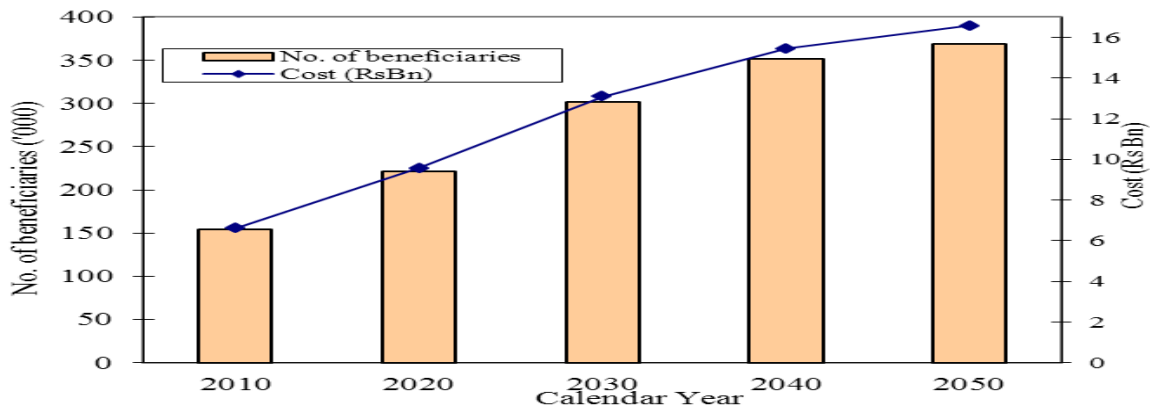
<sup>556</sup> Ministry of Finance, "Budget Speech, 2003 – 2004", Port Louis: Government Printers, 09 June 2003, p. 38; and Ministry of Finance, "Budget Speech, 2002 – 2003", Port Louis: Government Printers, 2002, p. 15

<sup>557</sup> UNDP, "Sustainability and Equity: A Better Future for All, Mauritius", <http://hdrstats.undp.org/images/explanations.MUS.pdf>, Accessed 08 May 2012, p. 12

<sup>558</sup> Central Statistics Office (CSO), "Continuous Multi-Purpose Household Survey", <http://www.gov.mu/portal/sites/ncb/cso/cmphs/cmphs99.pdf>, 1999, p. 38

<sup>559</sup> Vittas, Dimitri, "The Role of Occupational Pensions Funds in Mauritius", World Bank Policy Research Working Paper 3033, April 2003, p. 22

welfare budget (the Bank's 2020 estimate)<sup>560</sup>, and currently it represents more than 6 per cent<sup>561</sup>.



**FIGURE 5.1: ACTUAL AND PROJECTED NUMBER OF PENSION BENEFICIARIES AND COST, 2010 TO 2050**

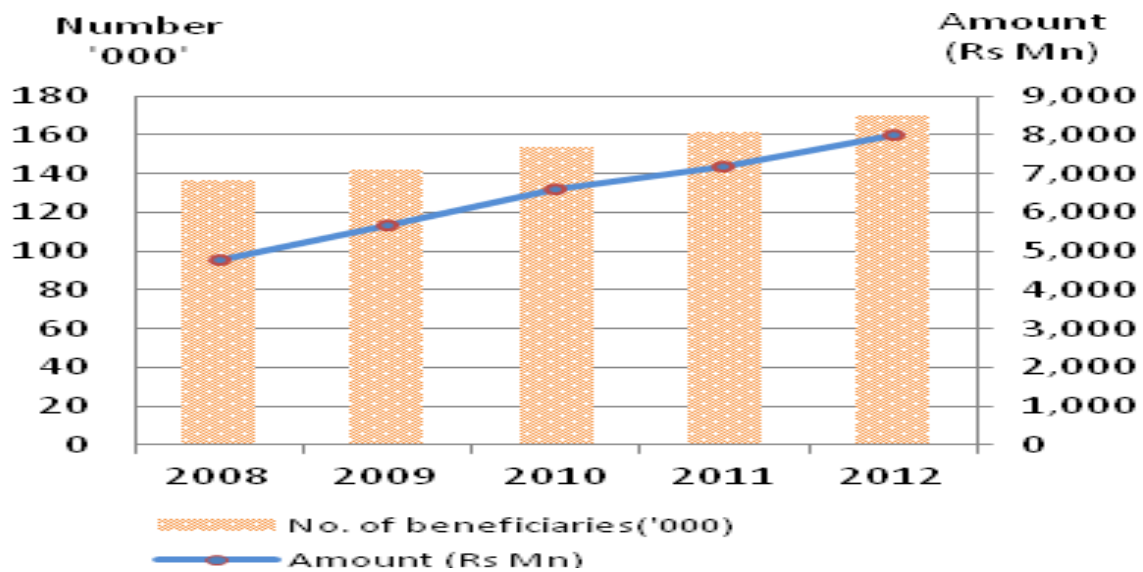
Source: STATS Mauritius (2010)<sup>562</sup>

In light of the above Figure 5.1, in 2004 the government announced plans to reform the universal old-age pension scheme. The coalition increased the year of eligibility for the Basic Retirement Pension from 60 years to 65 years which was to be implemented over a period of ten years. Secondly, the government decided to introduce means-tested pensions which were restricted to those earning less than Rs 20 000 per month, a far cry from the non-discriminatory system that had been in place since the colonial days<sup>563</sup>.

<sup>560</sup> STATS Mauritius (Statistics Mauritius), "Social Security Statistics, 2005 – 2010", <http://statsmauritius.gov.mu/English/Documents/1062/FinalSocialSecurityTOIT.doc>, Accessed: 22/08/2013, p. 2

<sup>562</sup> STATS Mauritius, "Social Security Statistics, 2010 – 2050", <http://statsmauritius.gov.mu/English/StatsbySubj/Document/Social%20Security/Social%20security/20statistics/2005-2010/toc.htm>, Accessed: 22 August 2013, December 2010, p. 11

<sup>563</sup> Sarfati, Hedva, and Ghellab, Youcef, "The political economy of pension reforms in times of global crisis: state unilateralism or social dialogue?", International Labour Organisation, Dialogue Working Paper No. 37, 2012, p. 81



**FIGURE 5.2: BRP BENEFICIARIES AND AMOUNT PAID, 2008 TO 2012**

Source: STATS Mauritius (2012)<sup>564</sup>

These changes in the pension system prompted a reaction from the social alliance which was led by the Labour Party. It was able to garner the support of the unions and the civil society to rally against retrenchment of the pension scheme<sup>565</sup>. It certainly raised an awareness about the MMM/MSM's less protagonist stance for the notion of the universal welfare state which culminated in the Labour Party being voted back in power during the 2005 elections. On the other hand Sheila Bunwaree is reluctant to attribute the change in government to the public's disapproval of pension reforms. She then contends that a confluence of factors including an ailing economy, rising inflation and budget deficit, and a soaring unemployment rate lost peoples' confidence in the government<sup>566</sup>. In retrospect, reforms in the social sector added to peoples' frustrations but were merely secondary.

Scratching beneath the surface, one discovers that Bunwaree made the mistake of underestimating the influence pensions wield on the political voting platform; hence, they have grown to become 'public property'<sup>567</sup>. A 2002 opinion poll conducted by the Centre for Applied Social Research (CASR) found that 88 per cent of respondents wished for the

<sup>564</sup> STATS Mauritius, "Social Security Statistics, 2008 – 2012", <http://statsmauritus.gov.mu/English/Publications/Pages/Social-Security-Statistics-Year-2012.aspx>, Accessed: 22 Augusts 2013, December 2012, p. 2

<sup>565</sup> Bunwaree, Sheila, *Op. Cit.*, 2007, p. 230

<sup>566</sup> *Ibid.*, p. 234

<sup>567</sup> Johnson, Jessica, K.M, and Williamson, John, "Do Universal non-contributory old age pensions make sense for rural areas?", in *International Social Security Review*, Vol.59, No. 4, 2006, p. 51



government to spend more on social security, whilst 78 per cent proposed that the rich be taxed more so that wealth can be redistributed more evenly. However, what is important is that voters in Mauritius are sensitive to changes to social policy<sup>568</sup>. The MMM/MSM welfare reforms reeked as a betrayal of the social contract, which has throughout the course of history, been defined by the safeguarding of the universal approach. Voting a government out of power for not pursuing the progressive cause in Mauritius serves a two pronged approach. Firstly it is protective and retributive. Not voting a government out of power after imposing the means-tested format would leave a precedent that would redefine the welfare consensus that had stood the test of many trying economic times. Indeed the effects would be far-reaching. The politicians would eventually feel they have leeway to make minimalist policy choices in times of economic instability, not only in the sector of pensions, but across the spectrum of the social development framework of Mauritius. In essence the Mauritian voter is overtaken by familiarity and fear, rather than rationality and reason, as far as pensions are concerned, at least. Leaders who dare challenge the welfare consensus bear the consequences of their indiscretion by being replaced with those who promise better social reforms. Secondly, it inevitably sends a warning on the new incumbents that “a half-baked cake cannot be eaten”<sup>569</sup>. Even the World Bank observed<sup>570</sup> that “many policies are decided by polling and part alignment, rather than by technocratic professional work”<sup>570</sup>. Concerning the old age pension scheme within the general context of the welfare discourse in Mauritius, the World Bank also observes that: “the government may cut down on the welfare state, but it will not cut down on pensions. So they [universal old age pensions] will most probably be allowed to exist in their current form, but at the cost of other social benefits”<sup>571</sup>.

Aware of the above expectations, the Labour Party exploited the coalition government’s resolution to rollback pensions as a point of weakness through which to sway voters onto their side. Indeed politicians in Mauritius use the pension scheme as a tool of political patronage in a much more explicit fashion than in South Africa where its relevance

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<sup>568</sup> Sandbrook, Richard, *Op. Cit.*, 2007, p. 126

<sup>569</sup> Interview with Mr Prudeep with the Mauritian Employers Federation (MEF), Ebene Cyber City, Mauritius September 2011

<sup>570</sup> Quoted in Brautigam, Deborah, “Institutions, Economic Reform and Democratic Consolidation in Mauritius”, in *Comparative Politics*, Vol. 30, No. 1, October 1997, p. 54

<sup>571</sup> Interview with World Bank representative for Mauritius, 13 October 2011

into the political fray is not as overt (See Chapter 6). Hence, addressing Parliament soon after the elections as President of the Republic, Navin Ramgoolam launched a scathing attack at the previous government for bringing humiliation to the poor people of Mauritius by imposing a targeted pension scheme which he pledged to reinstate back to universal format<sup>572</sup>.

The sentiments of Navin Ramgoolam are echoed across all quarters of his party, the Mauritius Labour Party. Another senior member of the MLP, who holds a ministerial position, paints the power of the universal approach to rolling out the old age pension. At the face of it, it seems as if that government's retention of the universal old age pensions was inspired by normative sentiments to look after the vulnerable senior citizens. However, a close observation of the social fabric of Mauritius indicates that politics have been placed above the notions of altruism. In simple terms, the government has no intentions to impose the means-test rule on the old age pensions scheme because it fears upsetting the voters:

"I don't foresee means-testing happening. The opposition have tried that in 2004. They have become unpopular. They have sacrificed a lot for this country. The elderly deserve a good treat. They worked hard in the sugar cane fields to look after us ... No it is immoral ... You never change the winning team. This is a winner – the [universal] welfare state – and therefore we have to retain ... That's all".<sup>573</sup>

The victory of the Labour Party reveals another dynamic which makes Mauritius welfare development all the more unique. Although the rate of unionisation in Mauritius remains relatively small, at 20 per cent in the EPZ, it nevertheless demonstrates a sizeable degree of efficiency in its defence of social justice. Major political parties, especially MMM and the LP, have depended on the mobilising powers of the unions to garner cross-class demonstrations against less progressive governments. Such has been the case since the independence days, and its repetition in the run-up to the 2005 elections reinforced that disposition. The absence of monopolised union support, unlike in South Africa has strengthened peer competitor and results-driven politics. This has made it all the more worthwhile for parties to channel their energies on revealing the weaknesses of successive governments regarding social policy with the hope to settle political scores.

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<sup>572</sup> Government of Mauritius, Government Programme, 2005 – 2010, Port Louis: Government Printers, 2005, p. 9

<sup>573</sup> Interview with a representative from Mauritius Labour Party, 05 October 2011

That level of engagement is only possible in Mauritius than in South Africa because the voting culture of the former is more dynamic, vibrant and it attaches importance to delivery. Furthermore there is no one-party competition wherein one can easily predict voting outcomes. In Mauritius officials are under pressure to prove themselves worthy of holding public office. The voters are not perennially loyal to a certain political party so much so that voting outcomes are not connected to the party's illustrious history. The government is simply as good as its last tenure and that is always put to the polls for the voters to judge. One can draw parallels to South Africa's political culture. It is clear that until South Africa reaches a moment of political reckoning, wherein the electorate attaches importance to the party that pitches and delivers the best social plan, a meritocratic political platform will only remain the preserve of the Mauritian political landscape as far as social policy is concerned (See Chapter 6).

## **5.5. Conclusions**

The continuation of the social democratic consensus in Mauritius is credited to the post-independence leadership, which laid out an economic framework that was in sync with the tenets of social justice. The rest of the time after the post-colonial period is attributable to the social fabric in Mauritius, where the notion of a progressive economic framework is seen as an intricate aspect of the island's history that the political élite have the responsibility to maintain. So a mixture of commitment to historical circumstances and relentless pressures of civil society provided the social roadmap upon which the government remains compelled to commit to the progressive cause.

In essence the social democratic consensus was initially an ideology upheld mainly by the élite, but it became a conviction that was easily transmissible to the Mauritian public. Responsible for this pattern is the open disposition of Mauritius's policy making approach wherein the government is able to assemble a broad range of groups on ways in which it can best respond to social challenges. The business sector, government ministries, the working class and community based organisations hold the view that the government has the mandate to look into the interests of each stakeholder as opposed to just making it an exclusive forum where a select group of stakeholders engage in the deliberations. It has been conceived that this way no one can cry foul for discrimination. Of course this stands in

stark contrast to the traditional corporatist arrangement in South Africa where the mere exclusivity of tripartite consultations ensures the lack of access to government by some societal stakeholders who are not part of the ruling clique. A culture of lack of accountability has been burgeoning in South Africa and so is the absence of a societal push to get the government to act on its promises.

Obviously, in Mauritius these forums are not created to serve as mere formality or window dressing, and they are always created in cognisance of the leverage from society, which is in the form of votes. For the government it was absolutely important that it keeps its word most of the time so that it creates the kind of a consensus and trust amongst the societal stakeholders. This was twofold: Firstly, the state wanted to ensure that the business sector buys into its vision of a redistributive growth path. This earned it a degree of confidence in society to accept unpopular decisions or concede defeat when government could not yield to their demands. Secondly, the government used the presence of societal pressure to keep under moderation the pressure of international financial institutions to adopt adjustment programmes in full. Currently sustaining the welfare consensus is being regarded not just as the responsibility of government, but that which private sector needs to accept as well. They have bought into the government's corporate social responsibility fund whereby profitable enterprises are to surrender two per cent of profits towards the alleviation of poverty<sup>574</sup>.

This chapter also set out to tie the resilience of the old-age pension scheme to the internal socio-political dynamics which have kept the social democratic welfare state alive. From an assessment of the Mauritian social, political and economic landscape, there is no questioning of the fact that it is a relatively well-off society with unemployment levels which are very low by Third World standards, especially when compared with those of South Africa's. Poverty levels in Mauritius remain at six per cent<sup>575</sup> whereas unemployment hovers between 7.9 and 8.1 percent per annum<sup>576</sup>. What this means is that unlike in South Africa

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<sup>574</sup> Kasseah, Harshana, and Tandrayen-Raboobur, "Assessing the formal social protection system in Mauritius", in *Research Journal of Social Science and Management*, Vol. 01, No. 06, October 2011, p. 88

<sup>575</sup> Central Statistics Office (CSO), *Labour Forces, Employment and Unemployment*, Port Louis: Government Printers, 2011, n.p

<sup>576</sup> STATS Mauritius, "Labour Force, Employment and Unemployment – First Quarterly 2013", <http://statsmauritius.gov.mu/English/Publications/Pages/Labour-Force-Employment-and-Unemployment-1st-Qtr-2013.aspx>, 2013, Accessed: 22 August 2013, p. 1

where the pension scheme assumes the overt responsibility of cushioning the scourge of poverty, in Mauritius there is no necessity for pensions to compensate for the poor performance in the economy. Given the high quality of life which the people of Mauritius enjoy, the pension payout generally goes mainly towards looking after the wellbeing of the pensioners who in turn do not have to worry about looking after additional members of the household. Hence a significant proportion of the population does not depend on government handouts to keep their heads above water and neither is government feeling pressured to formulate policies on the basis of that.

Nonetheless, pensions continue to draw a great attention within the progressive caucuses, both in government and in the social landscape. This is a compelling reality, especially when one is to pin the debate to the universal vs. means-tested format of provision. Two issues are very dominant in understanding the welfare state in Mauritius, which then puts into perspective the character of the pensions system in that country. First, Mauritius is a politically vibrant society. The fact that the political landscape is committed to the virtues of democracy keeps the incumbents on their toes. But the fact that the voting outcomes are even the more unpredictable is more daunting for underperforming governments, as they know the chances of being voted out of power are high. The organisation of civil society is wired in such a manner that it makes the political environment all the more competitive, as their mere presence has had the direct (and sometimes indirect) effects of conscientising the society about government policies and therefore helping them to make informed decisions in their choice of leadership. Still on civil society, the trade unions have proven to stand out in terms of assuming that responsibility.

Much as they are not up to the size of those in South Africa, they are nonetheless more effective. This is primarily due to the fact that they are not out of touch with the plight of the ordinary people like the aristocratic working class in South Africa. This has as a result given them the ability to mobilise the society which in turn allows them to compensate for the small size of their number. Another factor is that no political party has monopolised the allegiance of the working classes. As a result, this gives other unions not aligned to the political parties in government a chance to continue the discourse and challenge the nonchalance of the government on the social development front.

Secondly, the Mauritian society does not take kindly to efforts to regress its social programmes to anything short of the universal access they have grown accustomed to. They show this not hesitating to use the power of the vote to protect those attributes which they cherish. The universal pension scheme has throughout the ages remained the symbol and pride of Mauritius as an unperturbed social democracy. Coupled with the fact that the populace is not loyal to a specific political party those governments which have tried to change this quality have had to bear the brunt for making poorly informed decisions. The MMM/MSM coalition which tried to introduce a means-tested pensions system is a case in point. It only happened once since the attainment of independence that a government was voted out of power on the basis of attempting to retrench the pension scheme. Nevertheless, it is clear that the Mauritian public is sensitive to the progressive discourse and the changes which accompany those deliberations.

To many Mauritians, a targeted-based pension scheme remains a betrayal of history and the struggles of yesteryear, which sought to remove class divisions from the socioeconomic landscape by way of providing universal pensions. Moreover, one gets the sense that the public harbours the fear that allowing policymakers to do as they please will have a ripple effect on the concept of the welfare state in Mauritius as a whole. One such implication is that it will redefine the national consensus on the character of the welfare state so that it becomes accepting of neoliberal ethos which may attempt to penetrate the trenches of public policy. Already, universal old-age pensions are widely perceived as a symbol of commitment to the progressive cause. Therefore, making it less universal sends out a message that government will adopt the neoliberal dogma elsewhere within the general design of the welfare framework. Moreover, adopting a meritocratic pattern of voting sends a clear message to policymakers in government that the public is not to be taken for a ride.

In 1997, Thomas Meisenhelder questioned whether Mauritius's successful developmental trajectory would translate into social gains<sup>577</sup>. The evidence is undoubtedly compelling. Not only did growth become the primary preoccupation of government, it also made improving living standards part-and-parcel of the entire development framework as

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<sup>577</sup> Meisenhelder, Thomas, *Op. Cit.*, 1997, p. 297

its interlocking component. Small wonder why Mauritius has earned the epithet, a development “superstar”<sup>578</sup>.

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<sup>578</sup> Brautigam, Deborah, Op. Cit, 2009, p. 3

## Chapter VI: State (Re)-Building and Welfare State Development in Post-Apartheid South Africa

“The system is changing and the challenges are changing. One can never respond to new challenges by trying to reproduce responses which had their efficacy in a previous period”.

– Samir Amin<sup>579</sup>

“What is left? As far as I know, the ANC is a disciplined force of the left. We seek to create a national democratic society informed by the best attributes of a developmental state and those of social democracy. In the context of challenges facing our society and the realities of the domestic and global balances of forces, I cannot imagine anything more left than this”.

– Joel Netshitenzhe<sup>580</sup>

### 6.1 Introduction

As shown in Chapter 3, the National Party (NP) government created a welfare state that protected against contingencies and economic risks for whites. Concerning the poor black majority, the state resolved to play a minimal role against risks, thus forcing blacks to rely on kinship arrangements and individual efforts. The introduction of blacks to the pension payroll on the eve of 1945, albeit on unequal terms, proved to be instrumental in mitigating the prevalence of poverty, especially in the rural areas. The new ANC government thus retained the pension scheme unofficially as the foremost instrument of poverty alleviation, one which would reinforce the legacy of stately responsibility left behind by the NP government.

According to Tom Lodge, post-1994 South African political restructuring became synonymous with increased “social penetration” by the state, as it employed an expansive welfare programme to serve as a litmus indicator of state legitimacy amongst black voters<sup>581</sup>. Certainly, the reliance on social assistance by the ANC government to affirm political leadership did not come as a surprise. Hence Stephen Devereux emphasises the

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<sup>579</sup> Samir, Amin quoted in: Booysen, Susan, *Op. Cit.*, p. 444

<sup>580</sup> *Ibid*, p. 451

<sup>581</sup> Lodge, Tom, “The Southern African Post-Colonial State”, in *Commonwealth and Comparative Politics*, Vol. 36, no. 1, 2008, p. 43



point that a safety net is “more than a transfer of resources from the ‘haves’ to ‘have-nots’, rather it is a ‘relationship of power’”.<sup>582</sup>

In view of this reality one is compelled to pose the following question(s): *What role did the structural makeup of capitalism and societal class configurations play in shaping the sort of welfare outcomes that developed in post-apartheid South Africa? Also, what are the socio-economic and socio-political factors, historical and present, that underlie the welfare establishment? And finally, to what extent does the current social development frameworks’ focus on old-age pensions serve as a function of statecraft?* This chapter is borne out of the intent to answer the abovementioned questions under the auspices of the following aims. Firstly, to make clear the connection between historical legacies and the current welfare make-up; and secondly, to illustrate the importance of the structural arrangements of the economy and the socio-political forces that have moulded South Africa’s modern-day social development agenda.

The chapter is divided into three sections. Section I serves as the essence of the chapter. It demonstrates how global capitalist interests controlled every aspect of the South African economy and how they subverted the political ideologies that resonated with radical ideals of social reconstruction in the new South Africa. Firstly, I show that South Africa’s deepened integration in the global economy came at the price of displacing a full-swing pro-poor cause. In this section I demonstrate that the dominance of foreign economic influence conditioned the *structural properties* of capitalism to underpin welfare policy choices. Also, during this period of political transition I argue the overpowering effect of foreign capital over the new ruling incumbents initiated a critical juncture moment in the country’s post-1994 social policy history. This overpowering effect had profound social implications, which irrevocably inclined the welfare paradigm to the neoliberal orthodoxy. The external economic forces had the upper hand to dictate their own terms in the spectrum of the economy and, as a result, the ANC had no option but to succumb to the pressures of the foreign investors and ultimately do their bidding. Hence some quarters of the ruling élite believed in the Alliance having to move with the times. Socialism had lost its relevance in the 1990s and many within the Alliance who were thought to be staunch socialists turned out to

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<sup>582</sup> Devereux, Stephen, “Can Social Safety Nets Reduce Chronic Poverty?”, in *Development Policy Review*, Vol. 20, No. 5, 2002, p. 673

be capitalists who did not promote the egalitarian agenda through the creation of the welfare state. I therefore bring to the fore, in this discussion, the role of bargaining corporate structures and BEE as tools which served as functions of capitalism, albeit in company with the state, to look after the interests of corporate capital.

Section II quizzes the role of the left and the working class at large within the larger context of the creation of post-apartheid's social development system. I pay particular attention to the interests of the working class the left has sought to protect within the capitalistic economic order and how that resulted in closing the space for the voices of the unorganised poor over time. I contend that the working class – who are supposed to spearhead the pro-poor agenda – seem preoccupied with self-centric goals, whilst those of the society as a whole take second priority. Also under scrutiny is COSATU's membership in the Tripartite Alliance and how this partnership has compromised the efficacy of COSATU to push for policy changes that have broad-reaching societal impact. Indeed COSATU's pre-occupation with the politics of state control has driven a wedge between the workers and broad-reaching social forces. That disconnect has compromised prospects of a cross-class and broad-based movement challenging the limitations of the South African social development paradigm from coming to effect. I outline the role of other domestic non-state actors within the context of welfare state development by comparing with Mauritius and in the context of the broader scheme of cross-class social mobilisation movement.

