A Comparative Study of Afrikaner Economic Empowerment and Black Economic Empowerment: A Case Study of a former South African Parastatal in Vanderbijlpark

By

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DECLARATION

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ABSTRACT

Since 1994, there have been many debates as to why Broad-Based Black Economic Empowerment (BBBEE) has been unable to deliver the same economic benefits post 1994, as the Afrikaner Economic Empowerment (AEE) had done after the depression despite the similarities in approach and intentions. Both programs relied on a welfare state to pass a legislative and macroeconomic strategy to provide jobs, develop skills and roll out series of welfare policies to uplift the poor. Nevertheless, due to several factors, these did not have a substantial impact on decreases in unemployment, poverty and inequality among blacks, and social empowerment is an alternative.

A review of literature points to a number of different factors and influences that led to Afrikaner disempowerment, ranging from conflict, drought and diseases to discrimination in the labour market, as well as level of education. Studies showed that AEE developed a nationalist program using language, religion and race to implement legislation that protected and promoted the economic interests of white Afrikaners. This was accompanied by a macroeconomic policy based on Keynesian principles where State Owned Enterprises (SOEs) were used to provide protected jobs, develop skills and provide welfare services such as education, housing and healthcare. Labour market influences that contributed to empowerment included - standard employment practices, employment benefits and protective trade unions. However following the 1970s financial crisis, SOEs were accused of being too cumbersome, too rigid, routinized and inflexible and this led to the implementation of New Public Management (NPM) approach comprising of measures involving downsizing, restructuring, privatization, outsourcing and flexible employment to cut costs, improve efficiency (Carstens and Thornhill, 2000:187). Additionally, AEE became more successful because of the nature and role of civil society organisations (CSOs) such as the *Helpmekaarvereeniging*, the *Broederbond* and the *Afrikaanse Christelike Vrouevereeniging* (ACVV), as well as organisations promoting Afrikaner culture

such as language (*Federasie van Afrikaanse Kultuurvereniging* -FAK) and religion (Dutch Reformed Church-DRC), acting as the voice of the poor and helping to build social capital.

Under BEE, the review of literature revealed that the root cause of black disempowerment was the unjust racial policies of the previous regime. The ANC government implemented a legislative framework that focused on redress, instead of nationhood. This program was accompanied by two contradictory macroeconomic policies; one (Reconstruction and Development Programme - RDP) focusing on state-led development to uplift the poor, the other (GEAR), focused on neoliberal ideology and concentrating on reducing fiscal deficits, inflation control, stable exchange rates, decreasing barriers to trade and capital liberalization, was to reduce trade barriers and achieve growth and development. Under this new economic framework, the state rolled out NPM strategies that included privatisation of SOEs, downsizing the size of the public sector expenditure, outsourcing public services to promote empowerment, and employment flexibility. There is a growing amount of informal, seasonal, and contract work-generally known as "non-standard jobs" and a new "working poor" in many sectors of the South African economy. Unfortunately, under BEE, social empowerment was not effective as CSOs were not as organized as they were under AEE. GEAR caused chaos among many CSOs as they attempted to redefine their ties with the government and many isolated them from the state through the fairly shut down, bureaucratic and expert-led system of policymaking.

The study investigated these issues through in-depth interviews with sixty-seven former and current employees, participant observation with leaders and members of the BJO and focus group discussions with three former black employees and four leaders Solidarity union. The study showed that the primary reason why AEE was successful in uplifting the whites is that it focused on a small homogenous population of mainly Afrikaners, while BEE targeted a larger and diverse group not based on ethnicity. AEE was supported by the economic, political-legal and socio-cultural dimensions. The macroeconomic policy was underpinned by a Keynesian

ideology where the state, business, and white trade unions formed a 'social contract' to uplift the poor. Under BEE, the ANC-led government adopted a 'neo-liberalised' macroeconomic policy that advocated privatisation, deregulation, downsizing, flexible employment and outsourcing to cut costs and increase efficiency. The result was job losses, less training, a rise in atypical forms of employment such as casual, part-time and contract employment accompanied by few employment benefits. In addition, there was a strong organised civil society movement supporting AEE and the development of social capital through language, religion and nationalism; while under BEE CSOs were alienated from the state and focused on various issues rather than the upliftment of a specific group. Such gaps led primarily to BEE's inability to raise the vulnerable. The study suggests problems to be discussed in improving BEE legislation and the role of social empowerment.