Section III outlines welfare outcomes in post-apartheid South Africa and puts into perspective the pensions' debate within the general developmental welfare. State funded old-age pensions are brought into these discussions by explaining their meaning within the contemporary South African society, their compensatory function within the overall structure of the economy, and tease out the possible opportunities they open up for political parties to keep the torch of the social reform movement aflame. It is shown that the dominance of these pensions *vis-à-vis* other welfare offerings serves the function of élite interests of tightening the grip on political power.

This chapter argues that the failure to adopt a comprehensive welfare framework in post-apartheid South Africa is due to lack of strength for societal mobilisation pressing for substantive social reforms. This drawback is being compounded by labour's ambivalence to

collaborate with mass-based societal groups across the class divide, which has given the state free reign to carry out less comprehensive social welfare programmes.

## **Section I: The influence of Capitalism**

### **6.2 Retaining the *Structural Properties* of Capitalist-Based Economy as the legacy of the Minerals Industrial Energy Complex**

International corporate capital's hold on policy outcomes in South Africa did not begin in 1994. The South African economy since the end of the 19<sup>th</sup> century has been of Anglo-Saxon orientation. In his book *Capitalism vs Capitalism*, Michel Albert defines Anglo-Saxon Capitalism as an economic system "characterised by extensive market coordination by economic actors and relatively neutral patterns of governmental market regulation and at maintaining property right institutions without privileging particular social actors"<sup>583</sup>. Mining capital still remains the foundation of South Africa's economy upon which other industries were built and in which the major arteries of its economic life remain dependent upon (See Chapter 3). The liberal-orientated economic framework is what remains today, possessing the prerogative to exert significant influence in the economic and political domain so much so that positive economic prospects rest squarely on how the global environment and players respond to the country's domestic happenings<sup>584</sup>.

Unlike in South Africa, the presence of centre-left political proponents across virtually all political parties of Mauritius ensured a national democratic consensus that guaranteed an outward-looking macroeconomic framework that was pursued in tandem with erecting a comprehensive welfare state. Indeed speaking in regard to the contribution of the collapse of the Soviet bloc on the global economy and the reasons the ANC shifted nationalisation from its policy agenda, the then Minister of Finance, and the current Minister in The Presidency for directing the National Planning Commission, Trevor Manuel, noted "[t]he collapse of the Soviet Union, the destruction of the Berlin Wall broke the [...]"

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<sup>583</sup> Albert, Michel: *Capitalism vs Capitalism: How America's Obsession with Individual Achievement and Short-term Profit led it to the Brink of Collapse*, New York: Four Walls Eight, 1993, cited in McLean, Iain, and McMillan, Alistair: *The Concise Oxford Dictionary of Politics, Third Edition*, New York: Oxford University Press, 2009, p. 16

<sup>584</sup> Recently we have seen South Africa's sovereign rating being downgraded by major financial rating agencies such as Moody for the government's inability to deal swiftly with the Marikana mining catastrophe and the precedent it casts on the mining sector and the economy as a whole.

revolutionary romantic illusions of many. That very stark collapse shifted the debate very significantly”<sup>585</sup>.

Whilst such pragmatic thinking may have suggested that the pro-socialist ANC was becoming realistic by integrating socialist ideals with the pressing demands of the global economy, unlike in Mauritius, the dominance of the market-focused policy dogma culminated in the deflection of ideological thinking away from social democracy into a sugar-coated centre-left mode of thinking as to sweeten the pill. The outcome became dubbed by Jeremy Seekings and Nicoli Nattrass as a *double class compromise*, by which is meant a market driven high wages growth-path, particularly for the urban middle class, and a redistributive high growth-path which was envisioned to be achieved through taxation and job creation for the benefit of the poor who served as an important electoral base<sup>586</sup>.

Explaining the interface between the pro-market strategy and pro-poor social fundamentals, Patrick Bond contends that the attempt to pursue an egalitarian cause through the RDP was nothing less than an “artificial distinction between the progressive micro-social policies” and “sound macroeconomic policy” inevitably creating the myth of shoving a social welfare cause in the development sphere alongside a liberal macroeconomic outline<sup>587</sup>. Indeed it is apparent that the ANC’s embrace of liberal and market focused ideals, as well as the waning radical socialist ideals as a result, came also in the hands of the political élite from other members of the Tripartite Alliance. The future of South Africa’s economy certainly laid at the mercies of both global and domestic business interests surrounding the Minerals-Energy Complex (MEC). The ANC’s compromised position is a stark contrast to Mauritius’s post-colonial settlement presided over by the Mauritian Labour Party. This is because in the 1970s, globalisation had not yet begun to wield disproportionate degree of influence on the national economies in comparison to the 1990s when it was beginning to reach its height (See Chapter 5).

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<sup>585</sup> Manuel, Trevor, Interview with Adam Habib, September 21, 1995, quoted in Habib, A and Padayachee, V, Op. Cit, p.253

<sup>586</sup> Nattrass, Nicoli and Seekings, Jeremy, “Democracy and Distribution in Highly Unequal Economies: The Case of South Africa”, in Journal of Modern African Studies, Vol. 39, No. 3, September 2001, 472

<sup>587</sup> Bond, Patrick: Elite Transition: From Apartheid to Neoliberalism in South Africa, Pietermaritzburg: University of Kwa-Zulu Natal Press, 2000, p. 119

### **6.2.1 Converted: The Pressures of the Minerals-based Economy as initiators of a *Critical Juncture* Period**

Ben Fine and Zavareh Rustomjee's classic 1996 analysis showed the power the MEC wielded in dictating the terms for a social and economic transformation in post-apartheid South Africa. Fine and Rustomjee trace the origins of the mining industry from the beginning of the 20<sup>th</sup> century<sup>588</sup>; whilst Renfrew Christie<sup>589</sup> shows that the mining industry depended highly on the state energy-driven development project. According to Patrick Bond, the MEC comprised a key sector of the economy since the 19<sup>th</sup> century, encompassing gold, coal, petrochemicals, electricity generation, processed metal products, mining machinery, and other parts related outputs which remained key to the entire sustenance of the economy<sup>590</sup>. In this case, a close relationship between the state and private corporations became pivotal for the constant evolution of the economy and the ultimate consolidation of the MEC – mainly through vital industrial strategies spanning development of large-scale electricity-generating capacity and also through a home-grown fuel-chemical industry<sup>591</sup>.

The conversion of the ANC and its partners from ultra-socialism to pro-liberalism is at first sight inconceivable. But it is clear that the party's surrender of macroeconomic populism to usher in a more conservative spending regime was a consequence of the domestic context that was controlled by exogenous economic forces<sup>592</sup>. The foreign dominated economic terrain allowed corporate capital to have a hold on the direction of the economy and thus end up defining its role within the social and economic milieu of the country<sup>593</sup>. The so-called American pressure groups had a disproportionate hold on the South African economy. Indeed prospects of success for an economy that was in need of recuperation from years of being isolated by the international community – from having been a political and economic pariah – depended on those possessing the powers of calling the shots within the global economic fraternity. Sampie Terreblanche argues that

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<sup>588</sup> Cited in Marais, Hein, *Op. Cit*, 2011, p. 19

<sup>589</sup> Cited in *Loc cit*

<sup>590</sup> Bond, Patrick: *Op. Cit*, p. 18; the most recent incarnation of the MEC is Macdonald Electric Capitalism which extends to services sector

<sup>591</sup> *Ibid*, p. 19

<sup>592</sup> *Loc cit*; Habib, Adam, and Padayachee, Vishnu, *Op. Cit*, pp.245 – 263; and Michie, Jonathan, and Padayachee, Vishnu, "Three years after apartheid: growth, employment and redistribution?", in *Cambridge Journal of Economics*, no.22, 1998, p. 633

<sup>593</sup> Marais, Hein, *Op. Cit*, 2001, 106

paramount to the strategy of dominance and control (and perhaps even bullying) of the South African economic sector was the instillation of fear in the minds of ANC policymakers that no country in the world can survive if they do not pledge allegiance to the market fundamentalist model<sup>594</sup>. The ANC's surrender of economic control to Washington Consensus initiated the country's period of *critical juncture*. It allowed foreign capital to penetrate deeper into the economy and thus altered irrevocably the country's social plans that had been set up by the ruling élite.

Indeed due to the contemptuous attitude of capital from the West towards the Keynesian/statist-approach that was likely to follow regime change, deregulation of the economy, fiscal austerity, privatisation of state enterprises and free trade were to be somewhat forcefully imposed upon the ANC. This manner of approach suggested that by the reason of government opening up their borders for trade it would automatically spawn the inevitable result of attracting foreign direct investments, higher growth rates, higher employment and a trickledown effect to eradicate economic shortcomings.

To reconstruct and develop South Africa against the background of capital flight posed challenges that required the ANC government to be more pragmatic in its policy stance and come to accept that certain ideologies (such as the nationalisation of the economy) are no longer practical as they have past the sell-by date. By budging to appease the neoliberal-promoting Western economic pressure groups, the ANC accepted the National Party's very own Normative Economic Model (NEM) as the framework from which the economy of the new South Africa would be modelled upon<sup>595</sup>. These parameters amounted to the return to neoliberal adjustments that informed the NP government's industrial policy in the 1980s<sup>596</sup>.

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<sup>594</sup> Terreblance, Sampie, *Op. Cit*, 2012, p. 65

<sup>595</sup> Habib, Adam, and Padayachee, Vishnu, "Economic Policy and Power Relations in South Africa's Transition to Democracy", in *World Development*, vol. 28, no. 2, 2000, p. 247

<sup>596</sup> NEM was created as the National Party government looked forward to correcting socioeconomic disparities between the *rich whites* and *poor black* majority in the advent of the 1990s. It was borne out of the understanding for the National Party ideologues of the importance of economic redistribution within the broader framework of a neoliberal economic paradigm. Codified in a document entitled "The Restructuring of the South African Economy: A Normative Model Approach (NEM)", the NEM set as its most fundamental goal of structural adjustment of the market with aspirations of opening market access, achieving 4.5 per cent GDP growth rate, and increasing employment by 3 per cent. Also to its set of goals it sought to increase market access by removal of political and socioeconomic barriers in a bid to afford all South Africans equal opportunities within the economy. See: *Loc cit*

The NEM noted the importance of socioeconomic transformation but emphasised that privatisation and deregulation of the economy will serve as pre-conditions of dispersing economic resources to the broader population<sup>597</sup>. At this stage, South Africa was bracing itself for political change with the appointment of the Transitional Executive Council (TEC), composed of the leadership core of the NP as well as the ANC, to serve as the interim government until the election of a democratic one in 1994. It was the NEM which served as the driving force behind the take up of the \$850 million IMF loan by the TEC which was envisaged to help antidote the country's ailing balance of payments. This was the beginning of the ANC plummeting deeper into the innermost activities of neoliberal ethos with a cohort of its heavyweights sent to receive training at American universities and international banks on the legitimacy of neoliberal doctrines and market fundamentalism<sup>598</sup>.

The most obvious distinction between South Africa and Mauritius's social and economic trajectories is the amount of assertiveness the latter carried when concerning negotiations for radical socioeconomic transformation with business whilst the former shied away from radical politics with the fear of frightening off foreign investors. South Africa's ANC allowed itself to be coerced into policy choices that possessed the potential to cast a negative precedent of not addressing adequately issues of poverty and deprivation in the future. At this stage, it had become clear that market forces were in control and the ANC was evidently not steering the country's economic direction as assertively as it should. This is the period which should have seen the full launch of a social democratic welfare state the ANC promised the poor in the years leading to democracy. One senior government official from the Department of Performance Monitoring and Evaluation said during an interview he gave for this study, that during the negotiations for a political and economic settlement, the term "social democracy was deemed a bad term [by the ANC] that was likely to scare the market away"<sup>599</sup>. Mauritius's political leadership, on the other hand, stood as the guardians and patrons of socioeconomic reforms by going as far to be unshaken in the face of international pressure to shed the populist aspects of their macroeconomic endeavours. Indeed around the time the ANC was preparing to take up the political reigns, Mauritius had

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<sup>597</sup> *Ibid*, p. 248

<sup>598</sup> Terreblanche, Sampie, *Op. Cit*, 2012, p. 69

<sup>599</sup> Interview with a senior official from the Department of Performance Monitoring and Evaluation in The Presidency, November 2012

become deeply integrated within the global economic enterprise. As illustrated in Chapter 5 Mauritius, the pro-poor redistributive agenda had dominated the social fabric of Mauritius so much so that cross-class social groups compelled the ruling élite to stand up to capital.

In Mauritius the political élite was unquestionably acquainted with the complex management task of marrying free market economics with progressive policies of social redistribution. Conversely, the leadership of the ANC was still by-and-large struggling to find a balance between macroeconomic populism and the rapidly expanding free-market enterprise. The notion of advancing substantive social equity under a *laissez faire* economic paradigm had been tried and tested since the colonial days in Mauritius. This reality gave the new leadership in Mauritius – who had acquired vast public administration experience afforded by British colonial administrators – the confidence that such ambitions will not fail.

The ANC's command of the economy as a result of the lack of skills set, therefore, was miniature in the sense that the leadership was not satisfactorily conversant with the intricate details of what the *new economic* order really entailed<sup>600</sup>. A fast paced catch-up game was required for the ANC leadership core, serving almost as a reminiscence of the Afrikaners striving to break even with the fast-paced English industrial capitalists by way of losing their sentimental attachment to their primitive and rural-based economic way of life from the concluding years of the 19<sup>th</sup> century until the end of the first half of the 20<sup>th</sup> century. This specific weakness is what disadvantaged the reform ambitions of the new leadership as the lack of institutional capacity on the economic front exposed their vulnerability to forcefully adopt the interests of private capital<sup>601</sup>. The ANC, as a result, easily came under the thumb of capital. Sampie Terreblanche paints the dynamics succinctly:

The ANC did not at all at the beginning of negotiations in 1990 possess a ready institutional capacity on the economic policy front to counter the power and resources available to its main opponents [i.e. The corporate sector] ... . It simply did not have a set of new progressive ideas and strategies to counter those neo-liberal ideas so powerfully proposed by the Washington institutions, Western governments, local business interests, and the De Klerk regime ... . The more

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<sup>600</sup> Padayachee, Vishnu, "Progressive Academic Economists and the Challenge of Development in South Africa's Decade of Liberation", in *Review of African Political Economy*, Vol. 25, No. 77, 1998, 439

<sup>601</sup> Webster, Edward and Adler, Glenn, "Towards a Class Compromise in South Africa's "Double Transition": Bargained Liberalism and the Consolidation of Democracy", in *Politics & Society*, vol. 27, no. 3, 1999, p. 370



interventionist, Keynesian ideas and policy recommendations of MERG (Dec 1993) and RDP (Feb 1994) came too late in the transition process to stop the ANC's steady slide into neoliberalism<sup>602</sup>.

A factor accounting for the lack of capacity to manage the economy within the ANC has to do with the party's history in the liberation struggle. Among the exiled supporters of the ANC, some skipped the country in sought of an education to ready themselves for governance once apartheid has ended, while the majority went on to get involved in the armed struggle. However, among the educated class in the ANC, the proportion of those who received education in the West constituted a small number compared to those who went to get educated in the Soviet Union. I content that this pattern precipitated a geopolitical discrepancy of ideology within the party as the neoliberal economic orthodoxy of the West became overshadowed by the communist dogma of Eastern Europe. Not only was there such an inconsistency of ideological thinking, but the ideological dominance of the left within the party became out of sync with the neoliberal ideological shift seeping across the entire realm of the global political economic structure.

This predicament had implications on the left's acceptance of the entire economic structure of South Africa, which had already pledged allegiance to market fundamentalism due to it having been long integrated within the global economic enterprise. Secondly, the political and economic compromise brokered by the old government and the leadership of the ANC during the negotiations period meant that the government in-waiting had no choice but to toe the neoliberal economic line. Indeed, there was a quick acknowledgement within the top leadership structures in the ANC that the party was not up to the task of taking the economy of South Africa into the future. We do notice this reality playing out in the succession battles taking place within the ANC just before the general elections of 1994. Hence, Nelson Mandela was willing to compromise his preferred successor, the former unionist Cyril Ramaphosa, to make way for Thabo Mbeki – Oliver Tambo's protégé – who received training in economics in England.

As it turned out during President Mandela's administration, Mbeki was blatantly a staunch proponent of neoliberal economics, who mapped out South Africa's

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<sup>602</sup> Terreblanche, Sampie: *A History of Inequality in South Africa, 1652 – 2002*, Pietermaritzburg: University of Kwa-Zulu Natal Press and KMM Publishing, 2002, p. 103

macroeconomic policy to dovetail with his fondness for Washington Consensus. To conclude South Africa's conversion phase, it was Mbeki who hastily replaced the socialist RDP as the ANC's direction policy with the neoliberal GEAR in 1996, albeit without the consent of the Alliance partners in the left. Espousing the values of privatisation, free trade and market fundamentalism<sup>603</sup>, GEAR sealed South Africa's experience of structural adjustments as did in Mauritius in the 1980s. The difference is that South Africa under the ANC-led government turned its back on its promise to fully champion the social development agenda whereas Mauritius embraced social fundamentals in conjunction with economic imperatives. The dominance of a market-focused advocacy locally and otherwise, began to swell the ranks of the ANC and thus rendered the South African economy too élite-driven a reality to allow social democratic ideals to take shape. It is not a surprise then that the left think that "the ANC listens more to capital *than the working class*", as one unionist said<sup>604</sup>. So instead of spearheading a pro-poor economic framework, focus was placed on redistribution that benefited only a few BEE beneficiaries instead of reversing structural defects in the economy that perpetuated economic marginalisation for the poor majority.

### **6.2.2 Capitalism and the Bourgeois Black Economic Renaissance**

Closely linked to the politics around the erection of a pro-poor paradigm is the advent of the Black Economic Empowerment (BEE) policy within the mainstream of the economy. Although continuing to attract strong criticism as apartheid in reverse, BEE was intended to bring about an economic renaissance for blacks bringing socioeconomic change that matched the visions of the 'national democratic revolution'<sup>605</sup>. In actual fact, the beneficiaries of BEE have come to resemble economically awoken Afrikaners who benefited from White South Africa's affirmative action policies in their lack of embrace for the principles of broad-based social reforms. To capture these dynamics, Paul Hoffman asserts:

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<sup>603</sup> Christine, Judith Streak, "The GEAR legacy: Did Gear fail or move South Africa forward in development?", in Development Southern Africa, Vol. 21, No. 2, June 2004, p. 271; Natrass, Nicoli, "Gambling on Investment: Competing Economic Strategies in South Africa", in Transformation, vol. 31, 1997, pp. 25 – 42; and Weeks, J, "Stuck in low Gear? Macroeconomic policy in South Africa, 1996 – 1998", in Cambridge Journal of Economics, vo. 23, pp. 795 – 811

<sup>604</sup> Interview with a representative from the National Union of Mineworker (NUM), 09 November 2012

<sup>605</sup> Lindsay, Don, "BEE reform: The case for an institutional perspective", in Daniel, John *et al* (eds.): New South African Review 2: New Paths, Old Compromises?, Johannesburg: Wits University Press, 2011, p. 237

“there is perennially a mismatch between the theatrics of ANC revolutionary rhetoric and its more pragmatic policies and practices of government”<sup>606</sup>.

In the BEE’s case, a culture of consumerism and accumulation has become the hallmark of this process of élite formation with a politically connected few acting as proxies for foreign and domestic-based capital continue to cash on. Currently under the spotlight is the debate around the Broad-based Black Economic Empowerment (BBBEE) – that is, BEE should renounce its elitist character and broaden its base so that the South African society as a whole can stand to accrue benefits accompanying this empowering exercise. How that goal is to be achieved is not clear, but it should certainly ignite a discourse about channelling resources accrued from BBBEE into the social investment budget as does the Corporate Social Responsibility tax in Mauritius. Moreover BBBEE is destined for failure if, like its precursor, BEE, remains under the whim of big capital seeking to benefit the politically connected few behind the pretext of redistribution.

In the following discussion I give an assessment of the corporatist structure within the scheme of the economy and policy making processes thereof. I argue that the corporatist constitutional order impacts at the very core of the perpetuation of capitalist interests whilst displacing those of the poor majority. That the state is also playing along is given due attention here.

## **Section II: *Configurations* of Class Interests and the Fragmentation of Social Mobilisation**

### **6.3 The Left’s Workerist Outlook and Egalitarian Implications**

The *social vs political* and *workerist vs populist* dimension of welfarism and welfare state-building in South Africa is certainly worth putting into the context of Mauritius’s welfare trajectory. As shown in Chapter 4 the domestic politics that helped apply pressure on the ruling élite during the years of colonialism in Mauritius were being led by the working class and in South Africa during the first quarter of the 20<sup>th</sup> century (See Chapter 3). However there were stark contrasts in the manner in which the working class advanced their pro-poor causes in both countries which had far-reaching implications on policy outcomes. The organised working class in Mauritius, in collaboration with the small-scale farmers, adopted

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<sup>606</sup> Hoffman, Paul, “Democracy and accountability: Quo Vadis South Africa?”, in Daniel, John *et al* (Eds): New South African Review 2: New Paths, Old Compromises?, Johannesburg: Wits University Press, 2011, p 85

a workerist-populist approach making them more effective in campaigning simultaneously for workers' interests and those of the society at-large. In South Africa on the other hand, the unions adopted a solely workerist approach, one which was defined by maintaining job insurance for whites against black competition even though their push for state intervention ended up becoming beneficial to the general poor as a whole. This is still very much the legacy of the working class today, who continue to charge that theirs is the struggle to protect workers in the spirit of the broader social transformation of the South African society, whereas behind the reformist mask lies labour-related issues which are being prioritised above those of the society as a whole.

Indeed COSATU is firm in its convictions that their mission within the alliance is to return the ANC to its working class bias. This means, according to Devan Pillay, that COSATU's relationship with the ruling ANC "depends mainly on whether it continues to see benefits accruing from an ANC government – mainly to itself as organised, employed workers in permanent jobs, but also to the larger working communities within which it lives"<sup>607</sup>. This trend certainly confirms charges of 'labour aristocracy' in the South African labour sector – wherein a new class of 'insiders' care less about the majority of 'outsiders' who fall within the social class bracket of the unemployed, poverty stricken, marginalised and low-paid informal workers<sup>608</sup>. . In an interview during the course of this study, one senior unionist representing one of COSATU's affiliate unions conceded that "the working class are yet to be truly pro-poor at heart. They have focused too much on the interests of the workers. In the process they ended up neglecting broader issues affecting the wider society"<sup>609</sup>. Certainly, refusal to forsake the working class approach deprives COSATU of striking a balance of a "popular democratic approach" that appreciates the best of what workerist and populist values have to offer. These restrained the emergence of a broad-based coalition which was so central to the movement for a more social democratic state in Mauritius.

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<sup>607</sup> Pillay, Devan, "The Tripartite Alliance and its discontents: Contesting the 'National Democratic Revolution' in the Zuma era", in Daniel, John (eds.): New South African Review 2: New Paths, Old Compromises?, Johannesburg: Wits University Press, 2011, p. 45

<sup>608</sup> Loc cit

<sup>609</sup> Interview with a representative from the National Union of Mineworkers (NUM), 12 November 2012

### 6.3.1 The working class and the terrain of state power politics

The entry of the working class into the terrain of state power politics is of significant importance to understanding the development of social policy in South Africa. The same logic applies to the labour sector in Mauritius who served as the guardians of a universally-inclined social policy as opposed to looking solely at matters concerning the working class. COSATU, along with the South African Communist Party (SACP), enjoys a close affinity to the ANC in a political arrangement popularly known as the Tripartite Alliance. COSATU defends its closeness to the ruling party, stressing that it offers it the privilege of close proximity to the ruling circles, thus ensuring that workers' interests become protected in the long run<sup>610</sup>. In the same vein COSATU maintains that by not allowing the ANC to fly 'solo' it keeps the latter from becoming too ensnared by the *laissez faire* economic thinking of the market. This way COSATU remains assured that the socioeconomic transformative ideals of the NDR will not be compromised.<sup>611</sup> Socialism, they maintain, is the primary motivating force behind their political partnership with the ANC (and the SACP) and it is a cause they will continue to advance until the government sings along to their (socialist) tune<sup>612</sup>. COSATU has been flirting with the idea of "scaled-down" socialism – as do the pragmatic unions in Mauritius – as an understanding that their socialist rhetoric need to accommodate present conditions.

COSATU's role as the effective voice of reason that champions the egalitarian agenda within the Alliance has become questionable since the ANC took up the reigns. It has become more useful in securing electoral votes for the ruling party<sup>613</sup> whilst its efficacy as

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<sup>610</sup> Cherry, Janet and Southall Roger, "Union Democracy, Parliamentary Democracy and the 2004 Elections", in Buhlungu, Sakhela (ed.): Trade Unions and Democracy: COSATU Workers' Political Attitudes in South Africa, Cape Town: HSRC, 2006, p. 77

<sup>611</sup> Booysen, Susan, Op. Cit, 2011, pp. 450 - 451

<sup>612</sup> For instance the 1987 adoption of the Freedom Charter by COSATU was backed by the belief that it was a 'stepping stone to socialism'<sup>612</sup>. At the 2007 conference the SACP also joined COSATU in preaching, albeit, a more forceful message of intend to convert the ruling party into a socialist organisation, stating that "the ANC is not a socialist organisation but our ambition is to ensure that it becomes a socialist organisation"; See: Jeremy Cronin, quoted in Booysen, Susan, Op. Cit, 2011, p. 449

<sup>613</sup> The ANC continues to rely on the support of the working class in the Tripartite Alliance to maintain political power. On this see: Habib, Adam and Taylor, Rupert, "Political Alliances and Parliamentary Opposition in Post-Apartheid South Africa", in Mckinley, Dale (ed), Democracy, Power and Patronage Debate: Tripartite Alliance since 1994, Seminar Report No. 2, Opposition in South Africa's New Democracy Edition, Johannesburg: Konrad-Adenauer Stiftung, 2001, p. 60. Various surveys show that COSATU-affiliated workers have sworn allegiance to the ANC with the hope of having their interests safeguarded. On this see: Cherry, Janet and Southall, Roger, Op. Cit, pp. 75 – 96; Southall, Roger and Tangri, Roger, Op. Cit, pp. 115 – 141; and Cherry, Janet, Op. Cit, pp. 143 - 166

the social advocate has become largely ignored. Hence, government's decision to abruptly replace the social-oriented RDP with the neoliberal GEAR without consulting the workers is a case in point. It was a move which the left in the Tripartite Alliance begrudgingly dubbed the "1996 class project" to emphasise the feeling of betrayal as a result of government's adoption of the neoliberal economic framework. COSATU did not vote with their feet after Thabo Mbeki, the chief nurse of the GEAR programme and deputy president of South Africa, daringly urged the left to "Just Call [him] a Thatcherite" following that incident<sup>614</sup>. Nelson Mandela stated categorically to the left that government was not for turning and no one was forcing the left to stay in the alliance if they felt out of place<sup>615</sup>.

COSATU was still adamant that the ANC was the place they called home and that they had no intentions of going elsewhere<sup>616</sup>. This became a missed opportunity for the labour federation to break ranks with its partners and press for social reforms by forging ties with other social partners outside the ruling circles as in Mauritius<sup>617</sup>. Instead they would form part of a clique which sought to curtail the power of non-governmental organisation (NGOs) and civil society not aligned to the ANC. The demise of the Anti-Privatisation Forum (APF) in 2002, which COSATU helped form in 2000, was its doing after the ANC coerced the labour federation to pull the plug since APF used to be housed in the labour federation's premises. Furthermore, COSATU did not contest the dismissal of the regional secretary of the Chemical, Paper, Packaging, Wood and Allied Workers' Union (CEPPWAWU), John Appolis, for initiating a referendum amongst its members to choose whether they still wanted to remain within the Alliance<sup>618</sup>.

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<sup>614</sup> Mail and Guardian, "South Africa shaped by Thatcherism", Mail and Guardian Paper Edition, Special Supplement on Margaret Thatcher, April 2012, p. 21

<sup>615</sup> Under Thabo Mbeki's administration this hostile treatment of the workers in the Alliance continued with one of his senior people in his Administration, Joel Netshitenzhe, suggesting in the opening quotation of this chapter that the labour should not harbour unrealistic expectations of anything beyond redistributive policies currently being undertaken by the government of the ANC. Even under the Jacob Zuma Administration, workers are still made to feel like visitors albeit with mellifluous tone with the Minister of Finance Pravin Gordhan, stating that the left has the responsibility to remind the ANC to care for the poor, opining further that this "[...] is what we have been doing for many years, and we are continuing to improve on this". Quoted in Booyesen, Susan, *Op. Cit.*, p. 451

<sup>616</sup> Prevost, Gary, *Op. Cit.*, p. 174

<sup>617</sup> McKinley, Dale T, "COSATU and the Tripartite Alliance since 1994", in Bramble, Tom and Barchiesi, Franco (eds.), *Rethinking the Labour Movement in the 'New' South Africa*, Aldershot: Ashgate Publishing Ltd, 2003, p.58

<sup>618</sup> Pillay, Devan, *Op. Cit.*, 2011, p. 36

Due to its contempt toward broad-based coalitions the labour federation has not been daringly assertive in the social reform front. The labour federation's support for the BIG Coalition<sup>619</sup>, which called universal basic income grant for all South Africans, does not discount the fact that it generally lacks the enthusiasm to collaborate with other movements propagating similar causes. In the case of the BIG Coalition COSATU simply came to the party because the majority of members were aligned with the ANC<sup>620</sup>. The downside is that all the members of the Coalition were middle class organisations and the absence of more broad-based social partnerships which included the support of lower classes weakened its campaign to effect broader social reforms. Desirable results could have been gained had the BIG Coalition drawn support across the class spectrum of South Africa emulating the societal mobilisation traditions of Mauritius.

### **6.3.2 Corporatism as the Engine of Private Business Interests**

Without a doubt South Africa's style of corporatism is reflective of contestations of various group interests at the upper echelons of the capitalistic economic establishment, espousing disparate views and approaches on the idea of economic redistribution. Noticing the importance of reaching a compromise between clashes of interest across the class spectrum, government created a tripartite policy-making forum to enable cohesive working synergies in the running of the post-apartheid economy. The establishment of the National Economic Development and Labour Council Act (NEDLAC), Act 35 of 1995, symbolised a corporatist consensus intended to smoothen relations by the state between private business and the organised working class to bode well with the spirit of 'national unity' and 'reconciliation'. These intentions were idealised to facilitate sustainable growth, generate social equity and increased participation of all stakeholders within the economy<sup>621</sup>. Hence the overarching responsibility of NEDLAC remains to "promote the formulation of co-ordinated policy ... (through seeking) ... consensus and concluding agreements on matters pertaining to social and economic policies".<sup>622</sup>

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<sup>619</sup> The BIG Coalition comprised various sections of civil society that supported the introduction of the basic income grant. These included the trade unions, churches, and non-governmental organisations. See: Seekings, Jeremy, *Op. Cit.*, 2002, p. 20

<sup>620</sup> *Loc cit*

<sup>621</sup> Habib, Adam, "From Pluralism to Corporatism: South Africa's Labour Relations in Transition", in *Politikon*, vol. 24, no. 1, 1997, p. 65

<sup>622</sup> South African Government, cited in *Loc cit*

At face value NEDLAC envisaged to yield favourable policy outcomes that addressed the concerns of the society and business in a mutually symbiotic way. Beneath the surface, however, it turned out to be a locked-up triple constituency forum that was more inclined to articulate pro-business and pro-industrialists interests more than it did pro-poor ones<sup>623</sup>. The arrangement was certainly bound to give power to capital whilst labour's participation was intended to create the impression that the new neoliberal economic establishment was open to the views of the left. In keeping with Adam Habib's traditions, unity and reconciliation thus were covert strategies employed to silence dissent from the working class. Consequently the latter was forced into acquiescence to stabilise the labour sector for the sake of recuperating the ailing economy. In the long run it would ensure that South Africa's competitiveness would be on par with the ones of its counterparts in the First World.<sup>624</sup>

It is for this reason that the character of South Africa's political transition under the capitalist economic framework has been dubbed by Roger Southall and Roger Tangri as a 'bourgeois democracy', whereby government assumes the mediatory role between labour and capital whilst pursuing the interests of a capitalist economy that originated from the colonial period.<sup>625</sup> In this fashion the seeds for an economic type of corporatism, instead of a social one, had long been sown for post-apartheid South Africa's disconnected economic and social formations which became part and parcel of the corporatist establishment (see in-depth exploration of these dynamics in Chapter 3).

Indeed fundamental to the curtailment of corporatism to change the status quo is its lack of inclusivity of a broader range of constituency, instead of merely being a forum for labour, the state and capital, as Schreiner and Adrienne Bird observed<sup>626</sup>. In the same vein

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<sup>623</sup> Habib, Adam, Op. Cit, p. 65

<sup>624</sup> Loc cit

<sup>625</sup> Southall, Roger., and Tangri, Roger., "Cosatu and black economic empowerment", in Buhlungu, Sakhela (ed.), Trade Unions and Democracy: Cosatu workers' political attitudes in South Africa, Cape Town: HSRC, 2006, p. 117

<sup>626</sup> Ibid, p. 63

Other notable contributions to this debate which I do not refer to directly in this chapter include: Von Holdt, K, "The Dangers of Corporatism", in South African Labour Bulletin, Vol. 17, No. 1, 1993; Baskin, J, "Corporatism: Some Obstacles Facing the South African Labour Movement", in Centre for Policy Studies Social Contract Series, Research Report, 1993; Maree, J., "Trade Unions and Corporatism in South Africa", in Transformation, No. 21, 1993, Schreiner, Geoff, "Beyond Corporatism – Towards New Forms of Public Policy Formulation in South Africa", in Transformation, No. 23, 1994, Humphries, R., and Reitzes, M., (eds.), Civil Society After Apartheid, Doornfontein, 1995, pp. 168 - 193



Daryl Glaser asserts that civic movements have not been allowed a chance to be forceful in their endeavours to spawn a participatory type of socialism that would sweep right across the social fabric of South Africa<sup>627</sup>. For instance, Mauritius's style of corporatism is dominated by its societal approach in contrast to the economically centred corporatist structure in South Africa. In other words, that country has ventured to move out of the traditional confines of a state-business-labour forum to cover a wider scope of stakeholders by including civic networks on the deliberation tables. This has made corporatism in Mauritius to be more in touch with the grassroots issues instead of serving as a platform in which only a select few access the government, which would yield results that sway less in the society's favour. South Africa's on the other hand has been incapable of balancing the capital/society divide or making the rigid corporatist structure more pluralistic in approach to reflect the interest of the broader society. That is because such a platform is yet to get extended to social groups not forming part of the ruling clique.

The triple party Alliance of the ANC, SACP and COSATU has since left COSATU seduced into giving up its usual pluralistic and mass-movement based approach – the hallmark of its anti-apartheid struggle – to fight against problems that are connected to the social and economic terrain. This quest for political relevance, whilst simultaneously wearing the facade of a labour federation that champions the interests of the working class and the poor at-large, has been named by Eddie Webster as political unionism or social movement unionism<sup>628</sup>. However, Seidman has taken up the task of disambiguating the distinction between the broader social unionism and the much narrower and focused political unionism. Political unionism is premised to take shape through the support of unions for political parties and is restricted to the political and economic frameworks that are in existence<sup>629</sup>. In contrast, social movement unionism is premised to be more in favour of defending and safeguarding the integrity of working class organisation whilst allowing the establishment of a cross-class alliance in the quest for wholesale social and economic

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<sup>627</sup> Glaser, Daryl, "South Africa and the Limits of Civil Society", *Journal of Southern African Studies*, Vol. 23, No. 1, March 1997, p. 10

<sup>628</sup> Webster, Eddie, "The rise of social movement unionism: The two faces of black trade unionism in SA", in Webster E, Alfred L, Bethlehem L, Joffe A, and Sakow T-A (eds.), *Work and Industrialisation in South Africa*, Johannesburg: Ravan, 1994, cited in Pillay, Devan, "Cosatu, alliances and working-class politics", in Buhlungu, Sakhela (ed.), *Trade Unions and Democracy: COSATU workers' political attitudes in South Africa*, Cape Town: HSRC, 2006, p. 171

<sup>629</sup> Seidman, G, *Manufacturing militance: Workers' movements in Brazil and South Africa, 1970 – 1985*, Berkeley: University of California Press, 1994, p. 2

transformation<sup>630</sup>. In principle, COSATU is an expression of social movement unionism, stemming from the anti-apartheid struggle that forged strong alliance with the United Democratic Front (UDF) during the latter half of the 1980s. However, and most importantly of late, in deeds, COSATU's path seems removed from the society.

This tendency has made the marginalisation (instead of the promotion) of civic networks in the policy making domain to be commonplace. Whereas the ones of Mauritius get to be consulted and be kept abreast of the happenings taking place at every stage of policy making, civic networks such as Community-based Organisations (CBOs) in South Africa rely on government gazettes to take part in policy making, which is compounded by the burden of dealing with technical and legalistic language that further hinders participation. Adding to this fundamental shortcoming is that government makes announcements after decisions have been made and not at the onset of decision-making processes<sup>631</sup>.

Labour's affinity for the ANC and SACP has worsened this pattern of seclusion. Often times labour adopts a more tolerant approach to social movements that are less opposed to the Tripartite Alliance – hence the formerly operational the Landless Peoples Movement (LPM) – than to those that are less cordial such as the now also defunct Anti-Privatisation Forum (APF). Indeed the inevitable outcome of this trend within the corporatist structure is that it has not only left many social movements very much in the sidelines of participatory policy making, but it has added to COSATU's inability to foster collegial relations with unions/organisations outside the Alliance (see next section below). The neat observation made by Dinga Sekwebu's in 1999 still holds true to the current worker-party dynamics within the broader corporatist structure of macroeconomic management<sup>632</sup>:

COSATU has been unable to successfully link up with and strengthen other organisations. There has been no revival of the mass democratic movement ... COSATU does not appear to take the emergence of sector networks (for example, the rural development network) seriously. [It] also seems contemptuous of single-issue coalitions (for example, on debt) and other NGOs ... . Although always strongly denied, a tendency has developed within COSATU to approach issues from a narrow 'workerist' perspective.

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<sup>630</sup> Loc cit

<sup>631</sup> Southall, Roger., and Tangri, Roger, Op. Cit., p. 63

<sup>632</sup> Sikwebu, Dinga, cited in Marais, Hein, Op. Cit., 2011, p. 445

This disengagement has forced other protest movements to challenge social policy with success without reliance on COSATU and its connections to the state. However in times past it has been revealed that it takes one special kind of a social movement to record such turning points<sup>633</sup>. Within the political mainstream the closure of platforms of participation and expression of divergent views has caused COSATU/SACP-affiliated members within the corporatist arrangement to form breakaway parties of their own in the quest to better represent workers' interests. Indeed the entry of the Workers' and Socialist Party (Wasp) on the South African political scene in March 2013 was borne out of the premise that corporatism should seek to be more inclusive and welcoming of divergent views rather than being a formal structure where the élite in the left and right in unison ponder ways in which neoliberal capitalism can continue to sugar-coat its failures. It is on this basis that Wasp seeks to champion the wellbeing of mainly the mineworkers, and the unemployed and rural people as a whole.<sup>634</sup>

However, I contend that what contributed to the failure of corporatism to bridge the gulf between capital and society was not only the lack of inclusion of other social actors in the policymaking domain. But rather the failure of the state to recognise the power behind having a more inclusive societal form of corporatism by giving the broader mass movement (outside the parameters of state, labour and capital) a chance to play a role in making decisions. Had labour in South Africa not adopted an acute societal disconnect approach, a less partisan social pact would have sprung up within the domain of policy making in government to provide a much stronger counterweight against interests of private business. Indeed Mauritius's special kind of pluralistic corporatism enabled policymakers to use the backing of the broader civic movement as a weapon to defy the conditionalities of international financial capital calling for severe cuts in the social expenditure. This is because by having civic groups on board helped foster the spirit of social capital by giving

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<sup>633</sup> One such social movement is the Treatment Action Campaign (TAC), which has successfully campaigned for access of the Anti-retroviral (ARV) treatment for people living with the Human Immune Virus (HIV). Responsible for their success is the tactical strategies they have employed which transcend class and political affiliations, entailing, "mobilising a massive groundswell of support from communities organised civil society, academics and faith-based organisations, litigation against the state, and working in partnership with state institutions for the successful implementation of prevention measures". See: Buccus, Imraan., and Hicks, Janine, *Op. Cit.*, p. 114. See also: Butler, Anthony, "Is South Africa heading towards authoritarian rule? Instability myths and expectations in a new democracy", in *Politikon*, Vol.27, No. 2, 2000 p. 194

<sup>634</sup> Socialist World, "South Africa: Workers and Socialist Party launched in Pretoria", <http://www.socialistworld.net/doc/6223>, 21 March 2013, (accessed on 05 May 2013)

policymakers the audacity to stand firm in the face of international economic pressure groups. Reporting to Parliament on the impact of international economic landscape on the precarious state of the domestic economy, Finance Minister Pravin Gordhan recognised the importance of opening the space so that the voice of civil society can be given the due consideration in the making of policy, stating that: “the economy requires concerted action by organised labour, business, civic leaders and government”<sup>635</sup>.

If the absence of substantive social reforms is attributed to state’s lack of interests to spearhead such a paradigm, then South Africa needs a powerful civic movement to challenge the complacency of the ruling classes. A *state-society-business* nexus generated better egalitarian inclined policy outcomes in Mauritius than *state-labour-business* forum would have done alone.

I have shown in this section that capitalism has become adept at *indirectly* silencing voices of dissent through the state, albeit also in partnership with labour. The unfortunate events that occurred at Marikana in August 2012 – discussed in the next section – show that when mass-based mobilisation is marred by political divisions, it becomes less effective in conscientising the ruling élite about the need for social reforms.

### **6.3.3 Unrelenting Capitalism, Marikana, and the Fragmentation of Broad-Based Social Mobilisation**

The lack of unity amongst the working classes hampers mass-based social mobilisation to take off because labour is marred by political interests. The Marikana catastrophe in August 2013, which claimed the lives of 34 miners at the hands of the police, is a case in point here. It was a culmination of a fall out between the National Union of Mineworkers (NUM) and the Association of Mineworkers and Construction Union (AMCU) over wage disputes<sup>636</sup>. Moreover because of NUM’s association with COSATU and the state, the rise of AMCU to

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<sup>635</sup> BDLive, “‘Urgent’ for SA to project positive story about its economy”, <http://www.bdlive.co.za>, 21 May 2013 (Accessed on 21 May 2013)

<sup>636</sup> The Lonmin catastrophe was also a culmination of the simmering tensions between AMCU and NUM due to the lack of trust. AMCU allege that there seems to be a preference amongst the mine management for politically affiliated unions i.e. NUM at the exclusion of independent ones. AMCU contend that the state targets mainly their members through police arrests in a bid to silence those overly radicalised. See: BDLive, “‘NUM out’, says AMCU as mine war simmers”, <http://www.bdlive.co.za/business/mining/2013/05/15/num-out-says-amcu-as-mine-war-simmers>, 15/05/2013 (Accessed on 15/05/2013)

topple the dominance of NUM in the platinum belt became reflective of the compromised nature of the state and the labour federation.

Ideally when working classes champion causes that are aimed at heralding broad-reaching socioeconomic transformation, it is expected that others in the left would overlook political divisions and rally behind their cause. Unfortunately the nature of corporatism in South Africa has pushed the detractors of the Tripartite Alliance outside the consultation platform whilst those who support the Alliance are welcomed with open arms. Marikana is a symptom of the fragmentation of these social configurations which shaded into serving certain sectional interests on the scorched political terrain.

In Mauritius, political divisions have yet to cloud the judgement of the social reform movement, and the unions, regardless of who their political affiliates are, remain at the forefront of mobilising all sections of the society, collectively throwing their weight behind a common cause. That awakening is yet to be realised in South Africa and the bond that binds workers and society in Mauritius still remains out of reach, which stalls the path towards realising radical social reforms. I contend that for South Africa's social landscape to achieve broad-based mobilisation capacity of the kind of Mauritius, certain conditions need to be met. First there needs to be recognition within the working class movement that socioeconomic redistribution must sincerely be pursued within the context of the wider societal beneficence instead of the 'workers first and the rest later' attitude. Secondly, the quest to alleviate current socioeconomic challenges in South Africa requires solid synergies from a broad-based social coalition which will yield results that attest of a consensus to prioritise the wellbeing of all South Africans and not just of the privileged few. It is hoped that the breakaway of National Union of Metal Workers (NUMSA) from COSATU will usher in such awakening wherein workers and the broad spectrum of the society develop stronger societal ties.

What happened in Marikana has dented the integrity of industrial relations and has certainly posed a lot of questions about post-apartheid South Africa's socioeconomic and political order. Moreover, that the state machinery was employed as a repository tool to maintain the élite interests is revealing of the growing intolerance of voices of dissent or any form of courage garnered to challenge the *status quo*. Ultimately, the advocates of the social

reform struggle not forming part of the political ruling arrangement are pushed furthermore away, instilling the spirit of distrust amongst forces, which should, under normal circumstances, be propagating similar goals.

In the next section I outline the welfare outcomes of post-apartheid South Africa as a culmination of class contestations that existed between capital and societal mobilisation as illustrated in the preceding sections. It also put into perspective the general developmental character of the welfare regime within the context of the pensions' debate.

### **Section III: Welfare Outcomes in the Post-1994 era: Developmental Welfare & the Position of Pensions**

#### **6.4 Penetrating Society: From RDP to Developmental Social Welfare**

According to Tom Lodge post-apartheid South Africa embraced social penetration as one of the tools to strengthen its image in the eyes of the citizens<sup>637</sup>. Within the socio-political context of South Africa by social penetration Lodge means the extent to which the state exercises control over its citizens, as well as the length it travels in order to fulfil the mandate of providing social benefits. Moreover, social penetration was associated with the expediency of the governmental response to the frustrations of the poor and dispossessed<sup>638</sup>.

Borrowing Lodge's understanding of social penetration, Mauritius embraced a commitment to the creation of a welfare state with universal access to social benefits. South Africa's on the other hand, resolved to settle for its lesser variant. Social penetration was designed to take form in what the government came to adopt as a developmental social welfare model. In the eyes of the new Ministry of Welfare and Population Development, the new strategy was in sync with the programmes of reconstruction and development which provided the social development blueprint for the ANC government during the first few years after taking power<sup>639</sup>. Indeed the Reconstruction and Development Programme (RDP), as it became commonly known, was a reflection of government's commitment to redistribution through the budget and one ideologically emphatic on state intervention

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<sup>637</sup> Lodge, Tom, *Op. Cit.*, p. 43

<sup>638</sup> *Loc cit*

<sup>639</sup> Seekings, Jeremy, "Poverty and Inequality after apartheid", CSR Working Paper No. 200, September 2007.p.

instead of creating the welfare state. Ironically the RDP was a programme drawn up by the left, even though it was adopted by the ANC as an election trump card. Acknowledging the need for a “stronger welfare system”, COSATU unequivocally discouraged against the idea of providing “handouts” for the unemployed but championed participation in the economy<sup>640</sup>. There is no doubt that the programmes of reconstruction and development can be considered to be the first attempt by the new government to try and curb the social problems that confronted the new nation in transition, although not underpinned by radical ideological undertones. In the same vein, there is no disputing the fact that the RDP’s mandate was the one of addressing South Africa’s host of social problems, which spanned from the provision of housing as its key priority, primary health care, water and electrification of mainly erstwhile rural areas, albeit without a clearly defined welfare framework<sup>641</sup>.

It came as no surprise that the overarching principles of the *developmental social welfare model* adopted in the 1997 White Paper on Social Welfare centred on self-reliance with public assistance reserved only for the poor and vulnerable<sup>642</sup>. The concept of developmental social welfare was first introduced to the global social protection discourse by the United Nations (UN) in 1989 as one of the important dimensions of social development. The concept was reincarnated at the 1995 UN World Summit for Social Development held in Copenhagen<sup>643</sup>. Advocated for by Professor James Midgley, who had been tasked to formulate a social policy system that would enable the South African government to address poverty and dispossession, a ‘developmental social welfare’ paradigm entered the country’s social policy discourse and was adopted as its social development framework. Like the RDP, it was never intended to be a fully-fledged welfare state model that would embrace extensive welfare offerings.