OPSOMMING

Sedert 1994 word daar verskeie debatte gevoer aangaande die redes waarom Breëbasis Swart Ekonomiese Bemagtiging (BSEB) ná 1994 nie dieselfde ekonomiese voordele kon lewer nie, soos wat die Afrikaner Ekonomiese Bemagtiging (AEB) ná die Depressie gedoen het, te midde daarvan dat dit dieselfde benadering en voornemens het. Beide programme het op 'n welvaart staat staatgemaak om 'n wetgewende en makro-ekonomiese strategie te ontwikkel vir werkskepping, vaardigheidsontwikkeling en 'n reeks welsynsbeleide uit te voer om armes op te hef. As gevolg van verskeie faktore het dit nie 'n beduidende invloed gehad om werkloosheid, armoede en ongelykhede onder Swartmense te verlaag nie. Sosiale Bemagtiging word daarom as 'n alternatief voorgestel.

'n Oorsig van die literatuur wys op verskillende faktore en invloede wat gelei het tot die ontmagtiging van die Afrikaner, wat wissel van konflik, droogte en siektes tot diskriminasie in die arbeidsmark, sowel as geletterdheidsvlakke. Studies dui aan dat die AEB 'n nasionalistiese program ontwikkel het waar taal, godsdiens en ras gebruik is om wetgewing op te stel wat ekonomiese belange van wit Afrikaners beskerm en bevorder het. Dit het gepaard gegaan met 'n makro-ekonomiese beleid gebaseer op die Keynesiaanse beginsels waar Staatsbeheerde Ondernemings (SO's) gebruik is om beskermde werksgeleenthede te skep, vaardighede te ontwikkel en welsyndienste soos onderrig, behuising en gesondheidssorg te lewer. Arbeidsmark invloede wat tot bemagting bygedra het sluit in gestandardiseerde indiensnemingspraktyke en -voordele asook beskermende vakbonde. Na die finansiële krisis in die 1970's word die Staatsbeheerde Ondernemings daarvan beskuldig dat hulle te omslagtig, te rigied, geroetineerd en onbuigsaam was. Dit het tot die implementering van die Nuwe Openbare Bestuursplan (NOB) gelei. Hierdie plan het uit maatreëls bestaan wat die afskaling, herstrukturering, privatisering, uitkontraktering en buigsame indiensneming insluit, om kostes te verminder en doeltreffendheid te verbeter (Carstens en Thornhill, 2000:187). Boonop het die

AEB meer suksesvol geword vanweë die aard en rol van burgerlike samelewingsorganisasies (BSO's) soos die Helpmekaarvereniging, die Broederbond en die Afrikaanse Christelike Vrouevereniging (ACVV), asook organisasies wat die Afrikanerkultuur soos taal (Federasie van Afrikaanse Kultuurvereniging -FAK) en godsdiens (Nederduits Gereformeerde Kerk -NG Kerk) bevorder. Hierdie organisasies het as die stem van die armes opgetree en gehelp om sosiale kapitaal op te bou.

Onder BSEB, het die literatuuroorsig aan die lig gebring dat die oorsaak van swart ontmagtiging die onregverdige rassebeleid van die vorige regime was. Die ANC-regering het 'n wetgewende raamwerk geïmplementeer wat fokus op regstelling, in plaas van nasieskap. Die program het gepaard gegaan met twee teenstrydige makro-ekonomiese beleide; een (Heropbou- en Ontwikkelingsprogram - HOP) wat fokus op die staatsgeleide ontwikkeling om armes op te hef, die ander gebaseer op neo-liberale ideologie (Strategie vir Groei, Indiensneming en Herverdeling - SGIH) wat fokus op die vermindering van fiskale tekorte, beheer van inflasie, stabiele wisselkoers, afname in handelshindernisse en die liberalisering van kapitaalvloei om groei en ontwikkeling te bewerkstellig. Onder hierdie nuwe ekonomiese raamwerk het die staat NOB-strategieë implementeer wat insluit die privatisering van SO's, die afskaal van die openbare sektoruitgawes, die uitkontraktering van openbare dienste om bemagtiging te bevorder en buigsaamheid met indiensneming te bevorder. Die resultaat was 'n vinnige uitbreiding van informele, tydelike en kontrakarbeid in vele sektore van die Suid-Afrikaanse ekonomie - genoem 'nie-standaard indiensneming' en die ontstaan van 'n nuwe 'werkende arm' arbeidsegment. Ongelukkig was sosiale bemagtiging onder BSEB nie effektief nie, aangesien BSO's nie so georganiseerd was soos onder AEB nie. SGIH het baie BSO's in 'n warboel gegooi omdat hulle probeer het om hul verhoudings met die regering te herdefinieer, en die relatief geslote hiërargiese en kundige gedrewe proses van beleidsformulering het baie van die BSO's van die staat vervreem.