Significantly, this approach was adopted to dovetail neoliberal notions of public assistance with rather uncanny similarities to apartheid’s minimalist welfare model. Therefore championing the message of self-sufficiency instead, the developmental

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<sup>640</sup> Republic of South Africa, “White Paper for Social Welfare”, Pretoria: Government Printer, 1997, Section 2.2.2

<sup>641</sup> *Ibid.*, pp. 1 - 101

<sup>642</sup> *Ibid.*, p. 13

<sup>643</sup> Republic of South Africa, *Op. Cit.*, 1997, pp. 10 & 95

approach sought to promote the tradition of self-empowerment that was envisioned to yield more productive outcomes within the sector of the economy in the long run. Hence in a journal article titled *Promoting a Developmental Perspective in Social Welfare*, Midgley charged that “the developmental approach is less concerned with transferring resources from the productive economy to social welfare services than with ensuring that social policies contribute to development”<sup>644</sup>. It is clear that Midgley held strongly the belief that market-focused economics should be placed above the more socially focused pro-poor policies with the former serving as the benefactor channel to advance the egalitarian cause.

In view of this reality, social penetration for the post-apartheid state’s social development entailed inheriting apartheid’s pattern of redistribution through the budget in order to meet the basic needs of the citizens. But never was social penetration, albeit enabled by the progressive tax regime that redistributed from the affluent to those at the bottom of the socioeconomic pile, underwritten by socialist ideals of going beyond the minimalistic provisions of social benefits. The ANC was cognisant of the pressures of the market to embrace the neoliberal economic orthodoxy whilst at the same time feeling the pressure from the society to deliver on its social promises. It was a dilemma that prompted a less comprehensive developmental welfare paradigm as the ANC’s indirect method of backing down on its ambitious social plans, albeit with a much softened tone. A complete change of heart, therefore, would have risked having the party’s legitimacy being called into question amongst its supporters. In Mauritius it was the opposite, although the socialist rhetoric was toned down with pragmatism to ensure continued success of the economy required to fund the state’s social obligations. Indeed under Chapter 2 of the Constitution, South Africa guarantees the right for adequate housing, education, healthcare and social security (which entails social assistance)<sup>645</sup>. However, under the developmental welfare framework, such legal provisions have only done so much to push the boundaries of social penetration.

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<sup>644</sup> Midgley, James, “Promoting a Developmental Perspective in Social Welfare: The Contribution of South African Schools to Social Work”, in *Social Work / Maatskaplike Werk*, Vol. 32, No. 1, 1996, pp. 1-7

<sup>645</sup> Seekings, Jeremy, “The Broader Importance of Welfare Reform in South Africa”, in *Social Dynamics: A Journal of African Studies*, vol. 28, no. 2, 2002, p. 4



South Africa has failed to define the national poverty datum line<sup>646</sup> which, in Alfred Pfaller's terms, goes contrary to the common expectations of a welfare state for ensuring that "each citizen ought to enjoy a certain minimum standard of living" no matter "how he fares in the market"<sup>647</sup>. Instead social penetration has only become synonymous with the social assistance sector, which has since the advent of democracy, served the role of lifting millions of South Africans out of poverty due to significant portions of GDP being dedicated to that sector year on year. It is in this respect that South Africa has become known for erecting one of the most generous and extensive welfare programmes with non-contributory social assistance having been made payable to 14 million people in 2010 up from 2.6 million in 1994<sup>648</sup>, all of which reflect an increase of 19 per cent. Certainly, social grants – rather than growth in the labour market – have helped to reduce poverty considerably. Of late the economy has not been able to create jobs causing many South Africans to rely on government assistance. According to a 2012 research survey conducted by the South African Institute of Race Relations (SAIRR), in 2001, only eight per cent of the population benefited from social grants. During the financial year of 2012/2013 that figure soared to 31 per cent<sup>649</sup>.

#### **6.4.1 Lack of National Consensus and Implications on Social Security**

The Post-apartheid social security sector has not resonated with the broader context of political transition. Rather attempts to usher in reforms within the area of social security have been met by the state's reluctance. Two distinctive social inquiries since the ascension to power by the ANC lends credence to this claim, namely the 1995 Lund Inquiry to improve the system of support for the vulnerable African children and the Taylor Inquiry of 2000 on the gaps within the social security sector of South Africa<sup>650</sup>. I shall address each one individually.

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<sup>646</sup> Carter., Michael, and May., Julian, "Poverty, Livelihood and Class in Rural South Africa", in World Development, Vol. 27, No. 1, p. 3

<sup>647</sup> Pfaller, Alfred, "Are the Western Welfare States Still Competitive?", in Intereconomics, Vol. 22, NO. 3, 1987, p. 113

<sup>648</sup> Marais, Hein, South Africa Pushed to the Limit: The Political Economy of Change, Claremont: University of Cape Town Press, 2011, p. 238

<sup>649</sup> BDLive, "South Africa needs 'alternative' so social grants", <http://www.bdlive.co.za/national/2013/08/21/south-africa-needs-alternative-to-social-grants>, 21 August 2013, Accessed: 22 February 2014

<sup>650</sup> Leibbrandt, M, *et al.*, "Trends in South African Income Distribution and Poverty since the Fall of Apartheid", in OECD Social, Employment and Migration Working Papers, No. 101, 2010, p. 54

First under assessment is the Child Support Grant which became the first post-apartheid government's modification of the social security system. At first glance it most certainly qualified to be regarded as a major revision of the social security system but it was nothing less than being just a replacement of its precursor, the State Maintenance Grant (SMG). Upon taking political power, the ANC-led government appointed Professor Frances Lund in 1995 to preside over a Committee on Child and Family Support which would evaluate the current system of state support as well as to suggest alternative policy options that targeted children and families. Popularly known as the Lund Committee, it would become the first post-apartheid social inquiry commissioned by the ANC government that offered a glimpse into the ANC's fiscal conservatism towards social reforms. The SMG offered generous child maintenance grants to parents/guardians looking after poor children<sup>651</sup>. However the system was deemed by the ANC to be inappropriate for the new South Africa because it assumed that the only children in need were those born to single parents<sup>652</sup>. This became the case even though equalising access of the SMG was deemed too costly to be within the reach of government, affordability wise. Hence in 1998 the state opted for the cheaper child-oriented support system known as the Child Support Grant as opposed to the 'wider group' coverage option being suggested by the Lund Committee. The family oriented SMG was finally renounced in 2002 following a decision to have it discontinued over a five-year period.

Even under these circumstances applicants of the grants were required to be involved in "developmental programmes" as to avert the unwanted consequences of increased dependence on state support and trying to get South Africans to adopt a self-empowerment oriented mindset. However this criterion was later overturned because such development projects did not exist in certain parts of the country.

The debate around universal income grant also adds to the record of the state's unwillingness to fundamentally reform social security. Government appointed a Committee of Inquiry into Comprehensive Social Security, commonly known as the Taylor Committee, under the leadership of Professor Vivienne Taylor of UCT. The committee was entrusted with the responsibility of investigating the gaps in the existing social security system. Upon the

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<sup>651</sup> Seekings, Jeremy, *Op. Cit.*, 2002, p. 3

<sup>652</sup> Woolard, Ingrid, *Op. Cit.*, p. 9

conclusion of the inquiry, it recommended in favour of the introduction of the universal Basic Income Grant (BIG) commencing at the value of R100 per month for all South Africans. Research showed that at the time an additional R100 in the bank would have increased the incomes of 18 million South Africans surviving on less than R250 per month by 60 per cent<sup>653</sup>. However, government was adamant in 2004 that the system was untenable with Trevor Manuel, then Minister of Finance, stating that the grant will “bankrupt the country”<sup>654</sup>. He later on, in another interview after his tenure as Minister in the Presidency ended, expressed in no uncertain terms that “individual effort should be encouraged over state-dependence”<sup>655</sup>.

However the justification not to allow the grant to take effect on financial grounds was far removed from reason. The financial reports of the next financial year (2005/2006) however declared that the revenues collected by government exceeded budget estimates by R41.2 billion (USD 5.2 billion) with the Ministry of Finance emboldened to hand out an amount of R19.1 billion (USD 2.4 billion) in tax cuts for the 2006/2007 financial year<sup>656</sup>. What this revelation suggests, as Di Lollo pointed out, is that the surplus and cuts, hypothetically speaking, were capable of financing a monthly income of approximately R100 (USD 13) for each of the 47 million citizens in that year<sup>657</sup>.

What is perplexing is that whilst government lamented the high financial costs of putting in effect the grant, it continued to create significant welfare machinery which disperses monthly social grants to over 15 million South Africans. As Everatt’s observations note: “[that] the dominant voice within the ANC after Mandela was one that chided the poor for remaining poor, rejected a basic income grant but was unable to resist pressure for major cash transfers to the poor in the form of social grants”<sup>658</sup>. Indeed political ideologies instead of fear of the possibility of haemorrhaging state coffers were the issue. Hence

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<sup>653</sup> Meth, C (2008) cited in Marais, Hein, *Op. Cit.*, 2011, p. 259

Meanwhile Thabo Mbeki dismissed the grant with the claim that “if you give everybody R100 a month, it will not make a difference [...] To Introduce a system which indiscriminately gives R100 to a millionaire and a pensioner does not work”. Quoted in the Mail and Guardian, 1 August 2003.; cited in Marais, Hein, *Op Cit.*, 2011, p. 259

<sup>654</sup> Marais, Hein, *Op. Cit.*, 2011, p. 249

<sup>655</sup> Interview with Trevor Manuel, 10 November 2014

<sup>656</sup> *Loc cit*

<sup>657</sup> Di Lollo (2006), cited in *Loc cit*

<sup>658</sup> Everatt, D, “The undeserving poor: poverty and politics of service delivery in the poorest nodes of South Africa”, in *Politikon*, Vol. 35, No. 3, 2008, pp. 239 – 319 (pp309)

contradicting the National Treasury's earlier assertions of financial prudence, the Trade and Industry Minister, Alec Erwin, stated that "[it is] not the money but the idea" that is not viable<sup>659</sup>. Thoko Didiza, former Land Affairs Minister, echoed similar sentiments during the chairing of the ANC's social transformation department, with the following: "This discussion at the moment is about the values underpinning such a grant". The Minister further stated that government holds the belief that "only persons who are disabled or ill should get handouts"<sup>660</sup>.

Against the background of this reality, there is no doubt that government's hesitant approach serves as a major irony considering the promise of the ANC-led government in the 1990s that: "[t]here will be universal access to an integrated and sustainable social security"<sup>661</sup>. In the ANC's view, the fact that social assistance has achieved wider coverage with greater development impact (see section below) is an indication of being in tune with the spirit of universalism such as that of its counterpart, Mauritius. Such records of success, however, do not offer enough grounds to make a strong case for a universal welfare state considering the means-tested and target based element that governs the area of social security as a whole. So far it is only with regard to the National Health Insurance (NHI) that government has come close to acting in more socially democratic terms. Through this health system government seeks to bridge the rich-poor divide by attempting to ensure that all South Africans access integrated health care services of high quality. For this purpose, the system has been estimated to cost the public R46 billion annually after the first five years of its implementation. Indeed this initiative will be truly progressive if it gets off the ground. Hence resources for supporting the scheme will be sourced through the tax system and by putting current fulltime workers not belonging to medical schemes under a deductions payroll<sup>662</sup>.

In short it is this national consensus that has kept the universal social security system of Mauritius intact yet absent in South Africa. Surely at the time the ANC came to power – as opposed to when Mauritius's Labour Party assumed political power – the culture of an interventionist approach that was in harmony with a social democratic ethos was non-

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<sup>659</sup> Marais, Hein, *Op. Cit*, 2011, p. 249

<sup>660</sup> *Loc. cit*

<sup>661</sup> Republic of South Africa, *Op. Cit*, 1997, p. 53

<sup>662</sup> Marais, Hein, *Op. Cit*, 2011 p. 315

existent in South Africa. Hence government lamented in its 1997 White Paper for Social Welfare that “[t]here is no national consensus on a welfare policy framework and its relationship to a national reconstruction and development strategy”<sup>663</sup>. But it is equally the absence of such a consensus that made the government to feel unmoved to create a more universal welfare system, *let alone* a welfare state at all.

The developmental welfare approach, which continues to shape policy, reflects the *absence* of national consensus alluded to earlier. Hence the decision to opt for the less comprehensive approach was taken with the hindsight of the 1993 Project for Statistics on Living Standards and Development Survey (PLSD), conducted by Southern Africa Labour and Development Research Unit (SALDRU) at the University of Cape Town (UCT) in conjunction with the World Bank (WB). It showed that large sections of society believed that government should radically seek to reverse the scourge of unemployment and crime. In another 1993/1994 social survey conducted by the Institute for Democracy in South Africa (IDASA), between 67 and 79 per cent of respondents raised concerns on the issue of unemployment whilst between 58 and 65 per cent of respondents lamented the high levels of crime<sup>664</sup>. The creation of the welfare state never surfaced as a top priority in these surveys.

The current welfare outcomes echo the developmental experiences of the pre-1994, era whereby the absence of broad-based coalitions challenging the capitalist system yielded less extensive welfare outcomes. The left in the first quarter of the 20<sup>th</sup> century became pre-occupied with the promotion of a welfare path that was based along racial lines, thus failing to entrench universal welfare principles in the social fabric of the nation. Coupling this heritage is that the poor themselves, comprised by mainly the black majority, were not politically empowered to exercise universal franchise as to make political choices that would champion their interests. Instead “their struggles generally revolved around opposition to rather demands to change”<sup>665</sup>. Even the left who helped to formulate the socialist driven RDP for post-apartheid South Africa were unmoved to champion the concept of universal social wage that actually did not discriminate on the basis of household income or assets. In

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<sup>663</sup> Republic of South Africa, *Op. Cit.*, 1997, p. 6

<sup>664</sup> Natrass, Nicoli and Seekings, Jeremy, *Op. Cit.*, 2001, p. 475

<sup>665</sup> Seekings, Jeremy, *Op. Cit.*, 2002, p. 14

Mauritius on the other hand, the public (from all socioeconomic backgrounds) were able to act in one accord to vote out public officials when they lead reforms that threaten to trim down the universal welfare state (see Chapter 5). Certainly their *modus operandi* is not the one of opposition alone, but also one of effecting material change.

Indeed reforms also rely squarely on the character of national politics. Certainly the lack of national consensus is ascribed to the political disposition that caters mainly for two big stakeholders within the corporatist constitutional order, namely labour and business. Inevitably the voices of the organised poor have been left in the sidelines unheard (see previous section on the structure of corporatism). According to Richard Sandbrook *et al*<sup>666</sup>, the ANC has adopted a much more autocratic approach, one which resulted in the political system that shuns and scolds dissenting civil society. Another academic also specialising in industrial relations and welfare state-building in post-apartheid South Africa has states that the nature of “corporatism in South Africa has become undemocratic”<sup>667</sup>. As Ralph Miliband observes of the displaced power of the poor in a typical capitalistic system<sup>668</sup>:

The trouble, for the poor, is that the forces operating against them are very stronger than those working in their favour. What is involved here is not recognition, or discovery of the right policies, or the creation of the right administrative framework, or even the goodwill of power holders. The matter goes deeper than that, and concerns the distribution of power in society

Without a doubt what contributed to the ANC’s draconian ways of handling dissent, even under a liberal constitutional framework that promotes the values of accountability and freedom of association, is its dominant party status. Therefore it is not a mistake that the ANC can make policies which sway in favour of its partners. After all South Africa’s *de facto* two party system, unlike Mauritius’s vibrant multi-party democratic culture, hinders political parties from wielding a forceful momentum pushing for the revision of policies. But exacerbating that dynamic in South Africa even the more is the lack of social democratic ethos defining the philosophies of major political parties. The latter remains a character that Mauritius’s political culture thoroughly enjoys, as virtually all political parties in that country espouse centre-left political ideologies. In South Africa major political parties have remained

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<sup>666</sup> Sandbrook, Richard., *et al*, *Op. Cit*, p. 186n

<sup>667</sup> Interview with Jeremy Seekings, 03 November 2012

<sup>668</sup> Miliband, Ralph, “Politics and Poverty”, in Waddernburn, D (ed.), *Poverty, Inequality and Class Structure*, Cambridge: Cambridge University Press, 1974, 187

virtually silent on this issue, over time leaving the government less pressured to spearhead welfare outcomes which adhere to social democratic norms. The DA remains largely a centre right political party even though its quest to win the support of the poor black voters in recent times has caused it to speak increasingly in the terms of a kind of social democracy that resonates with the centre-right camp. The Congress of the People (COPE) and Inkatha Freedom Party (IFP) are unfavourable to social spending, whereas the newly established political party of Dr Mamphela Ramphele, Agang SA, decries South Africa's obsession with 'excessive' welfare expenditure and perennial dependence on social grants. So in essence the ANC has been left to its devices with minimal pressure to implement drastic social reforms.

#### **6.4.2 The structural legacies of the developmental approach**

It is clear that through the developmental welfare model successive ANC governments resigned from leaning to social democracy as the basis for South Africa's welfare framework. Through the embrace of the Anglo-Saxon laissez faire welfare model, whilst simultaneously displacing its socialist traditions, the South African welfare regime lost the chances of becoming a social democracy because *structural properties* of the economy had already been altered less to its favour shown previously in Section 6.2 of this Chapter. Section II also showed that the fragmentation of social mobilisation allowed the pursuit of élite interests at the expense of broad-reaching ones, thus providing the conditions for capitalism to rear its head including in the social security sector. Joining Esping-Andersen on the typologies of welfare capitalism, Jeremy Seekings posits in his account of the typologies of welfare capitalism in the global South that the backsliding welfare trajectory of South Africa conforms to the worker-pauperist type. These sort of welfare regimes put premium both on occupation-based "semi-social" insurance and state-funded sets of social assistance programmes whilst concurrently encouraging smallholder production<sup>669</sup>. As already demonstrated in the previous section, social assistance is the key pillar of the country's welfare trajectory alongside occupational insurance schemes which are being made to all employed in the formal sector of the economy.

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<sup>669</sup> Seekings, Jeremy, "Welfare Regimes and Redistribution in the South", in Shapiro Ian, Swenson Peter, and Donns, Daniel (eds): Divide and Deal: The Politics of Distribution in Democracies, New York: New York University Press, 2008, p. 27

But the 1997 White Paper for Social Welfare unequivocally stated that the developmental approach has been penned to conform with the 'growth first' and 'redistribution later' belief promoted by the neoliberal beliefs of the 1996 Growth, Employment and Redistribution (GEAR) policy. It was certainly the total opposite of the coexistence of growth and redistribution approach inherent in Mauritius's social policy framework that stood firm in defiance of the structural adjustments of International Financial Institutions for the period of the 1980s (see Section 5.4.1 in Chapter 5).

Certainly it is one of the sacrosanct objectives of traditional welfare models that governments should strive to achieve employment that sweeps across the spectrum of society. Hence even the proponents of the employment-centric approach to social development have turned a blind eye to the fact that "jobs are one aspect of a wider realisation of social rights, not a substitute for it"<sup>670</sup>. Yet the government's unfaltering position that it would "rather create work opportunities" instead of "handouts" reinforces employment as a magic portal for attaining wellbeing at the time when jobs remain virtually unattainable for millions of South Africans<sup>671</sup>. For instance one in every four South Africans of a working age is unemployed. And moreover, South Africa shows a proclivity towards casualised, subcontracting, and/or temporary patterns of employment, which rely largely on seasonal factors.

The fact that the South African government conceded in 2010 (against the background of 870 000 job losses in 2009) that it can only create one million jobs by 2014 throws into the policy debate the question of the Expanded Public Works Programmes (EPWP). These public works programmes were conceived and implemented during the Thabo Mbeki administration as poor relief measures to help many young South Africans unable to find work get work experience. They are, however, predated by other poor relief programmes spanning since 1996, also intended specifically to help curb the scourge of unemployment<sup>672</sup>. In this sense, the EPWP adopted a two pronged approach, signifying an

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<sup>670</sup> Marais, Hein, *Op. Cit*, 2011, p. 257

<sup>671</sup> *Ibid*, p. 279

<sup>672</sup> These included the Department of Agriculture's land care and food security programme; adult basic education and school building programme under the Department of Education; the Department of Water Affairs and Forestry's working for water and community water supply and sanitation projects; and community-based public works programme for the Department of Public Works. See: Streak, Judith Christine, "The Gear



attempt by government to kill two birds with one stone: first to help people reduce their dependence on social grants, and second to serve as a bridge to getting waged employment. On these objectives government maintains that it will ultimately emerge triumphant. For instance, in his opening of Parliament in 2011, Jacob Zuma affirmed that South Africa "... is building a developmental state and not a welfare state", further charging that "... social grants will be linked to economic activity and community development, to enable short-term beneficiaries to become self-supporting in the long term"<sup>673</sup>. To this end, R52 billion was earmarked in the 2010 Budget with the intention of creating 4.5 million short-term work opportunities for the express purpose of reducing unemployment to 15 per cent by the year 2014<sup>674</sup>. Whether these programmes can be regarded as work opportunities or not remains questionable. However one thing is certain; South Africa's workfare orthodoxy of substituting poor relief for expansive social protection<sup>675</sup> remains in league with the centrist or centre right camp and certainly falls short of meeting the threshold required for the centre-left welfare approach to prevail.

In the next discussion I show that the unemployment problems in South Africa's labour market have caused old-age pensions to assume the responsibility of mitigating the country's social ills. Its power and impact on the developmental outcomes within the poor communities has dwarfed those of other social grants being provided for by government. This is because government has allotted vast amounts of resources towards these safety nets, echoing the intentions of the developmental welfare shown in the previous section to *preferably* keep the public budget at a bare minimum. Consequently the scheme covertly sits at the epicentre of a tug of war between the ruling party and opposition parties in the ongoing quest for electoral support.

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legacy: Did Gear fail or move South Africa forward in development?", in Development Southern Africa, vol. 21, no. 2, June 2004, p. 275

<sup>673</sup> South African Institute of Race Relations (SAIRR), South Africa Survey 2010/2011, Johannesburg: SAIRR, 2011, p. 598

<sup>674</sup> Marais, Hein, Op. Cit., p. 279

<sup>675</sup> Social protection encompasses a broad range of non-contributory and contributory schemes such as disability grants and employment-based social insurance schemes to meet beneficiaries' basic needs during times of economic uncertainty. Poor relief on the other hand forms a component of non-contributory social assistance aimed at serving as a public assistance only for those in a dire state of economic destitution; See: Republic of South Africa, Op. Cit., 1997, Glossary

### 6.5 Pensions in the South African Society

Non-contributory social assistance constitutes the key pillar of South Africa's social welfare structure. As already hinted above, 14 million (28 per cent) South Africans benefit from the state's targeted non-contributory social assistance<sup>676</sup>. This situation is against the background of the unemployment problem, which currently stands at 25 per cent (without expanded definition) and 34.4 per cent when taking into account the proportion of discouraged workers<sup>677</sup>. Indeed, there is a strong correlation between social protection and levels of inequality. Without social grants, South Africa's Gini coefficient would be at a high of 0.8<sup>678</sup>. However, when social grants are factored in, the figure drops to 0.73, although still remaining a discouraging reality considering the 1995 Gini coefficient of 0.56<sup>679</sup>. South Africa views its social assistance scheme as universal, since it targets mainly the poor and dispossessed, thus deeming it the most effective anti-poverty fighting mechanism. The figures suggest that a large proportion of the population (of 50 million), whether urban or rural, depend on the state to stay out of poverty<sup>680</sup>.

As such, the Government offers the following main social assistance schemes for those living at the very margins of society: State Old Age Pension (SOAP), Child Support Grant (CSG), Disability Grant, Foster Grant and Care Dependency Grant. They are being administered by the South African Social Security Agency (SASSA) – a separate national government agency<sup>681</sup>. This system of non-contributory social assistance forms part and parcel of the overall three-tiered social security structure. It is shown in the diagram in Appendix 6A.

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<sup>676</sup> Oxford Policy Management (OPM), "Profile: South Africa , Evaluation of Retirement Systems of Countries within the Southern African Development Community:",

<sup>677</sup> Webster, Eddie, "The wages are low but they are better than nothing: The dilemma of decent work and job creation in South Africa", in Daniel, John *et al* (eds): New South African Review 2: New Paths, Old Compromises?, Johannesburg: Wits University Press, 2011, p. 163

<sup>678</sup> Marais, Hein, Op. Cit, 2011, p.239

<sup>679</sup> Loc cit

<sup>680</sup> The 21 impoverished areas under the Integrated Sustainable Rural Development Programme (ISRDP) and Urban Renewal Programme (URP) recorded the decline of poverty since 2000 to be attributable to social grants. There was no noticeable difference in poverty decrease in the urban areas between 1996 and 2001 (29 to 27 per cent), but the year 2006 recorded a significant decline of 18 per cent. In the rural areas the drop was less steep in the year 2006 with declines from 56 per cent to 48 per cent between 1996 and 2006. However both areas recorded a significant increase of unemployment with 79 per cent and 63 per cent for urban and rural areas respectively. This bolsters the argument that social grants are the main factors behind decrease in poverty levels. See: Everatt, Smith and Solanki (2006) cited in Marain, Hein, Op. Cit, 2011, p. 206

<sup>681</sup> Ibid, p. 239

Before getting to pensions, one needs to paint the picture of the void being filled by government's redistributive measures mainly via social security within the general context of the South African socioeconomic landscape. It will help put into perspective the role being played by pensions in meeting government's social obligations relative to these other forms of offerings.

Social security was extended as a statutory right for all citizens by the NP Government under the legal provisions of Social Assistance Act of 1992. Social Security was as a result intended to serve the following two objectives: (a) to reduce poverty among people and vulnerable to low income such as the elderly, children, and people with disabilities who are unable to participate in the labour market, and (b) to devote sizeable financial investments in the healthcare sector, nutrition and education in a bid to make human capital compatible with plans of accelerating the economy, growth and development. Additional objectives of social security include prevention of destitution, social compensation and redistribution<sup>682</sup>.

Within the pool of non-contributory social assistance programmes available, the state has since the end of apartheid been disproportionately reliant on the old-age pension scheme as a mechanism to alleviate poverty<sup>683</sup>. This claim complements the current welfare expenditure which stands at 3.5 per cent of the Gross Domestic Product (GDP), out of which the old-age pension scheme receives the lion's share of 1.3 per cent of GDP<sup>684</sup>. This renders occupation insurance schemes to account for a small portion of the South African welfare system, since they cover mainly the formally employed. Hence, the Financial Service Board (FSB) has estimated that 7 273 897 were active members of occupational and voluntary arrangements of which 2 138 272 are pensioners<sup>685</sup>. When put into perspective, it means that 15 per cent of the population have private savings which will shield them against economic shocks during the years of retirement, whereas 4 per cent of the population have occupational insurance.

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<sup>682</sup> *Ibid*, p. 4

<sup>683</sup> Marais, Hein, *Op. Cit*, 2011, p. 239

<sup>684</sup> OPM, *Op. Cit*, p. 2

<sup>685</sup> *Loc cit*

Even the Unemployment Insurance Fund (UIF) which is supposed to cover temporary shocks of unemployment due to retrenchment for those that used to be formally employed raises questions around its impact. For instance, of the 4 125 000 persons unemployed in the 2008/2009 financial year, only 44 200 people claimed unemployment benefits from the UIF<sup>686</sup>. In other words only 10 per cent of the unemployed population were able to benefit from the occupations social insurance. What explains this pattern is that only 55 per cent of the unemployed group never worked before and as a result they were unable to make contributions to the Fund to protect themselves against contingencies during periods of unemployment. Another explanation for this low take-up rate was because 44 per cent were unemployed for a period of up to a year, suggesting that they ended up exceeding the safety net period of 6 months<sup>687</sup>.

What is apparent is that social security bears resonance with racial patterns of economic distribution. Indeed the South African social landscape is one which speaks of a special type of social stratification since it has become synonymous with race. For instance in the 2011 Census, Statistics South Africa (STATS SA) revealed that the average annual household income for whites was 365 134 compared to that for blacks of 60 613, whilst that for Indians/Asians and Coloureds was 251 541 and 112 172 respectively<sup>688</sup>. For purposes of convenience, the following income classes have been identified and designated to explain the context. They shed light into reasons why certain income/racial groups are likely to receive state assistance as well as regional variations that go with patterns of provision of social assistance: quintile 5 (the affluent class), quintile 4 (stable urban working class), quintile 3 (insecure formal sector class), and quintile 1 and 2 (the very poor/outside class)<sup>689</sup>.

In 1997 Quintile 5 constituted the upper class which was dominated mainly by whites. They comprised 12 per cent of all households in South Africa yet their income accounted for 45 per cent of the total income of the country. This reality was ascribed to high acquisition of skills as well as the managerial roles they occupied. The contingencies

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<sup>686</sup> Woolard, Ingrid, *et al*, Op. Cit, p. 10

<sup>687</sup> Loc cit

<sup>688</sup> Statistics South Africa (STATS SA), "Census 2011", [www.STATS SA.gov.za](http://www.STATS SA.gov.za), released: 30 October 2012, accessed 24 November 2012, p. 42

<sup>689</sup> Servaas, van der Berg, "South African Social Security Under Apartheid and Beyond", in Development Southern Africa, vol. 14, no. 4, 1997, p. 494

faced by this group were similar to the ones of industrialised countries and occupational insurance usually covered against risks. Households belonging to quintile 4 group comprised mainly the urban working class who were represented disproportionately by blacks although coloureds and Indians/Asians had a sizeable representation. Their well-paid jobs afforded them occupational insurance to cover against risks during retirement but they remain the vulnerable category since their skills set does not offer them same contingencies as the upper class. Hence "... the group is also affected by rules relating to the withdrawal of benefits when they change jobs and by the means test for old age pensions"<sup>690</sup>. Households in quintile 3 were the most complex of all groups. These households comprise mainly better-paid farm workers with families and property in the rural areas but economically dependent on urban areas. They were mainly subjected to fluctuating fortunes due to high risk of unemployment ascribed to cyclical factors, as well as the uncertain prospects of finding employment. However those who possess some skills have the higher likelihood of graduating into quintile four. Occupational insurance did not play a comprehensive role for this group even though they received nominal coverage from it. As a result many under this category opted for provident funds over occupational retirement provision since taking lump sum retirement benefits rendered them eligible to be covered by the means-tested old-age pensions. The last quintile group(s) comprised predominantly rural black people and they were at the bottom of the socioeconomic pile. Their lack of educational attainment deprived them of skills that could assist them to break out of poverty. They did not have a regular income since they were prone to being casualised. Those that were able to find permanent employment or receive social pensions were more capable "to move up the income ladder"<sup>691</sup>. Occupational insurance was certainly not within the reach of this group, thus making social assistance (especially old-age pensions) a vital source of income<sup>692</sup>. Frances Lund argued that pensions have been at the centre of poverty alleviation, with benefits being transferred to the children of the beneficiaries and their grand-children also.

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<sup>690</sup> *Ibid.*, p. 496

<sup>691</sup> *Ibid.*, p. 467

<sup>692</sup> *Loc cit*

These played an important role in enhancing educational outcomes as well as the improving the health of their dependents<sup>693</sup>.

The situation has slightly changed from that of the transitional years of the 1990s. Pensions remain the key pillar in the fight against poverty however their distribution retains apartheid's racial patterns of provision. Blacks remain the majority grant beneficiaries with figures standing at 33.5 per cent and Indians and Coloureds at 12.4 per cent and 23.3 per cent respectively compared to the figure of six per cent for whites<sup>694</sup>. Income households in quintile 5 still predominantly rely on investments and wages as sources of income, whereas quintiles 1 and 2 alone receive a considerable share of 31 per cent from the child grants (CSG, Foster Grants and Care Dependency Grants combined) compared to 20 per cent singlehandedly for SOAP (see Appendix 6B)<sup>695</sup>.

State Old Age Pension (SOAP) by 1970 blacks comprised 70 per cent of all pensioners whilst receiving only 43 per cent of pension spending. By 1990 the latter proportion had increased to 63 per cent as changes towards pension parity were being made<sup>696</sup>. The equalisation of pensions is what became responsible for the rise in spending on social old-age pensions, which spanned from 0.59 per cent of GDP in 1970 (although down from 0.86 in 1960) to 1.82 per cent in 1993<sup>697</sup>. Table 6.1 and 6.2 shows the proportion of individuals eligible for pensions. They reveal that currently 84 per cent of SOAP beneficiaries and 60 per cent for Child Support Grant are Africans compared to 23 and two per cent of whites<sup>698</sup>, even though the budget for SOAP accounts for 1.2 per cent of GDP (compared to the 1.86 of 1993) referred to earlier in this chapter.

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<sup>693</sup> Lund, Frances, "State social benefits in South Africa", in *International Social Security Review*, vol. 46, no. 1, 1993, p. 5, and Lund, Frances, "Understanding South African social security through recent household surveys: new opportunities and continuing gaps", in *Development Southern Africa*, vol. 16, no. 1, Autumn 1999, p. ; also useful for the further developmental role assumed by social security nets, see Ardington, Elisabeth, and Lund, Frances, "Pensions and development: social security as complementary to programmes of reconstruction and development", in *Development Southern Africa*, Vol.,12, No. 4, 1995, pp. 557 - 577

<sup>694</sup> Statistics South Africa (STATS SA), "General Household Survey 2011", [www.STATS SA.gov.za](http://www.STATS SA.gov.za), 03 May 2012, accessed 30 November 2012, p. 20

<sup>695</sup> Calculations are that of the author based on data derived from the National Income Dynamics Study cited in Woolard, Ingrid, *Op. Cit*, p. 19

<sup>696</sup> Servaas, van der Berg, *Op. Cit*, 1997, p. 487

<sup>697</sup> *Loc cit*

<sup>698</sup> Woolard, Ingrid *et al*, *Op. Cit*, p.16

**TABLE 6.1: RECIPIENTS OF STATE GRANTS**

|              | SOAP  |       |       | DG   |       |       | CSG   |       |       |
|--------------|-------|-------|-------|------|-------|-------|-------|-------|-------|
|              | Yes   | No    | Total | Yes  | No    | Total | Yes   | No    | Total |
| African      | 83.94 | 16.06 | 100   | 4.40 | 95.60 | 100   | 60.47 | 39.53 | 100   |
| Coloured     | 83.92 | 16.08 | 100   | 6.57 | 93.43 | 100   | 28.93 | 71.07 | 100   |
| Asian/Indian | 84.14 | 15.86 | 100   | 7.94 | 92.06 | 100   | 15.07 | 84.93 | 100   |
| White        | 23.32 | 76.68 | 100   | 3.07 | 96.93 | 100   | 2.50  | 97.50 | 100   |
| Total        | 68.87 | 31.13 | 100   | 4.55 | 95.45 | 100   | 54.02 | 45.98 | 100   |

**TABLE 6.2: HOUSEHOLDS WITH STATE GRANTS**

|              | SOAP  |       |       | DG    |       |       | CSG   |       |       |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|              | Yes   | No    | Total | Yes   | No    | Total | Yes   | No    | Total |
| African      | 14.55 | 85.45 | 100   | 7.47  | 92.53 | 100   | 58.53 | 41.47 | 100   |
| Coloured     | 16.49 | 83.51 | 100   | 10.03 | 89.97 | 100   | 28.31 | 71.69 | 100   |
| Indian/Asian | 18.68 | 81.32 | 100   | 7.96  | 92.04 | 100   | 19.44 | 80.56 | 100   |
| White        | 7.36  | 92.64 | 100   | 4.86  | 95.14 | 100   | 1.91  | 98.09 | 100   |
| Total        | 13.90 | 86.10 | 100   | 7.37  | 92.63 | 100   | 49.65 | 50.35 | 100   |

Source: Republic of South Africa (2008), cited in Woolard, Ingrid *et al*, *Op. Cit*, 2010, p.16

Just as pensions were crucial in poverty-stricken rural areas during the apartheid-era, they remain the major source of sustenance in those areas today. For instance, STATS SA's General Household Survey (GHS) of 2010 showed that in predominantly rural provinces, notably Limpopo and the Eastern Cape, grants are more relevant than remittances, which account for 70.7 and 23.95 per cent of household income respectively<sup>699</sup>. Of course Child Support Grants are partly responsible for the high take-up rate of social grants; hence, in recent years they have increased in popularity to contest the SOAP to be in pole position (see Appendix 6C). This trend is also clearly visible in welfare expenditure patterns. During the 2002/2003 financial year, pensions accounted for more than one half of all social assistance, making pensions the foremost instrument of redistribution via the budget. By 2006/2007, however, 37 per cent of social assistance was allocated to old-age pensions, whereas the child support grant accounted for a significantly large amount of 31 per cent<sup>700</sup>. Current figures published by the South African Institute of Race Relations (SAIRR) show that although the welfare budget had gone up to 39 per cent child support grant expenditure as

<sup>699</sup> Statistics South Africa (STATS SA), "General Household Survey 2010", [www.STATS SA.gov.za](http://www.STATS SA.gov.za), p. 36

<sup>700</sup> Seekings, Jeremy, "Deserving individuals and groups: Justifying the shape of South Africa's welfare state", in CSSR Working Paper No. 193, May 2007, p. 2

a proportion of the total grant expenditure has seen a significant increase of 36 per cent<sup>701</sup>. However, no matter the size of the programme, the developmental impact of the SOAP is more expanded compared to that one of CSG since impact is intergenerational and not focused on the nutritional aspects of the child alone<sup>702</sup>. Also value wise (as per purchasing power parity (PPP)) SOAPS surpasses that of its challenger CSG by 135 per cent as Table 6.3 below shows.

**TABLE 6.3: REAL VALUE OF SOCIAL GRANTS IN COMPARATIVE PERSPECTIVE, 2010**

| Grant type          | 2010 value in Rands (and approx. \$ PPP) per month | Grant value as percentage of median <i>per capita</i> income* |
|---------------------|--|---|
| Old Age Pension     | R1080 (PPP\$230)                                   | 175%  |
| Disability Grant    | R1080 (PPP\$230)                                   | 175%  |
| Child Support Grant | R250 (PPP\$53)                                     | 40%   |
| Foster Care Grant   | R710 (PPP\$150)                                    | 115%  |

Source: Republic of South Africa (2010), cited in Woolard, Ingrid, *et al Op. Cit*, p. 18

Given the popularity of pensions amongst black Africans the ANC Government has come to use them as tools of political exploit – in the same manner in which pensions were used as a trump card to win white votes by the apartheid government and government before 1948 (See Chapter 3). It is therefore important to look at pensions within the context of the intentions of the developmental welfare framework to grasp this assertion. As indicated in previous sections, the developmental welfare disdains the notion of the state assuming the responsibility of looking after the marginalised. However, just as in white South Africa during the politically turbulent years of the 1920s, pensions have passed as a function of perpetuating the interests of corporate capital in post-apartheid South Africa since they help contain social tensions. This reality has made pensions an easier bit for

<sup>701</sup> South Africa Institute of Race Relations (SAIRR), *South Africa Survey 2012*, Johannesburg: SAIRR, 2012, p.585

<sup>702</sup> In Armando Barrientos's study titled "Non-contributory pensions and poverty prevention: A Comparative study of Brazil and South Africa", Report Prepared for Help Age International, September 2003, p. 12, SOAP have broad-reaching impact. They have an intergenerational dimension covering the nutritional, health and educational needs of the household beneficiaries. SOAPS also tend to enhance the social and political participation of the main beneficiaries amongst many other roles.



capital to commit to over a battery of welfare programmes that would have sprung up if the state had adopted a comprehensive welfare paradigm of Mauritius's kind.

But one crude reality about pensions is that the resolutely poor status of blacks creates conditions which cause the ruling élite to exploit them as a function of political expediency. Indeed the state of poverty gives the ANC the chance to use pensions to frighten voters, encouraging them not to support alternative political parties as they would not honour the delivery of these grants<sup>703</sup>. The party's scheming tactic is fuelled by knowledge of the fact that a "large section of the population continue to invest their hope for a better future in the ANC *as the liberator from the oppressive white government* [my emphasis]<sup>704</sup>. Indeed Devereux hit the point on the head by positing that social grants are tools used by the politicians to tighten their grip to power. Kanya Adam summarises in incisive detail the unholy alliance between pensions and power gripping tactics of the ruling élites: "[t]he more the socioeconomic conditions for the majority remain the same, the more the Government has to fall back on a symbolic demonstration of liberation"<sup>705</sup>.

There is no evidence that pensions serve the patron-client purpose of helping the political élite retain power. However, there are subtle indications which suggest that pensions may be used as functions of the political élite's grip on power. The government's conspicuous reliance on pensions as a means to win the battle against poverty and inequality (behind the background of unemployment) has indirectly caused the poor quarters of society to reaffirm the belief that the ANC-led government sympathises with the plight of the have-nots. Although not yet empirically proven, there is a perception in the South African social milieu that voting a political alternative to the ANC will result in the discontinuation of the grants. Political parties and representatives of civil society have made

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<sup>703</sup> Bank, Leslie and Mabhena, Clifford, "Bring back Kaizer Matanzima? Communal land, traditional leadership and the politics of nostalgia", in Daniel, John *et al* (eds): New South Africa Review2: New Paths, Old Compromises?, Johannesburg: Wits University Press, 2011, p. 131

<sup>704</sup> Indeed the ANC enjoys a virtually irrevocable bond with the vast quarters of South Africa, especially the poor. The accolade of the 'liberator' is probably going to linger for a long time in peoples' memories. Nonetheless the ruling elite is conscious that resting on the laurels of liberation is not enough as performance is also deemed pivotal for retention of power, albeit on marginal proportions in comparison to symbolisms of history. On this analysis, see: Booysen, Susan, The African National Congress and the Regeneration of Political Power, Johannesburg: Wits University Press, 2011, p. 100. For the quote see: Van Kessel, Ineke, "Review: The African National Congress and the Regeneration of Political Power", in South Africa Historical Journal, vol. 64, no. 3, 2012, p. 738

<sup>705</sup> Adam, Kanya, "The Politics of Redress: South African Style Affirmative Action", in Journal of Modern African Studies, Vol. 35, No. 2, Jun 1997, p. 243

utterances which seem to suggest the continuation of the grants by the ANC is pivotal to the party's politicking machinery. Moeletsi Mbeki, a critic of BEE and government, has previously accused the ANC of using social grants to secure a political power base by increasing grants, hence, from 2 million in 1996 to 15.5 million today<sup>706</sup>. Similarly, concerns abound about the sustainability of these grants. The views by pundits, including SAIRR and the former Governor of the South African Reserve Bank, Tito Mboweni, is that these measures are not sustainable in the long run and statistics are in concurrence<sup>707</sup>. Out of a population of 50 million, only 5 million South Africans pay income tax. Of the taxpaying category, 10 per cent contribute more than 50 percent of total tax revenue<sup>708</sup>.

Yet the political importance of grants became even more apparent during a by-election campaign for Ward 18 in Umzimkhulu in KwaZulu-Natal that took place on 15 May 2013, in which the leader of the Democratic Alliance tried allaying the fears of the electorates by assuring them that the "DA will not take away [their] grants [...]". Even ultra-leftist political entrants, the EFF, have entered the fray in the run-up to the general elections of 2014 with its leader, Julius Malema, stating his party's intentions to increase the value of social grants if they take the reins of state power<sup>709</sup>. But no one in the political mainstream could have captured the politically emotive nature of the social grants system more emphatically than the leader of Agang SA. During the launch of the party on 25 April 2013 at the University of the Witwatersrand, Mamphela Ramphele noted that: "[...] many of us, we who against the odds, stood up to the military might of the apartheid government, now we live in fear [...] People in poor communities say they are afraid of losing their social grants if they stand up against the ruling party".<sup>710</sup>

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<sup>706</sup> News24, "Moeletsi Mbeki: ANC will lose power", <http://m.news24.com/news24/SouthAfrica/Politics/Moeletsi-Mbeki-ANC-will-lose-power-20120511>, 11 May 2012 (Accessed on 05 May 2013)

<sup>707</sup> BDLive, "Treasury assures on South Africa's welfare bubble", <http://www.bdlive.co.za/national/2013/07/02/treasury-assures-on-south-africas-welfare-bubble>, 02 July 2013, Accessed: 29 August 2013

<sup>708</sup> BDLive, *Op. Cit.*, 29 August 2013, p. n.a

<sup>709</sup> Mail and Guardian Online Edition, "Julius Malema announces ambitious EFF plans", <http://mg.co.za/article/2014-02-22-julius-malema-announces-ambitious-eff-plans>, 22 February 2014, (Accessed on 25 January 2015)

<sup>710</sup> AGANG SA, "Fear in South African Politics", [www.agangsa.org.za/2013/04/25/fear-in-south-african-politics/](http://www.agangsa.org.za/2013/04/25/fear-in-south-african-politics/), 25 April 2013 (Accessed on 05 May 2013)

## 6.6 Concluding Remarks

South Africa's post-apartheid developmental trajectory remains one that is plagued with contradictions. These contradictions pertain to the three elements that have helped make sense of the welfare paradigm that came into being, namely the state, corporate capital and the social mobilisation capacity of broad-based organisations. Firstly, the state, articulating the policy aspirations of the ANC, has had a change of heart since the advent of democracy, since the kind of social progress it promised voters abruptly took second priority, making way for neoliberal economic interests to be at the forefront of policy endeavours. Secondly, the economy itself, stable as it has been for the most of the ANC's rule, enjoyed relative comfort, resulting in most corporations becoming relatively prosperous. Yet within the realm of the economy there is an ever more pressing need for corporations to commit more to the social agenda as well to create sustainable jobs. Thirdly, the mobilisation capacity of social forces lacks the assertiveness to have the welfare agenda receiving priority amongst the ruling classes.

What has emerged on the welfare policy making agenda is priority for an individualistic developmental welfare model, which was devised through a top-down approach by both bureaucrats and economic technocrats in the employ of the political office bearers. The lack of bottom-up policy-making processes is not unique to South Africa. Even the more comprehensive welfare paradigm of Mauritius comes from the top; it is just that its welfare outcomes resonate with the country's social fabric because of the politicised nature of the universal welfare state, which compels politicians to be more responsive. In South Africa, both the state and capital are the culprits for the minimalist character of the social developmental agenda; however, societal mobilisation led by labour also shares an equal amount of blame. As shown by Mauritius's developmental trajectory, broad-based mobilisation gave shape to the substantive nature of the welfare paradigm and, through unity, societal mobilisation has caused the character of the welfare state to remain intact and not conform to neoliberal ideological orthodoxy. What has been the problem hampering further commitment beyond current welfare offerings has much to do with the fact that labour is inherently distant from the society it is supposed to champion. Whilst in Mauritius the working classes remain the vanguard of the cross-class broad-based mobilisation movement, in South Africa, labour disdains broad-based societal mobilisation

that is representative of all classes. As asserted previously in this chapter, this disdain has created the conditions upon which capital and the state take the society for a ride, since there are neither formidable agencies of restraint keeping the ruling élite in check, nor pressing reconsiderations in favour of more substantive social reforms. Instead, labour is more close to capital than it is to the broad spectrum of society because of its alignment with the ruling élite and preoccupation with the politics of state power. As a result, élite interests have prevailed and they have made broad-reaching socioeconomic reforms unnecessary and undesirable within large quarters of government.

What the failures of the BIG Coalition have come to reveal is the need to bridge the gap between the social classes through a mobilisation movement that unites a wide spectrum of society in the spirit of broad-reaching socioeconomic transformation. In Mauritius, this propensity has shown to yield a commitment that leans in favour of the society amongst the ruling élite. In South Africa, structural changes that shade into the social development sector can only take effect upon the realisation inside the labour movement that grassroots collaborations hold the key to a massive transformative paradigm that is more responsive to the plight of the economically dispossessed.

## Chapter VII: Welfare Paradigms of South Africa and Mauritius: Reflections and Prospects for Future Research

“[...] political legitimacy rest on the tacit normative idea that government stands in the same relationship to its citizens that a father does to his children”.

– Michael Schatzberg<sup>711</sup>

### 7.1. Introduction

Historical conditions are indispensable for understanding the emergence of social democratic outcomes. Their role is to shed light on those historical antecedents that are responsible for current-day developmental paths. The demise of the plantocracy and the formation of independent peasantry became pivotal in the quest to promote the ideals of democratisation and the regulation of markets in a manner that benefits the general public. This study set out to understand the variations in welfare outcomes in Mauritius and South Africa across various historical periods. It specifically addressed the question why Mauritius erected a more comprehensive welfare paradigm and South Africa a less substantive approach. Additionally, it sought to decipher the mystery behind the rise of pensions to pre-eminence as features defining these welfare paradigms, and how societal pressures in either context played varying roles in underpinning the different types of welfare regimes that ensued.

This study argued that the development of different welfare paradigms hinged on the character of social forces and the relationship they forged with the rest of society in the quest to align the interests of capital with those of the society. The social democratic welfare consensus in Mauritius was spearheaded by the organised working classes who forged close societal relations transcending class divisions. This collaboration became a politically powerful force, thus preventing the retrenchment of the welfare state by the ruling élite. In South Africa, the political significance of organised workers in the post-1994 political settlement strengthened the notion of redistributive justice amongst the ruling classes. However, the wedge driven between the workers and the broad spectrum of society failed to inspire a mass-based rejection of the state’s minimalist orientation. This rendered

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<sup>711</sup> Schatzberg, Michael: Political Legitimacy in Middle Africa: Father, Family, Food, Bloomington: Indiana University Press, 2001, p. 1

the welfare consensus in South Africa incapable of heralding a welfare state of the kind of that in Mauritius.

In Mauritius, a smallholding class played a vital role in creating social democracy, whilst in South Africa the provision of the political space for the formerly marginalised agrarian élite served as the watershed for social reforms. It was the manner in which the state responded to calls for social change in the two countries that shaped the character of the modern-day welfare state. The lack of hesitation to adopt universal welfare doctrines during the formative years of welfare state development served as a concrete foundation for the retention of a social democratic ethos as the most distinguishable feature of the Mauritian welfare system. South Africa's current-day welfare regime was a carry-over from the apartheid regime's liberal welfare state with the amalgamation of the socialist principles of redistribution in a bid to respond accordingly to the social challenges plaguing the country. It comes as no surprise that the developmental welfare model captured the persistent embrace of neoliberal doctrines by South Africa's social development framework, whilst concurrently being shy to curtsy fully to sweeping redistributive causes. The continued dominance of pensions within the spectrum of social development needs to be regarded against the background of social, political and economic formations that dictate their existence as well as their relevance. The South African economy is dominated by neoliberal traditions. Nevertheless, pensions are tolerated by capital as an indispensable feature that helps lessen the state's poor record in redistributing the country's resources. In Mauritius, the neoliberal economic framework understands the importance of grassroots/broad-based involvement within the policy-making echelons of the state, and it does not have the propensity to leave social reforms out in the cold. Hence, Mauritius has retained universal of old-age pensions as the integral part of its social reform agenda alongside a welfare framework that embraces the notion of egalitarian redistribution.

In the next section I shall outline the similarities and differences in the socio-political and socioeconomic dynamics of South Africa and Mauritius, and the lessons they convey in explaining the evolution of welfare outcomes over time. Before getting to that part, I will first put Sandbrook *et al's* analytical framework within the general context of the theories that informed this study. I shall then end with suggestions for future research.

## 7.2. Theoretical Reflections and Welfare Outcomes through Prisms of *Critical Junctures, Configurations of Class Forces and the Structural Properties of Capitalism*

The strength of employing the institutionalist and structuralist perspectives in this study to try to decipher the welfare paradigms of South Africa and Mauritius over time is found in the fact that they both recognise that path dependence is a function of historical process-tracing. Historical antecedents in both countries created conditions that ensured that successive welfare policy choices do not stray from their original themes. Against this background, one must try to avoid the trap of thinking that path dependence is intransigent and not open to adapting to new conditions. According to Robert Cox, path-dependent trajectories are subject to change depending on the prevailing circumstances, which dictate the alteration of goals. And, should they undergo change, they seldom make radical adjustments from their original form<sup>712</sup>. Drawing on Cox's traditions, path dependence is rendered to qualify as an empirical question as opposed to it passing solely as a theoretical assumption. In the case of South Africa and Mauritius, we certainly have seen that path dependence can either be obstinate or willing to undergo modification so as to move with the times. Indeed, path dependence has enabled Mauritius to keep its social democratic character intact as a welfare state with a universal pension scheme that has remained unchanged in form since its commencement in the late 1950s. In the South African case, path dependence has shifted slightly away from the values of the welfare state of white South Africa, although there is policy continuity from the previous dispensation's policies, as pensions still remain a dominant feature. Hence the liberal *welfare state* of the white government has bequeathed post-apartheid with a *welfare regime* that is underpinned by a developmental model of individual effort and minimum state intervention as its ideological mainstay.

Nevertheless, state-funded old-age pensions in Mauritius and South Africa are being regarded by office bearers as revered entities of public policy, even though they occupy separate domains of social policy in the two countries. We have seen pensions being made to exist in a disparate domain to that which defines the entire social policy framework in South Africa. Hence they are designed to mitigate the effects of the failures of the economy,

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<sup>712</sup> Cox, Robert. Henry, "The Consequences of Welfare Reform: How Conceptions of Social Rights are Changing", in *Journal of Social Policy*, Vol. 27, No. 1, 1998, pp. 2 - 3

rather than to correct the root causes of the prevailing challenges, like most welfare states do. On the other hand, pensions in Mauritius have been integrated, enmeshed and defined to correspond with the theme of state responsiveness to social dislocation as a whole (see Section 7.5 below).

Upon assumption of power in South Africa, the ANC was unable to take the lead in steering the ship of the economy to embrace a more socially sympathetic pathway, and this has had significant implications. It certainly served to fulfil a *critical juncture* moment in terms of which a *laissez faire* welfare approach prevailed over progressive ideals. On the other hand, social forces there took the back seat, often choosing to toe the party political line as opposed to fighting for a renewed approach in policy outlook. We have seen this relaxed pattern among the leadership of the industrial unions who easily got lured into the apparatus of state power. A critical juncture in this regard was not that of a new awakening in the orientation and structure of the economy, but that which laid the firm foundations for the retention of the old order of control which did not agree with the notion of expansive social reforms. As a result, the neoliberal forces ended up having control of the policy-making apparatus of the state, with pensions as a compromise that big business was willing to live with. In Mauritius, however, a pragmatic contingent of Fabian policymakers swelled the apparatus of the state and they pulled no punches in designing a macroeconomic framework that forged solid social partnerships. Unlike in the case of South Africa just before the dawn of democracy, social forces in Mauritius kept the political leaders on their toes and refused to back down to the pressures of capital. It is this critical juncture in post-independence Mauritius which laid solid foundations for the entrenchment of the social democratic outlook irrevocably within the social, political and economic fabric of the island. The outcome was a framework that helped big capital to broker the type of class compromise that did more to embrace the virtues of social justice than the deal that was struck in South Africa after 1994.

The variations in welfare capitalism in the two countries rest not on critical junctures and class compromise alone. Configurations of social forces and their proximity to the state have shown in Mauritius and South Africa to have far-reaching implications in terms of keeping the welfare consensus in form. With the benefit of hindsight, here I allude to the point made by Vivien Schmidt on the significance of *political institutional capacity* in keeping



the welfare consensus alive in the small European states of Austria, Belgium, Denmark, Sweden, the Netherlands and Switzerland. The term refers to the general accessibility of the state to society at large and the forms of information exchange between the state and social partners. It implies that allowing space for grassroots forces to make demands for continuous revisions of public policy gives the welfare state its *social basis*<sup>713</sup>.

The decrease in social partners in these countries has led to changes in the structural makeup of the welfare state in the EU to differ from that of post-war Europe<sup>714</sup>. In Denmark and Sweden alone, the lack of willingness and ability of social partners to take part in the negotiations altered the path dependency of these countries to endorse welfare state retrenchment by way of privatising pensions, amongst others. South Africa may not be a small state like Mauritius or any of those assessed by Schmidt above, but its welfare outcomes largely resemble those in the abovementioned European small states, largely because of the integrity of political institutional capacity, which remains jittery. Civil society in South Africa – especially that in the form of the trade unions – is robust, and somewhat able to take part in policy negotiations. However, its fundamental weakness lies in the fact that the most influential members have been incorporated within a populist political alliance that has half-heartedly pursued the progressive agenda in office. In Mauritius, the embeddedness of the state in society forms the basis for the success of its welfare state, since the capacity of political institutions has not been compromised. Mauritius does not suffer from the lack of multiplicity of civil society that remains unwavering in its determination to challenge the *status quo*. Moreover, they have jealously guarded their independence by resisting co-option into the ruling fraternity.

The state-society nexus in South Africa and Mauritius provides significant lessons on the variations in welfare capitalism in the global South and the role of social mobilisation in determining the extent of the social responsiveness of the economy.

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<sup>713</sup> Schmidt, Vivien. A, *Op. Cit*, p. 128

<sup>714</sup> Krastev, Ivan, "The Anti-American Century", in *Journal of Democracy*, Vol. 15, No. 2, April 2004, p. 12

### **7.3. The Cases: Varieties of Welfare Capitalism as a Mirror to the Quality of Social Mobilisation**

From the reading of South Africa and Mauritius's welfare trajectories, this study showed that, when corporate capital is on a collision course with society, it elicits collective reactions of the underclass to counterweight its dominance. The following sections illustrate that the kind of social policy outcomes that followed in the two cases were underpinned by the extent to which the mass movement had reached out to the broader spectrum of society to forge stronger associational ties.

#### **7.3.1. Capital as the Catalyst for Social Awareness**

The shift from subsistence agriculture to an exchange economy in Mauritius and South Africa heralded social awareness in which the lines dividing the rich from the poor became evident and reflective of one group's position in the hierarchy of the new system of production. The new economic order in Mauritius was characterised by sugar production. It was informed by a *laissez faire* economic approach as a result of the early integration of the island into the global economy. In South Africa, the advent of diamond-centred mining brought the industrial revolution to South Africa, whereas the discovery of gold afterwards became the centre around which this industrialisation revolved<sup>715</sup>. Similar to Mauritius, the rise of industrialisation in South Africa followed the free market orthodoxy, which was compounded by the fact that the English industrialists, who brought with them Anglo-Saxon economic traditions, held sway. The South African economic experience reached a moment of maturity when its mineral resources began to feature prominently in international trade, going on to establish the country's importance in the global capitalist economic fraternity.

The legacy of South Africa and Mauritius's embrace of the neoliberal economic order during their early economic take-off echoes in the macroeconomic choices the two countries have adopted. Mauritius's past sugar successes is the reason the country has managed to diversify its post-colonial economy and it is also the reason the sugar plantocracy successfully campaigned to embrace the free market that defines its current economic paradigm. In South Africa, mining-dominated capital also had a hold on the

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<sup>715</sup> De Kiewiet, C.W.: *The Imperial Factor in South Africa*, Cambridge: Cambridge University Press, 1937, p. 9; De Kiewiet, C.W.: *A History of South Africa: Social and Economic*, London: Oxford University Press, 1941, p. 9; and De Kock, M.H.: *Selected Subjects in the Economic History of South Africa*, Cape Town and Johannesburg: Juta & Co., LTD, 1924, p. 20

economic life of the country during the run-up to the dawn of the new democratic dispensation. This specific reality coerced the new ruling élite in South Africa to protect neoliberal economic interests through policies that promoted the free market agenda. It is clear that the marginalisation of mining interests after the demise of apartheid could have had negative consequences in the realm of the economy, since all major industries were built around the success of the mining sector.

During both the colonial and post-colonial eras, capitalism wielded disproportionate influence over the economic trajectory of Mauritius and South Africa, and it has demonstrated in both cases that, if it were left to its devices, it could have spawned far-reaching negative social consequences. Certainly the aloofness characterising capital's approach to the plight of the poor in Mauritius during the colonial days precipitated a sort of social awareness in which the subordinate classes in the villages organised themselves as a collective to pursue developmental projects of broader societal beneficence. Ultimately the collective approach of the subordinate classes presented fertile ground in which the rise of social resistance could garner its mobilising strengths and support in a bid to challenge the state for the lack of intervention in that regard. In South Africa, the persistent low socioeconomic status of the deagrarianised Afrikaner peasantry foreshadowed the mobilised resistance in which organised workers in the mining sector pushed the state to pass legislative packages that offered job security and material wellbeing for the unskilled white workers.

Even the welfare paradigms that followed the end of colonialism in both cases were illustrative of a social awareness that was prompted by capitalist control of the economy and the manner in which it had not lived up to society's expectations to address the prevailing social and economic challenges. In Mauritius, for instance, it became clear that social awareness was driven by the need to protect the welfare consensus established during the colonial days, and for capital to stay the course in pursuing social transformation in the new, independent nation marred by soaring levels of poverty and social dislocation. Social awareness in post-apartheid South Africa was underpinned by reparation ideals that promoted redress as a result of socioeconomic conditions that threatened the stability of the nation in transition. Indeed, in South Africa, contrary to the case in Mauritius, the notion of the redistributive state was not driven so much by the quest to achieve social justice as it

was about keeping social and political tempers from flaring. South Africa's interventionist approach within the welfare sector was a response to an ever-pressing need to quell potential political disturbance. Variations in the welfare responses in the two countries echo the differences in approach to mobilisation by the mass movement.

### **7.3.2. The quality of social responses hinges on the character of social mobilisation**

What this study has brought to the fore is that the degree of social penetration, which came in the form of the welfare state in both cases, was commensurate with the quality of social mobilisation that presided over social relations. In both Mauritius and South Africa there could not have been social mobilisation without a social awareness that conjured up a picture of the extent of economic marginalisation of the subordinate classes within the overall scheme of the capitalist economic system. This brought about a consciousness amongst the subordinate classes that their continued marginalisation will continue unabated as long as their material interests remained at the mercy of market forces. In essence, social mobilisation was borne out of the desperation of those sidelined in the economic establishment to correct the *status quo*, which was conceived to be achievable only through collective action.

What the cases of South Africa and Mauritius have come to reveal is that the extent to which the state honours its social obligation is contingent upon how much social forces are willing to break sweat and unleash the sort of social returns desirable for the society as a whole in a democratic and open political order. Also, the strength of the activities of these social forces rests equally on the extent to which they are able to defy social class barriers and mobilise in one accord against the lack of state responsiveness. In Mauritius and South Africa, social programmes were devised by the ruling incumbents at the top; however, in both cases the quality of social response resonates with the type of pressures coming from the grassroots. Hence, the universal welfare commitment in Mauritius remains intact because the mass-based movement refuses to remain passive when the ruling incumbents attempt to take a regressive course on the welfare front. In South Africa, the developmental welfare model, although ironically sympathetic towards social grants, retains its (overall) minimalist character due to the lack of formidable social pressure pushing for extensive social reforms. What the cases of South Africa and Mauritius have shown in this study is that

the state can disperse welfare programmes with better efficiency without the inclusion of social forces in the upper echelons of policy making. However, it is the mass movement that dictates the scope and length of how far the ruling incumbents should go in realising those social ideals.

This study by no means is attempting to make a case against capitalism. In fact, it purports that capitalism can be a force for good if it brings its demands into balance with the interests of society. Marginalising the business community would be counterintuitive for the reform agenda, as that alone would be tantamount to killing the goose that lays the golden egg. As we have seen in the cases of South Africa and Mauritius, the state singlehandedly remains ill-equipped to perform the task of conditioning the market, as the ruling élite in either case usually cosy up to business interests, although to varying degrees. Therefore the mass movement serves as the guardian that keeps the checks and balances in the event that the incumbents stray from course. In Mauritius, the mass-based movement led by the unions has been able to achieve this, alerting society at large to the intentions of the state in the domain of social policy (see Section 7.3.4 below). This has had a ripple effect, bringing about an awareness that retaining the welfare consensus is achievable only if the general public votes the incumbents that threaten to kill the universal welfare consensus out of power. In South Africa, the labour federation has been more effective as an instrument of politicking to garner votes for the ANC than as the promoter of social justice amongst its comrades, who have assumed positions of authority within the commanding heights of state power. This very void in South Africa has been exacerbated by the preponderance of middle-class social movements that are more effective in exploiting middle-class avenues of enforcing accountability, such as the judicial courts. Consequently, these social movements are less successful at being enmeshed and intermingled with the larger society and forging broad-based coalitions based on the values of collective responsibility towards achieving common goals. When mass mobilisation endures over time and elicits similar political effects within the social spectrum as in Mauritius, it ushers in a competitive centre-left political environment in which political opponents jostle each other on the policy-making front in the race for pole position.

### 7.3.3. Social Mobilisation as the Promoter of Competitive Centre-Left Politics

The mass movement in Mauritius accounts for the success of the social democratic welfare agenda in Mauritius, so much so that it gave rise to a centre-left political culture at the epicentre of the country's developmental trajectory. For instance, self-identified social democratic parties such as the Mauritian Labour Party have their roots planted deeply in the broad-based mass movement. Due to broad-reaching societal coalitions dominating the social sphere in Mauritius, social democratic parties in government have championed egalitarian policies that are reflective of their roots. However, a unique feature of the social politics of Mauritius, compared to that of South Africa, is the prevalence of broad-based movements that are not beholden to specific political parties so that they continue pledging their allegiance to them even when they abandon the progressive agenda.

Due to the meritocratic character of the mass movement in Mauritius, other social forces led by the working class have gone on to establish alternative parties, all claiming sole custodianship of the social democratic ethos. Modern-day Mauritius is a hive of political contestation, as it has been since the advent of independence, with all major parties espousing social democratic ideals as key to the assumption of office. Because of all these parties contesting for votes, any party presenting a less desirable social plan tends to be overshadowed by the more vocal ones espousing explicit centre-left politics, whilst unfaithful incumbents to the social democratic welfare consensus are guaranteed not to survive the next elections. The competitive nature of Mauritius's centre-left-dominated politics is certainly one aspect that helped the universal welfare consensus become a *fait accompli*, with prospects of retraction nowhere in sight. Universal old-age pensions are the pride of the social democratic welfare state in Mauritius, whilst in South Africa old-age pensions are the paragon of unfaltering, public-funded commitment within the broader scheme of a restricted welfare paradigm. In South Africa, political movements such as the ruling ANC, albeit founded on social democratic traditions, are at liberty to speak about their disapproval of the notion of the welfare state without fear of being at the receiving end of political retribution by the voters. Without a doubt, such a *faux pas* would set the cat amongst the pigeons in Mauritius, where civil society watches and listens with the utmost care to the policy utterances of political office bearers.

The strength of the mass movement in promoting a competitive centre-left political culture in Mauritius immediately exposes the defects of social mobilisation in South Africa for failing to unleash similar political outcomes. Hence, whilst Mauritius has an oversupply of centre-left parties, in South Africa there is a shortage of left-leaning ones. This assertion does not suggest that a sudden rise of a labour-led, mass-based movement will serve as a magic wand to usher in a competitive centre-left political reckoning in South Africa. Hence, a mass-based mobilisation culture is cultivated over time and it must endure and rise above a cumulative series of trials to be instilled as an integral part of social politics that is inclined to champion social justice. What this line of thinking asserts, however, is that, should the mass movement begin to make entry into the social political scene, it will be set to stimulate the social discourse and keep conversations going about the social development trajectory that must be espoused and pursued.

In South Africa, there is promise of a competitive political awakening like that of Mauritius to take shape (hopefully) in the not too distant future. The decision by the National Union of Metalworkers of South Africa (Numsa) to sever ties with its political mother body, COSATU, is set to herald a new era in the South African body politik. Numsa is speculated to be in the process of launching an independent socialist party that espouses working-class interests. Should that goal be materialised, there is an expectation that Numsa will forge stronger broad-based class coalitions, thus creating a channel through which grassroots voices feature and participate in the national debate. Also, should a socialist party emerge and be founded on broader associational ties, political pressure from the left is likely to be bottom-up and better positioned to press for a radical pursuit of pro-poor causes as in Mauritius. The question whether this void is not currently being filled by the newly formed Workers and Socialist Party (Wasp) is worth addressing. Wasp might perhaps assert itself as a party to be reckoned with one day, but at present it has yet to prove itself to be a strong contender commanding the authority that will shake the ANC out of complacency.

Indeed, Numsa's strength is bolstered by its importance to the three-party alliance, owing to the great following it enjoys (as COSATU's largest union, boasting 330 000 members) and the monthly contributions (of R800 000) it makes to the federation's coffers,

of which a sizeable portion is channelled to oil the ANC's election machinery<sup>716</sup>. This makes the decision to part ways likely to undermine the political strength of the ruling party going into the 2014 elections. Hence, Numsa's promise that it will not support the ANC in the elections and that it is ready to welcome workers from a broad range of sectors – including the mining sector – lends credence to this claim<sup>717</sup>. With the 2014 general elections in hindsight, the EFF looks poised to overtake Numsa in terms of forging close ties with aggrieved communities sooner. The EFF has been seen addressing striking AMCU workers in the North West province, where the party is also beginning to enjoy a large following. The next section shows that, if the relationship between the state and capital is inherently unhealthy for the advancement of society's interests, this relationship might only remain as pervasive as the mass movement allows it to be.

#### **7.3.4. The Mass Movement as the Guardian of the Welfare Consensus**

This study challenged the assertions of Sandbrook *et al*, Bunwaree and Meisenhelder<sup>718</sup>, *inter alia* that the ruling élite usually take the credit for the policy endurance of the social development framework in Mauritius. Sandbrook *et al* also go so far as to credit the ANC's programmatic approach towards alleviating socioeconomic risks for the resilience of the progressive agenda in South Africa. What came out of the abovementioned accounts is that the ruling élite's commitment to social justice lies in the social democratic traditions of their parties. What this line of reasoning implies is that, when political organisations are steeped in history and tradition, there is no turning back on the ideological front. In contrast, the ruling élite, even though grounded in socialist traditions, can end up championing ideals that are at odds with their roots. The cases of the ANC in South Africa and the many centre-left organisations in Mauritius attest to this assertion.

Mauritius's post-colonial welfare trajectory has seen a number of political movements assuming power, and many times these organisations were in the receiving end

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<sup>716</sup> Mail and Guardian Online Edition, "Numsa may withhold R2m poll cash", Available online at: <http://mg.co.za/index.php?view=article&urlid=2013-09-13-00-numsa-may-withhold-r2m-poll-cash>, 13 September 2013, Accessed on 21 December 2013

<sup>717</sup> Independent Online (IOL), "Furious Numsa bosses dump ANC", Accessed online at: <http://www.iol.co.za/news/politics/furious-numsa-bosses-dump-anc-1.1611466>, 24 November 2013, Accessed at: 21 December 2013

<sup>718</sup> Sandbrook, Richard, *Op. Cit*, p. 182; Bunwaree, Sheila, *Op. Cit*, 1997, p. 224; and Meisenhelder, Thomas, *Op. Cit*, pp. 279 - 297



of heavy criticism from civil society when they threatened to retrench the welfare consensus. Indications of these reactions and implications for political outcomes are plenty: The MLP was voted out of power following broad-based sentiments that the party was in league with neoliberal interests in the late 1970s, whilst the MSM was given the boot when there were indications that it was going with the World Bank's instructions to roll back public expenditure in the mid-1990s when the economy was experiencing difficulties. The most recent incident occurred during the 2005 elections, which saw the ruling incumbents made up of the MMM/MSM coalition being replaced by the MLP for passing reforms that saw the substitution of universal pensions with the means-tested approach. And at times, when the going got tough in the neoliberal camp, we have seen the state in Mauritius relying on the reactionary nature of the mass movement to avoid imposing structural economic adjustments of the Bretton Woods Institutions.

Indeed, the presence of the broad-based movement in Mauritius remains the reason why the country's welfare framework, unlike that of South Africa, has remained relevant and more in touch with the society, even in the midst of an overtly neoliberal macroeconomic paradigm. The ANC's half-hearted approach to the progressive agenda is a result of the lack of broad-based mobilisation of the calibre of that in Mauritius, where the removal of class divisions between the labouring and non-labouring classes has unleashed policies that have yet to hearken to the pulse of society. The ANC's monopolising of the social politics in South Africa has had a stifling effect on the emergence of a grassroots culture that challenges the shortcomings of government's policies on the social front. Through COSATU, the state has curtailed the emergence of social movements that mobilise communities' support to question the state's methods of addressing social and economic risks in the townships. The result of the subtle subversion of the voices of protest, especially when they question the legitimacy of the state, is currently seen in the perennial strikes that have emerged from the townships and the burgeoning culture of protests in rural communities, such as Maluleke in the Limpopo Province of South Africa. Economically disempowered parts of South Africa have literally gone up in flames, and this is ascribed to a widely held perception amongst the country's poor that their voices have been rendered irrelevant by those in power, whilst the rich continue to enjoy the spoils of freedom. This perception is the *main* reason why many of these communities are beginning desperately to

seek solace in far-left political parties such as the EFF, because they promise radical socioeconomic change.

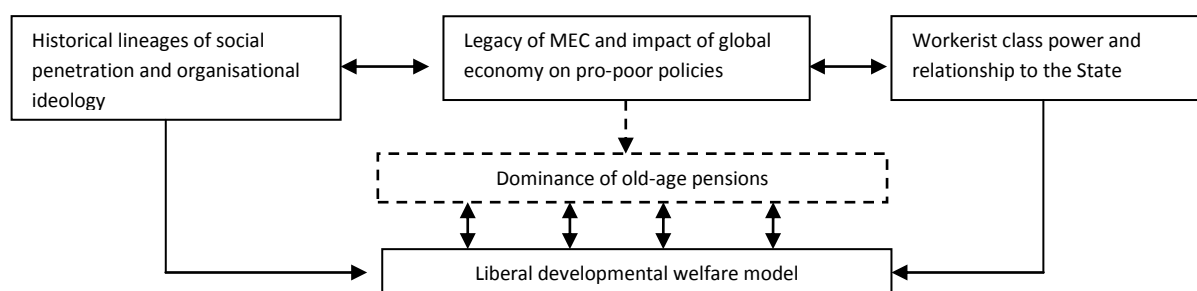
To conclude this section, the divergent social policy outcomes in South Africa and Mauritius do exist not in a vacuum. There is a clear correlation between social mobilisation and the social policy outcomes within the context of the predominance of neoliberal economic choices. The next section presents the social policy outcomes of the two cases, which have both placed pensions on the social policy pedestal, in explicit comparative detail. It is shown that, as much as old-age pensions define the two cases' welfare regimes the most, old-age pensions have been prioritised in South Africa at the exclusion of comprehensive social reforms. The reason pensions receive priority in South Africa is because they play a developmental role and therefore offer convenient compensation for the contradictions of capitalism exposed by the persistence of poverty and the incessant dependence on state intervention. In Mauritius, universal pensions symbolise a commitment to social justice, and thus are an effective acid test for a society that refuses to be dragged down a class-conscious road.

#### **7.4. Welfare Policy Outcomes and the Dominance of Pensions**

Whilst capitalist interests, class power and the ideologies of political parties converged to shape the liberally inclined developmental welfare model in South Africa and the social democratic approach in Mauritius, pensions are at the forefront of both countries' welfare regimes. But how they fit within the overall structural design of each welfare regime is also salient. Old-age pensions and the liberal welfare model of South Africa are complementary, but they operate in completely different domains of social policy. On the one hand, the liberal character of the welfare model in South Africa is distant and at odds with the notion of a social democratic welfare outcome, let alone the idea of the welfare state being realised in that respect. On the other hand, pensions have set themselves apart from government's liberal approach, receiving greater fiscal attention relative to other means of public support in a fashion that is virtually universal in orientation. The developmental welfare model, as already indicated, is not supportive of the concept of welfare state creation, but it finds it acceptable that pensions maintain the position they have due to their

role as recompense for some of the structural shortcomings that have marred the social and economic domain in South Africa.

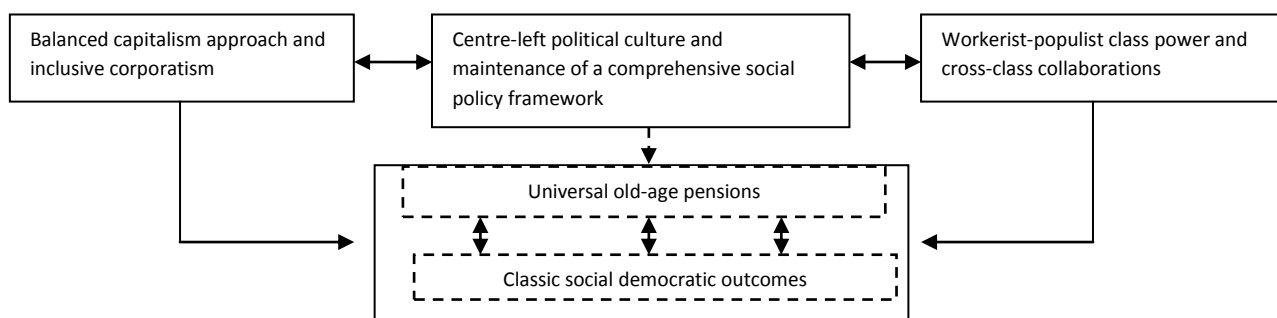
The class compromise struck in post-apartheid South Africa placed priority on pensions as government's foremost method of addressing the plight of the poor, whilst other material gaps were intended to be filled by market forces. Compounding this approach is a political culture that (a) does not espouse centre-left ideals and (b) is not assertive enough to press for more extensive welfare reforms, which is a far cry from Mauritius's vibrant and less predictable political culture. Figure 7.1 below captures the abovementioned dynamics in South Africa within the scheme of the overall social development approach. A liberal developmental welfare model embodies the social policy outcomes of South Africa. However, pensions alone are the major priority of the state, in a manner that is starkly distinguishable from the minimalism of the entire structure of the welfare regime in terms of fiscal commitment and design.



**FIGURE 7.1: EMERGENCE OF DEVELOPMENTAL WELFARE OUTCOMES IN SOUTH AFRICA**

Conversely, a social democratic welfare model has come to characterise Mauritius's welfare trajectory in the manner in which universal pensions and classic social democratic orientation have been designed to complement one another, as seen in Figure 7.2. Unlike the one of its counterpart South Africa, illustrated in Figure 7.1, the old-age pension scheme and the social democratic framework operate in a harmonised manner with the country's social policy framework, instead of in a disparate manner. Across the board, the social fabric of Mauritius espouses the social democratic methods of dispersing social goods, which in turn create a fertile ground for a competitive political culture to emerge. Universal old-age pensions in particular have been the bone of much political contention, whilst Mauritius's welfare framework is all encompassing and universal in character. This explains why the

welfare model of Mauritius has come to be synonymous with its universal old-age pension scheme. Years of diligently carrying out the social democratic ideal helped entrench it within the social fabric. But it is the peculiar manner in which the working class forged alliances with the public in general, the competitive centre-left political sphere, and capitalism's acceptance of assuming an active role in the ideal to foster a social formation, that helped Mauritius's welfare framework end up with its classic social democratic character. The diagram below illustrates the factorial interplay in the emergence of Mauritius's social democratic character, which is, like that of South Africa, defined mainly by its universal old-age pension scheme.



**FIGURE 7.2: EMERGENCE OF SOCIAL DEMOCRACY IN MAURITIUS**

### 7.5. Points to ponder for future research

This research has learnt that successful developmental trajectories can prioritise the welfare agenda without compromising growth prospects. Mauritius is the embodiment of a developmental and welfare state combined that underscores the premise that growth and social investment are complementary. When we go further afield we also learn that the developmental state experiences of the NICs were informed by the understanding that equality is the province of a successful economic upturn. Dani Rodrik also echoes this sentiment by charging that “social welfare is the flipside” of an open economy<sup>719</sup>. Indeed, in East Asia, developmental states pursued an outward growth strategy whilst redistributing wealth simultaneously. The same can be said about Mauritius.

This raises compelling questions about the direction in which South Africa's developmental trajectory is headed, and whether that will have a negative or positive impact on the country's social prospects. Through the NDP, South Africa seeks to achieve

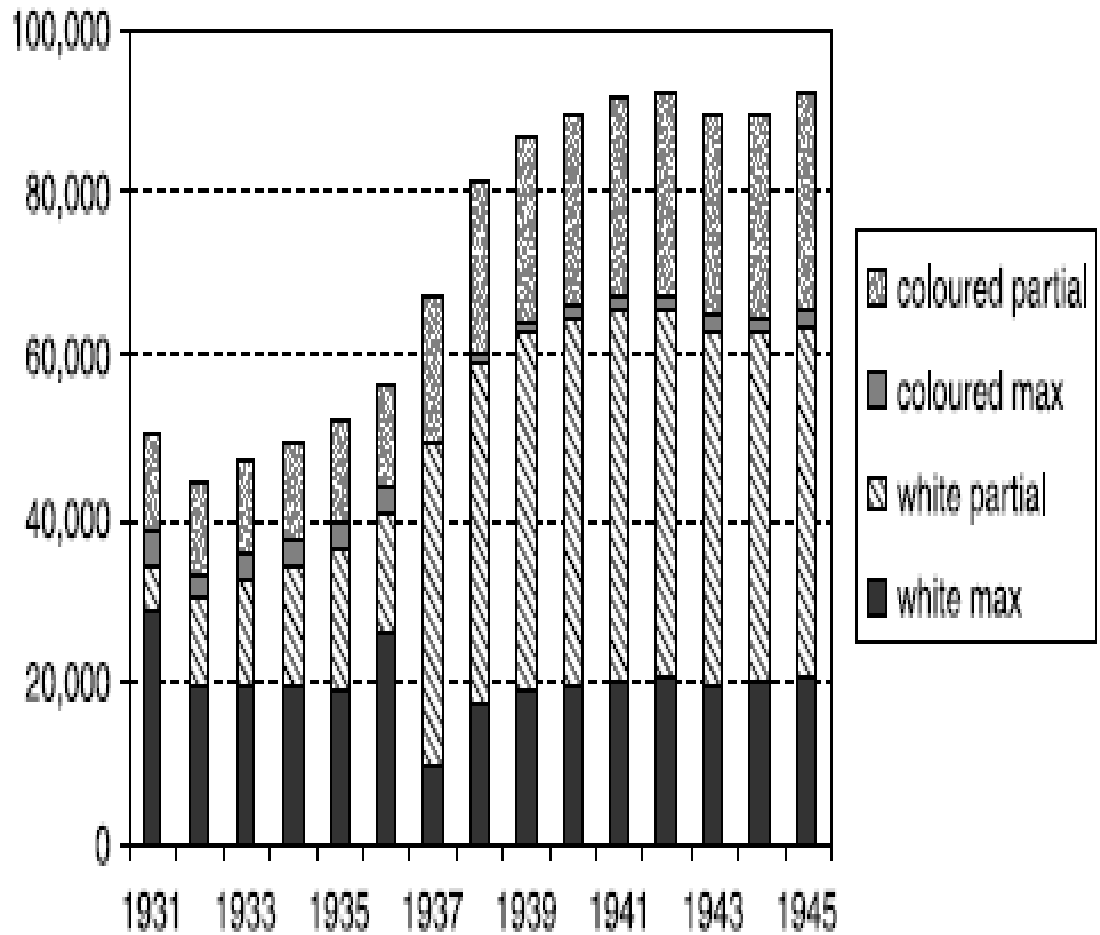
<sup>719</sup> Rodrik, Dani.: *Has globalisation gone too far?*, Washington, D.C: Institute of International Economics, 1997, p. 53

many goals, including that of becoming a developmental state that is in touch with the social context. Given the government's current ambivalence towards the welfare state agenda, one is curious to discover whether its developmental take-off – should it ever be realised – will bring about a new meaning for what has traditionally underpinned developmental states in other parts of the world. In addition, will growth and equality continue existing as polar opposites, or will there be renewed efforts to incline this 'newfound' economic approach to be more receptive of the notion of social justice as its underlying strength? The jury is out to see how things will eventually pan out within the sector of social policy when and if South Africa realises its developmental agenda.

## Appendices

### Appendix 3A

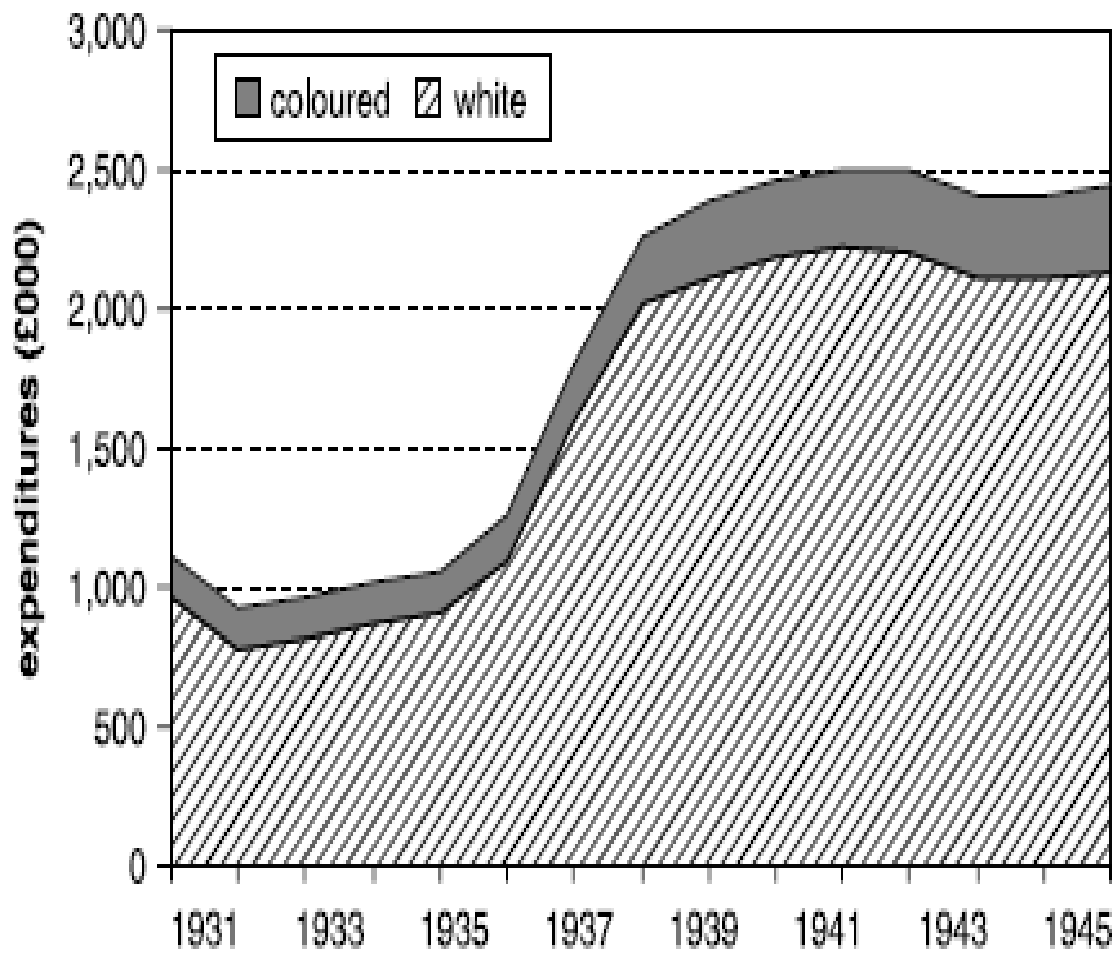
Figure 3.5: Number of Pensioners by Race and Maximum or Partial Pensions



Source: Seekings, Jeremy, *Op. Cit*, 2008, p. 530

## Appendix 3B

Figure 3.6: Number of Pensioners by Race and Maximum or Partial Pensions



Source: Same as Appendix A

## Appendix 3C

Table 3.1: Social Pensions and Grants by Category and Race

| <b>Number of grants (1 000s)</b>          | <b>White</b> | <b>Coloured</b> | <b>Indian</b> | <b>Black</b>   | <b>Total</b>   |
|---|--------------|-----------------|---------------|----------------|----------------|
| Old-age                                   | 122,9        | 129,6           | 34,3          | 1 227,1        | 1 513,6        |
| War veterans                              | 8,9          | 4,8             | 0,1           | 3,7            | 17,5           |
| Disability                                | 38,8         | 102,5           | 22,8          | 335,1          | 499,2          |
| Blind                                     | 0,8          | 1,6             | 0,4           | 16,0           | 18,7           |
| Special care                              | 0            | 0               | 0,1           | 2,0            | 2,1            |
| Parent allowances                         | 9,6          | 64,2            | 14,9          | 29,4           | 118,2          |
| Child maintenance                         | 25,7         | 167,0           | 26,6          | 92,4           | 311,7          |
| Foster parent                             | 5,9          | 22,9            | 2,0           | 16,8           | 47,6           |
| Single parent                             | 3,2          | 0,8             | 0             | 0,0            | 4,0            |
| <b>Total</b>                              | <b>215,5</b> | <b>493,3</b>    | <b>101,3</b>  | <b>1 722,5</b> | <b>2 532,7</b> |
| <b>Value of grants (R million) (1990)</b> |              |                 |               |                |                |
| Old-age (including war veterans)          | 490,8        | 289,9           | 69,0          | 1 753,1        | 2 602,8        |
| Disability (including blind)              | 115,6        | 201,2           | 51,6          | 459,4          | 827,8          |
| Family (including child grants)           | 103,6        | 210,5           | 55,0          | 46,4           | 415,5          |
| Relief                                    | 7,8          | 23,2            | 1,3           | 5,8            | 38,1           |
| <b>Total</b>                              | <b>717,8</b> | <b>724,8</b>    | <b>176,9</b>  | <b>2 264,7</b> | <b>3 884,2</b> |
| Population (1 000s)                       | 5 068        | 3 286           | 987           | 28 780         | 38 121         |
| Per capita spending                       | R142         | R221            | R179          | R79            | R102           |
| Proportion of income (%)                  | 0,8          | 6,6             | 3,0           | 5,3            | 2,5            |

Source: Van der Berg, Servaas, *Op. Cit.*, 1997, p. 493



## Appendix 3D

Table 3.2: Total Number of Social Pensions and Grants Paid, 1993

| Pension/<br>Grant Type   | White        | Col.         | Ind.         | Black        |                    |                  |               | All           |
|--------------------------|--------------|--------------|--------------|--------------|--------------------|------------------|---------------|---------------|
|                          |              |              |              | TBVC         | Other<br>homelands | Rest<br>of<br>SA | Total         |               |
| <b>Old-age</b>           | 122.9        | 129.6        | 34.4         | 300.9        | 464.9              | 453.5            | 1227.1        | 1513.6        |
| <b>War veterans</b>      | 8.9          | 4.8          | 0.1          | 0.9          | 1.3                | 1.5              | 3.7           | 17.5          |
| <b>Disability</b>        | 38.8         | 102.5        | 22.8         | 80.1         | 120.6              | 134.5            | 335.1         | 499.2         |
| <b>Blind</b>             | 0.8          | 1.6          | 0.4          | 3.7          | 5.6                | 6.7              | 16.0          | 18.7          |
| <b>Special care</b>      | 0.0          | 0.0          | 0.1          | 0.1          | 0.1                | 1.7              | 2.0           | 2.1           |
| <b>Parent allowances</b> | 9.6          | 64.2         | 14.9         | 5.4          | 8.1                | 16.0             | 29.4          | 118.2         |
| <b>Child maintenance</b> | 25.7         | 167.0        | 26.6         | 15.4         | 23.1               | 53.9             | 92.4          | 311.7         |
| <b>Foster parent</b>     | 5.9          | 22.9         | 2.0          | 2.3          | 3.4                | 11.1             | 16.8          | 47.6          |
| <b>Single parent</b>     | 3.2          | 0.8          | 0.0          | 0.0          | 0.0                | 0.0              | 0.0           | 4.0           |
| <b>Total</b>             | <b>215.5</b> | <b>493.3</b> | <b>101.3</b> | <b>416.4</b> | <b>627.3</b>       | <b>678.3</b>     | <b>1722.5</b> | <b>2532.7</b> |

Source: Van der Berg, Servaas, *Op. Cit.*, 2002, p. 28

**Table 3.3: Total Transfer Payments to Individuals, R'000**

| Year |                   | Aged ('000) | Disability ('000) | Childcare ('000)   | Total ('000)     |
|------|-------------------|-------------|-------------------|--------------------|------------------|
|      | <b>Tricameral</b> |             |                   |                    |                  |
| 1990 | Assembly          | 490 000     | 115 552           | 77 227             | 683 579          |
| 1990 | Delegates         | 69 045      | 51 579            | 55 028             | 175 652          |
| 1990 | Representatives   | 289 875     | 201 247           | 210 478            | 701 598          |
|      |                   |             |                   |                    | <b>1.560 829</b> |
|      | <b>Province</b>   |             |                   |                    |                  |
| 1990 | Cape              | 117 446     | 61 234            | 11 320             | 190 000          |
| 1990 | Natal             | 80 288      | 26 758            | 6 339              | 113 385          |
| 1990 | OFS               | 101 645     | 35 317            | 3 915              | 140 877          |
| 1990 | TVL               | 324 626     | 74 515            | 13 761             | 412 902          |
|      |                   |             |                   |                    | <b>857 164</b>   |
|      | <b>Homelands</b>  |             |                   |                    |                  |
| 1990 | Bophutatswana     | 97 919      | 24 020            | 1 619              | 123 558          |
| 1990 | Ciskei            | 62 529      | 18 894            | 6 586              | 88 009           |
| 1990 | Gazankulu         | 65 262      | -                 | 150                | 65 412           |
| 1990 | KaNgwane          | 33 112      | -                 | 6                  | 33 118           |
| 1987 | KwaNdebele        | -           | -                 | -                  | 16 088           |
| 1989 | KwaZulu           | 255 879     | 79 582            | 3 569              | 339 030          |
| 1990 | Lebowa            | 164 359     | -                 | 166                | 164 475          |
| 1989 | QwaQwa            | -           | -                 | -                  | 22 845           |
| 1990 | Transkei          | 230 786     | 56 187            | 1 412              | 288 385          |
| 1989 | Venda             | 37 749      | -                 | 130                | 37 879           |
|      |                   |             |                   | <b>Total</b>       | <b>1 178 799</b> |
|      |                   |             |                   | <b>Grand Total</b> | <b>3 596 792</b> |

Source: *Ibid*, p. 29

**Appendix 4A****Table 4.2: Illustrating the Growth of the Mauritian Sugar and World Markets: 1820 - 1939**

| Period    | Average Yearly<br>Production (metric<br>tons) | % World<br>Cane<br>Production | % Total<br>World Sugar<br>Production | Average<br>Price<br>Sh./Cwt. |
|-----------|---|-------------------------------|--------------------------------------|------------------------------|
| 1820-1829 | 15,559  | –                             | –                                    | 33                           |
| 1830-1839 | 33,443  | –                             | –                                    | 32                           |
| 1840-1849 | 45,388  | 4.8                           | 4.5                                  | 34                           |
| 1850-1859 | 97,407  | 7.8                           | 6.5                                  | 24                           |
| 1860-1869 | 115,778                                       | 7.8                           | 5.6                                  | 22                           |
| 1870-1879 | 112,184                                       | 6.2                           | 3.7                                  | 22                           |
| 1880-1889 | 116,016                                       | 5.3                           | 2.5                                  | 16                           |
| 1890-1899 | 132,663                                       | 4.3                           | 1.8                                  | 12                           |
| 1900-1909 | 182,848                                       | 3.1                           | 1.4                                  | 10                           |
| 1910-1919 | 225,775                                       | 2.2                           | 1.3                                  | 20                           |
| 1920-1929 | 225,808                                       | 1.5                           | 1.0                                  | 20                           |
| 1930-1939 | 251,792                                       | 1.5                           | 0.9                                  | 6                            |

Sh./Cwt. = Shillings per hundredweight for a raw sugar in London. Figures rounded to the nearest whole shilling

Source: Deerr, Noel, *Op. Cit.*, 1949, p. 531

## Appendix 4B

Table 4.3: Data of Former British Colonies Used for the Statistical Analysis

## DATA OF FORMER BRITISH COLONIES USED FOR THE STATISTICAL ANALYSIS

| Case            | Extent of indirect rule, 1955 <sup>a</sup> | Settler population as percentage of total, 1955 <sup>b</sup> | Precolonial population density per kilometer <sup>c</sup> |
|-----------------|--|--|---|
| Bahamas         | 0%   | 11.2%  | 0.0 inhabitants   |
| Bangladesh      | 60.0                                       | 0.1  | 176.7   |
| Barbados        | 0  | 5.1  | 2.3   |
| Belize          | 0  | 2.9  | 0.4   |
| Botswana        | 42.5                                       | 1.0  | 0.2   |
| Brunei          | 0  | 4.0  | 3.8   |
| Cyprus          | 0  | 1.2  | 20.6  |
| Fiji            | 55.0                                       | 2.7  | 6.0   |
| Gambia          | 37.3                                       | 0.1  | 30.0  |
| Ghana           | 64.8                                       | 0.1  | 11.0  |
| Guyana          | 0  | 2.9  | 0.1   |
| Hong Kong       | 0  | 0.7  | 172.7   |
| India           | 60.0                                       | 0.1  | 63.6  |
| Jamaica         | 0  | 1.1  | 0.9   |
| Kenya           | 58.8                                       | 0.5  | 5.7   |
| Lesotho         | 49.5                                       | 0.3  | 5.8   |
| Malawi          | 81.8                                       | 0.3  | 8.0   |
| Malaysia        | 6.1 <sup>d</sup>                           | 0.2  | 6.7   |
| Mauritius       | 0  | 0.9  | 0.0   |
| Myanmar         | 60.0                                       | 0.1  | 12.2  |
| Nigeria         | 93.4                                       | 0.1  | 21.4  |
| Pakistan        | 60.0                                       | 0.1  | 14.3  |
| Sierra Leone    | 80.8                                       | 0.1  | 23.7  |
| Singapore       | 0  | 1.0  | 1.6   |
| Solomon Islands | 51.6                                       | 0.7  | 3.4   |
| Sri Lanka       | 0  | 0.1  | 34.8  |
| Sudan           | 72.6                                       | 0.1  | 2.5   |
| Swaziland       | 49.0                                       | 1.4  | 4.9   |
| Tanzania        | 74.5 <sup>e</sup>                          | 0.3  | 4.5   |
| Trinidad        | 0  | 4.2  | 3.9   |
| Uganda          | 79.6                                       | 0.1  | 15.2  |
| Zambia          | 59.6                                       | 3.0  | 1.1   |
| Zimbabwe        | 39.7                                       | 7.9  | 1.3   |

(Appendix 4B - continued overleaf)

<sup>a</sup>Most data come from the *Annual Colonial Reports* and/or the various judicial reports located at the Public Records Office, UK (British Colonial Office, 1947, 1951, 1953, 1955, 1958; Colony of Fiji, 1955; Colony of Kenya, 1952; Colony of Nigeria, 1953; Colony of Northern Rhodesia, 1955; Colony of Sierra Leone, 1955; Colony of Southern Rhodesia, 1955; Colony of Sudan, 1949; Colony of Uganda, 1955). Data for several cases were not available in 1955, so data from other years are used for the statistics (Botswana 1957, Ghana 1953, Kenya 1951, Nigeria 1949, Sudan 1949). Data for Uganda were only available for three of the four districts, and an estimate based on the population sizes of the four districts as well as the customary court cases of the three districts with available data is therefore used.

<sup>b</sup>Data are from British Colonial Office (1947, 1951, 1953, 1955, 1958) and Kuczynski (1939, 1948, 1949, 1953).

<sup>c</sup>Data for this variable are estimated from McEvedy and Jones (1978), Kuczynski (1939, 1948, 1949, 1953), British Colonial Office (1947, 1951, 1953, 1955, 1958) and Roberts, Ngai Ling, and Bradshaw (1992). The indigenous population on most former British colonies in the Caribbean was completely or nearly wiped out by the time permanent colonial rule—usually Spanish—was first established. For example, the last of the Lucayans died in the Bahamas in 1520. More significant indigenous populations existed on Jamaica and Trinidad, but these too disappeared rapidly once contact with the Europeans was made (Cambell, 1988; Hurwitz & Hurwitz, 1971; Newson, 1976). Recognizing the quick demise of the indigenous population, this project uses the lower estimates of the population at the time of colonialism, as these figures appear to be a more accurate estimate of the indigenous population encountered by Europeans at the onset of formal colonialism.

<sup>d</sup>The indirect rule variable for Malaysia combines the court cases of Malaya, Sarawak, and North Borneo. Because the number of court cases in Malaya was much higher than normal due to the ongoing civil war in 1955, data from 1947 are used instead.

<sup>e</sup>The indirect rule statistic of Tanzania combines the court cases of Tanganyika and Zanzibar.

Source: Lange, Matthew, *Op. Cit*, 2004, pp. 921 – 922

## Appendix 5A

### Incentives under the Development Certificate Scheme

Companies awarded a Development Certificate (D.C) enjoy the following fiscal and financial incentives and advantages

- 1) Protective import duties for infant industries.
- 2) Suspension of import duties on materials and equipment not locally available.
- 3) Rebates of import duties on other raw materials and components for specified industries.
- 4) Customs' drawback of import duties in materials and components subsequently re-exported in finished products.
- 5) Import quota protection of up to 80 per cent of the market.
- 6) Initial depreciation allowance of 40 per cent of plant and 20 per cent on industrial buildings.
- 7) Corporate income tax holidays of 5 years if the benefit of initial depreciation allowance is utilised and 8 years with normal depreciation allowances.
- 8) Exemption from payment of income tax on dividends for a period of 5 years.
- 9) Long term loans at favourable rates from the Development Bank of Mauritius for up to 50 per cent of long term capital employed.
- 10) Lease of standard factory buildings at subsidised rates.
- 11) Free repatriation of profits.

Source: YeungLamko, Louis, Op.Cit. p.26

## Appendix 5B

Table 5.3: Investment Incentives

| Sector   | Summary of Incentives  |
|--|--|
| AGRICULTURE                                    |  |
| Non-Traditional                                | -15 per cent corporate tax rate<br>-no import duty on plant, machinery and spares<br>-50 per cent reduction in land registration duty<br>-15 per cent corporate income tax rate<br>-no import duty or VAT on raw materials and equipment<br>-no personal tax on 2 expatriate staff   |
| MANUFACTURING                                  |  |
| All (including cases below)                    | -15 per cent corporate income tax rate except on beer and soft drinks  |
| Export Processing<br>(including agro-industry) | -no import duty or VAT on equipment and raw materials<br>-no personal income tax on 2 expatriate staff   |
| High technology                                | -no import duty or VAT on equipment and raw materials<br>-50 per cent relief on personal income for 2 expatriate staff<br>tax for  |
| Upgrading and anti-pollution<br>investment     | -10 per cent of new capital expenditure up to US\$400,00 available<br>as tax credit<br>-no import duty on qualifying imports   |
| SERVICES AND INFRASTRUCTURE                    |  |
| Export -oriented services                      | -15 per cent corporate income tax rate<br>-no import duty on office equipment  |
| Industrial Property<br>Development             | -15 per cent corporate income tax rate<br>-50 per cent reduction in land registration duty   |
| IT   | -as for export processing  |
| Printing and Publishing                        | -as for export processing  |
| Education and Health                           | -15 per cent corporate income tax rate   |
| Capital Market                                 | -25 per cent corporate income tax rate for listed companies<br>(15 per cent for mutual funds and listed trusts)<br>-no tax on interest on quoted bonds   |
| Regional Headquarters                          | -10-year holiday, on foreign sourced income, and 15 percent corporate<br>tax thereafter<br>-Tax-free dividends<br>-Duty-free import of furniture, equipment, including a maximum<br>of 2 cars for expatriates personnel<br>-Concessionary personal income for two expatriates non-resident<br>Mauritian employees for the first four years of employment |
| SELECTED FINANCIAL<br>SERVICES                 |  |

(Appendix 5B – continued overleaf)

|                     |   |
|---------------------|---|
| Concession projects | -15 per cent corporate income tax rate for unit fund trustees, venture capital and managers, holders of a development certificate or pioneer services certificate<br>-Ministerial discretion to reduce any tax or charge on a project basis |
| TOURIS              |   |
| M                   |   |
| Hotel Management    | -15 per cent corporate income tax rate<br>-concessional finance   |
| Hotel development   | -as for hotel management; plus<br>-no import duty on certain equipment<br>-cheap land   |

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Source: National legislation including the Income Tax Act, Development Incentives Act, Industrial Expansion Act, Health Management (Incentives), Health Development Certificate Act. Extracted from UNCTAD, *Op. Cit.* 2001, pp. 24-25



## Appendix 5C

Table 5.4: Table Illustrating Frequency of Themes In Investment Guidebooks by State

| Table Illustrating Frequency of themes in investment guidebooks by state |           |          |         |            |          |             |       |            |    |  |
|--|-----------|----------|---------|------------|----------|-------------|-------|------------|----|--|
| Themes   | Mauritius | Barbados | Jamaica | Costa Rica | Zanzibar | El Salvador | Haiti | Cabo Verde |    |  |
| 1. Infrastructure  | 4         | 4        | 4       | 4          | 4        | 4           | 4     | 1          | 4  |  |
| 2. Incentives  | 4         | 4        | 4       | 2          | 4        | 3           | 3     | 4          | 3  |  |
| 3. Labour quality  | 4         | 3        | 3       | 4          | 2        | 3           | 3     | 2          | 4  |  |
| 4. Ideal location  | 4         | 2        | 4       | 4          | 3        | 2           | 2     | 1          | 4  |  |
| 5. Open economy  | 4         | 3        | 2       | 2          | 3        | 3           | 3     | 2          | 2  |  |
| 6. Peace and Stability   | 4         | 3        | 2       | 2          | 1        | 1           | 1     | 2          | 3  |  |
| 7. Tropical paradise   | 2         | 1        | 2       | 3          | 1        | 1           | 1     | 2          | 2  |  |
| 8. Profitability   | 3         | 4        | 1       | 2          | 2        | 1           | 1     | no         | 1  |  |
| 9. Environmentalism  | 1         | no       | no      | 1          | 2        | no          | no    | 1          | no |  |
| 10. Social justice   | 2         | no       | no      | no         | 1        | no          | no    | 1          | no |  |

(Appendix 5C - continued overleaf)

| State       | Noteworthy neoliberal or contextual emphases  |
|-------------|---|
| Barbados    | 98% English Literacy; British Law; “a self-assured, cultivated people”; all political parties are ‘middle of the road’; special incentives for finance, insurance and other offshore firms; assembly line worker in electronics is paid (U.S.) \$2.08–\$2.88 per hour in 1995   |
| Cabo Verde  | “most are multilingual” (Portuguese, English and/or French); “strong family ties”; unskilled garment and footwear workers are paid between 60 cents and (U.S.) \$1 per hour in 1995   |
| Costa Rica  | “known for its civilized way of life”; 28 international cable TV stations; Lesser and Greater Relative Growth Zone planning; private sector involvement in EPZ management and promotion; “Labor unions have little power.... less than 5% of the [private] sector is unionized” |
| El Salvador | photographs show gender division of labour, replete with smiling faces stereotype throughout; the average line operator in apparel or electronics is paid 59–64 cents (U.S.) per hour in 1993   |
| Haiti       | “sanguineness” about the future; labour’s artistic creativity; minimum wage for industrial workers is 31 cents (U.S.) per hour in 1995  |
| Jamaica     | especially accessible to U.S.; emphasis on its digiport; average line operator in apparel is paid 67 cents (U.S.) per hour in 1991  |
| Mauritius   | “growth with social justice”; “plurality of races, religions and cultures.... no feeling of being a foreigner”; “the trade unions... help ensure harmonious relationship between management and staff”; average factor worker is paid 89 cents (U.S.) per hour in 1994          |
| Zanzibar    | asks prospective investors to demonstrate that their operations will be environmentally friendly as well as stable, competitive and of benefit to locals; little detail about existing factories or cost rates  |

Note: all wage figures include benefits and bonuses. Source: Authors’ survey of investment guidebooks.

Source: Klak, Thomas, Op. Cit, 145

## Appendix 5D

Table 5.5: Social Expenses – Budget 1967 -2004

Table 9.1 Social Expenses – Budget 1967 – 2004

| Budget/Year                        | 1967/68–1970/71 average | 1975/76 | 1980/81 | 1985/86 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 estimation |
|------------------------------------|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------|
| per cent Education                 | 38.4                    | 29.34   | 39.42   | 35.8    | 34.9    | 32      | 29.3    | 32      | 34.4    | 32.6    | 32.9    | 31.6    | 29.6    | 29.6    | 28.1    | 26.3    | 31.4    | 29.7               |
| per cent Health                    | 25.12                   | 20.62   | 18.54   | 20.5    | 20.7    | 18.3    | 20      | 18.4    | 17.2    | 17.1    | 15.2    | 15.9    | 16.3    | 16.2    | 16.4    | 15.9    | 15.3    | 17.2               |
| per cent Social Security           | 32.72                   | 16.32   | 17.34   | 36.9    | 33.5    | 34.4    | 34.1    | 32.5    | 33.8    | 37.7    | 36.9    | 38.2    | 39.3    | 39.9    | 39.7    | 37      | 35      | 34.8               |
| per cent Subsidy on Rice and Flour | —                       | 28.22   | 20.16   | —       | —       | —       | —       | —       | —       | —       | —       | —       | —       | —       | —       | —       | —       | —                  |

Sources: Compiled by Author from Central Statistical Offices' Digests of Public Finance (from 1967 to 2004) and Mauritius Economic Reviews, Port Louis, Mauritius. Ministry of Economic Planning and Development. 1981–83, 1975–77, 1972–74, 1970–72.

Source: Bunwaree, Sheila, Op. Cit, 2007, p. 225

## Appendix 5E

Table 5.6: Employment in the EPZs, 1983 - 1993

| <b>Year</b> | <b>No. of Enterprises</b> | <b>Employment</b> | <b>Share in Total Employment</b> |
|-------------|---------------------------|-------------------|----------------------------------|
| 1983        | 146                       | 25526             | 0.13                             |
| 1984        | 195                       | 37522             | 0.19                             |
| 1985        | 290                       | 53951             | 0.25                             |
| 1986        | 408                       | 74051             | 0.31                             |
| 1987        | 531                       | 87905             | 0.34                             |
| 1988        | 591                       | 89080             | 0.33                             |
| 1989        | 563                       | 88658             | 0.32                             |
| 1990        | 568                       | 89906             | 0.31                             |
| 1991        | 586                       | 90861             | 0.3                              |
| 1992        | 558                       | 86937             | 0.3                              |
| 1993        | 536                       | 85621             | 0.3                              |

Source: Central Statistics Office (CSO), Government of Mauritius – Various Publications, Port Louis, Government Printers, 1992 in YeungLamko, Louis (1998)

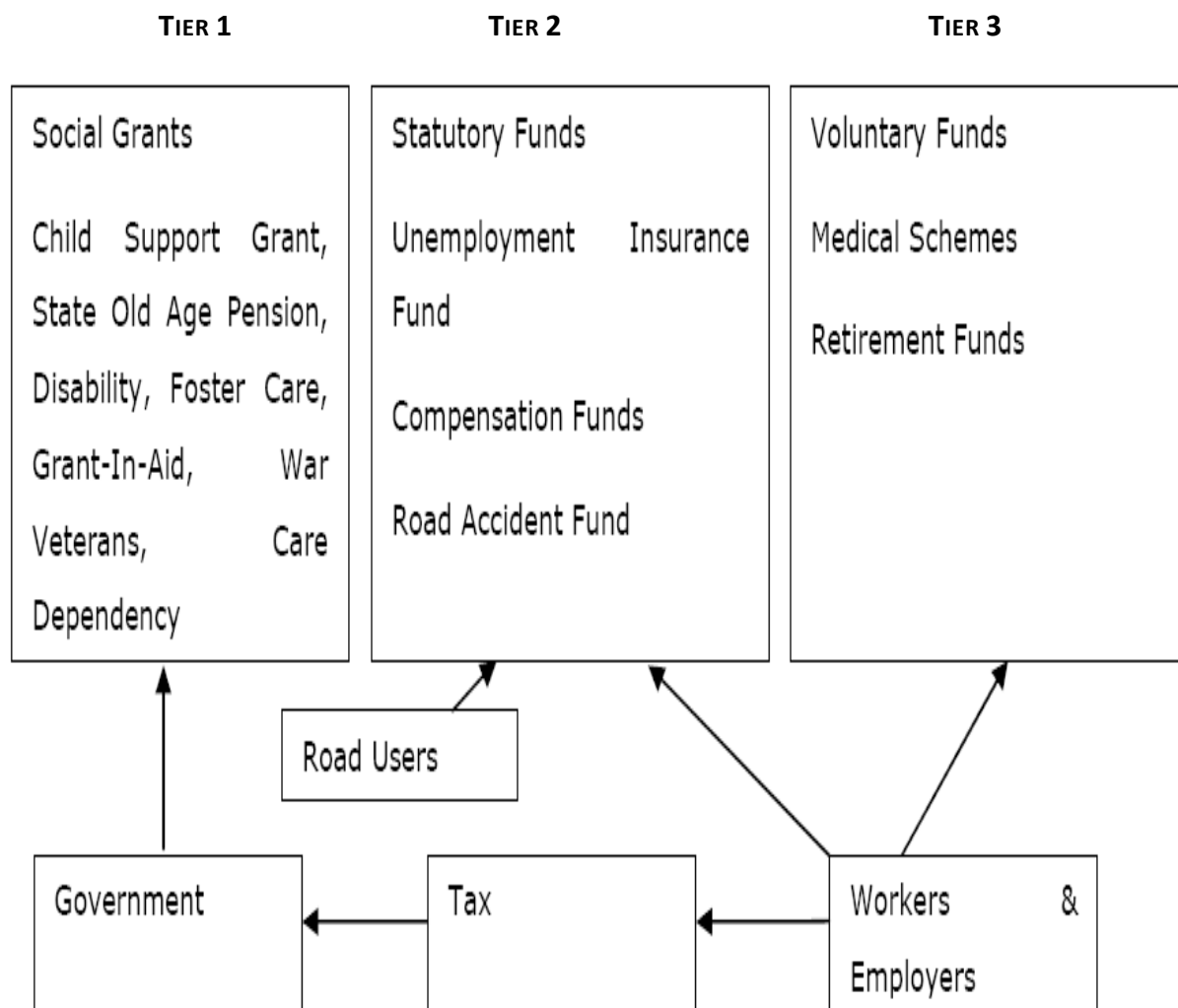
Table 5.7: EPZ Gross Earnings and GDP Contributions, 1983 – 1995

| <b>Year</b> | <b>Gross Earnings<br/>RS.Million</b> | <b>Share of Total Contribution At</b> |                               | <b>TO GDP<br/>Prices<br/>Per Cent</b> |
|-------------|--------------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
|             |                                      | <b>Export<br/>Earnings</b>            | <b>Current<br/>RS.Million</b> |                                       |
| 1983        | 1307                                 | 0.3                                   | 548                           | 5.2                                   |
| 1984        | 2151                                 | 0.42                                  | 865                           | 7.2                                   |
| 1985        | 3283                                 | 0.49                                  | 1333                          | 9.6                                   |
| 1986        | 4951                                 | 0.55                                  | 1860                          | 11.3                                  |
| 1987        | 6567                                 | 0.55                                  | 2585                          | 12.7                                  |
| 1988        | 8176                                 | 0.59                                  | 3125                          | 13                                    |
| 1989        | 9057                                 | 0.58                                  | 3400                          | 12.1                                  |
| 1990        | 11474                                | 0.64                                  | 3975                          | 12                                    |
| 1991        | 12136                                | 0.65                                  | 4400                          | 11.7                                  |
| 1992        | 13081                                | 0.65                                  | 5011                          | 11.8                                  |
| 1993        | 15821                                | 0.69                                  | 5705                          | 11.9                                  |
| 1994        | 16545                                | 0.69                                  | 6230                          | 11.5                                  |
| 1995        |                                      |                                       | 6935                          | 11.5                                  |

Source: Same as the preceding table

**Appendix 6A**

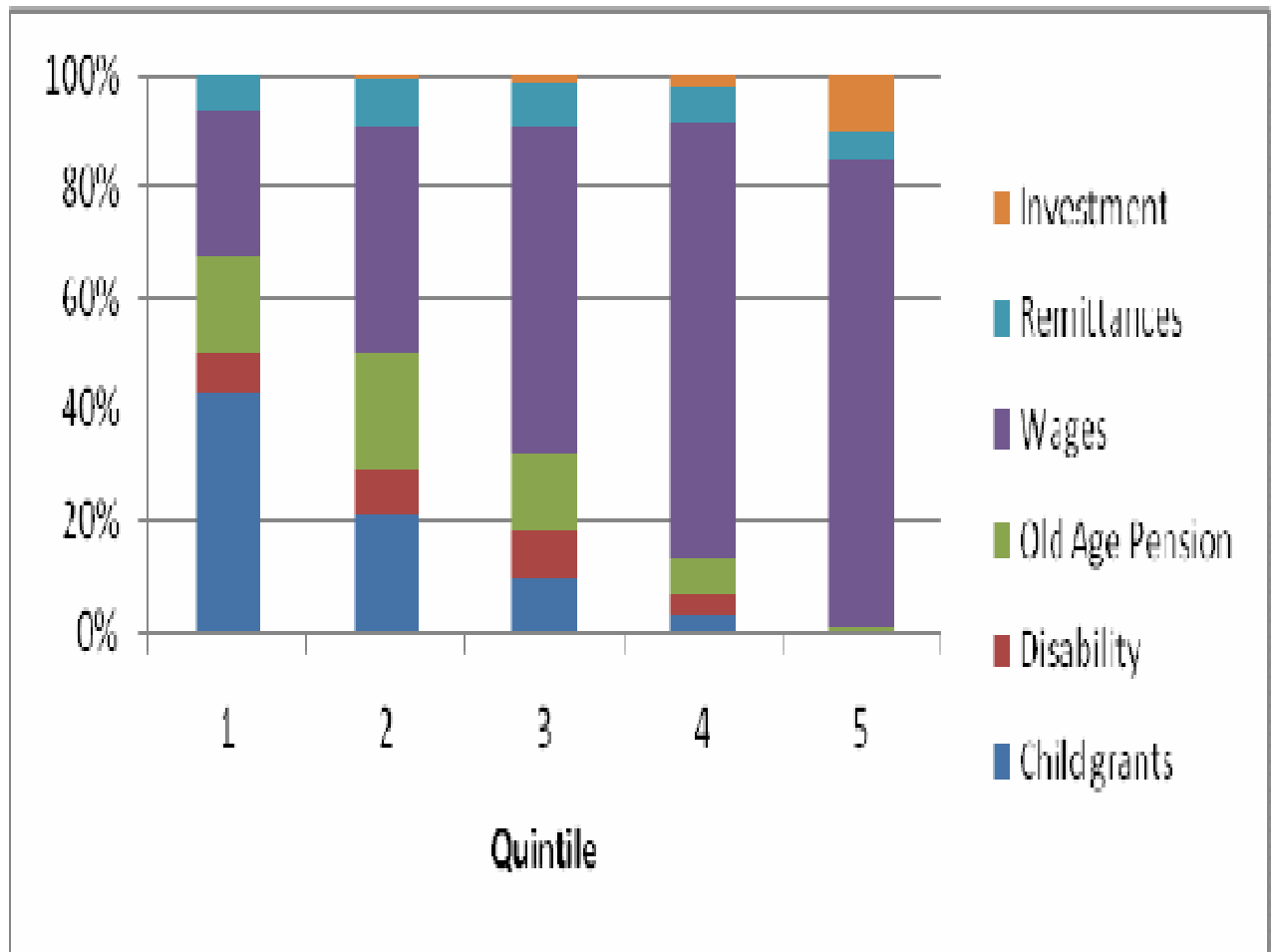
**Figure 6.1: Three Tier System of South Africa’s Social Security Sector**



Source: Republic of South Africa (2010), Cited in Woolard, Ingrid, *Op. Cit*, 2010, p. 5

## Appendix 6B

Figure 6.2: Sources of Household Income, By Quintile



Source: NIDS, 2008, Cited in Woolard, Ingrid, *Op. Cit*, 2010, p. 19

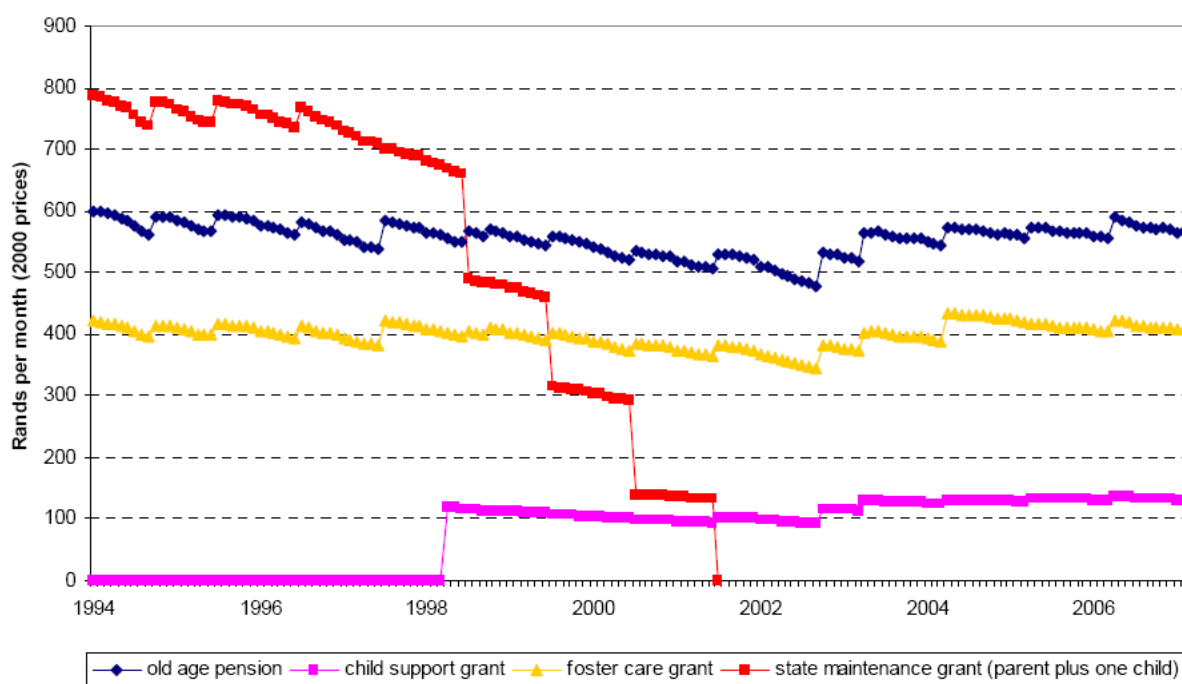
Appendix 6C

Table 6.4: Value of Grants, 2010

| Grant type          | 2010 value in Rands (and approx. \$ PPP) per month | Grant value as percentage of median <i>per capita</i> income* |
|---------------------|--|---|
| Old Age Pension     | R1080 (PPP\$230)                                   | 175%  |
| Disability Grant    | R1080 (PPP\$230)                                   | 175%  |
| Child Support Grant | R250 (PPP\$53)                                     | 40%   |
| Foster Care Grant   | R710 (PPP\$150)                                    | 115%  |

Source: Republic of South Africa (2010), cited in Woolard, Ingrid, *Op. Cit*, p. 18

Figure 6.3: Real Value of Social Assistance Grants, January 1994-February 2007



Source: Seekings, Jeremy, *Op. Cit*, 2007, p. 3

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