Hierdie kwessies is ondersoek deur middel van in-diepte onderhoude met sewe-en-sestig voormalige en huidige werknemers sowel as waarnemings geleenthede van leiers en lede van die BJO. Fokusgroepgesprekke is met drie voormalige swart werknemers en vier leiers van die Solidariteit-unie gedoen. Die studie het getoon dat die primêre rede waarom AEB suksesvol was met die opheffing van die blankes, was dat dit gefokus het op 'n klein homogene bevolking van hoofsaaklik Afrikaners, terwyl BSEB op 'n groter en diverse groep gerig was wat nie op etnisiteit gebaseer is nie. AEB is ondersteun deur ekonomiese, polities-wetlike en sosio-kulturele dimensies. Die makro-ekonomiese beleid is gebaseer op 'n Keynesiaanse ideologie waar die staat, die sakewêreld en wit vakbonde 'n 'sosiale kontrak' gevorm het om die armes op te hef. Onder BSEB het die ANC-geleide regering 'n 'neo-liberaliseerde' makro-ekonomiese beleid aanvaar wat privatisering, deregulering, verkleinering, buigsame indiensneming en uitkontraktering voorgestaan het, om kostes te besnoei en doeltreffendheid te verhoog. Die resultaat was werkverliese, minder opleiding, 'n toename in atipiese vorme van indiensneming soos informele-, deeltydse- en kontrakwerk wat gepaard gegaan het met min diensvoordele. Daarbenewens was daar 'n sterk georganiseerde burgerlike organisasie beweging wat AEB ondersteun het en die ontwikkeling van sosiale kapitaal deur taal, godsdiens en nasionalisme bevorder het. BSEB het BSO's van die staat vervreem en op 'n verskeidenheid kwessies gefokus eerder as op die opheffing van 'n spesifieke groep. Hierdie verskille het grotendeels bygedra tot die mislukking van BSEB om armes op te hef. Die studie beklemtoon dus kwessies wat oorweeg moet word by die verbetering van BSEB-wetgewing, sowel as die implikasies daarvan om maatskaplike bemagtiging wyer aan te spreek.

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DISCLAIMER

This study is not about the analysis the Broad-Based Black Economic Empowerment legislation but more about understanding the political-legal, economic and social factors facilitating the implementation of economic empowerment. Throughout the study I used Iscor for the period of 1928 to 2004 and refer to the organization as ArcelorMittal South Africa (AMSA) for the period of 2005 until 2018.

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LIST OF ACRONYMS

ACVV - Afrikaanse Christelike Vroue Vereeniging

AEE – Afrikaner Economic Empowerment

AEU – Amalgamated Engineering Union

AMSA – ArcelorMittal South Africa

ANC – African National Congress

ARMSCOR – Armaments Corporation of South Africa

ASGISA - Accredited and Shared Growth Initiative for South Africa

BAA – Business Assistance Agreement

BBBEE – Broad Based Black Economic Empowerment

BIG – Basic Income Grant

BISU - Boilermakers, Ironworkers and Shipbuilders' Union

BJO – Business and Jobs Opportunity

BMF – Black Management Forum

CGP – Code of Good Practice

CLEP – Commission of Legal Empowerment of the Poor

CLP – Civilised Labour Policy

CODESA - Convention for a Democratic South Africa

COSATU – Congress of South African Trade Unions

CSI – Corporate Social Investment

CSIR – Council of Scientific and Industrial Research

DA – Democratic Alliance

DoF – Department of Finance

DoL – Department of Labour

DRC – Dutch Reformed Church

DSW – Department of Social Welfare

DTI – Department of Trade and Industry

EAP – Economically Active Population

EEA – Employment Equity Act

EPWP – Extended Public Works Program

ESOP – Employee Share Ownership Scheme

ETQAs - Education and Training Quality Assurers

FABCOS - Foundation for Business and Consumer Services

FAK – Federasie van Afrikaanse-Kultuurvereniging

FET - Further Education and Training

GDP – Gross Domestic Product

GEAR – Growth, Employment and Redistribution

GRA – Genootskap van Regte Afrikaners

HIV/AIDS – Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome

HRD – Human Resource Development

HRM - Human Resource Management

HSRC – Human Science Research Council

IEMAS –Iscor Employees' Mutual Aid Society

IDC – Industrial Development Corporation

ILO – International Labour Organisation

ILRIG – International Labour Research and Information Group

IMF – International Monetary Fund

ISCOR – Iron and Steel Corporation of South Africa

ISP – Industrial Strategy Project

ISTA - Iron and Steel Trades Association

JIPSA - Joint Initiative for Priority Skills Acquisition

JSE – Johannesburg Stock Exchange

LRA – Labour Relations Act

MEIUMA - Mining and Engineering Industrial Union and Moulders' Association

MERG – Macroeconomic Research Group

MERSETA – Manufacturing, Engineering and Related Service Sector Education and Training Authority

MoU – Memorandum of Understanding

MWU – Mineworkers Union

NAFCOC – National Federated Chamber of Commerce

NDP – National Development Plan

NDR – National Democratic Revolution

NEDLAC – National Economic Development Labour Council

NEP – New Economic Plan

NEPA - Ntsika Enterprise Promotion Agency

NETU - National Employees' Trade Union

NGK – Nederduitse Gereformeerde Kerk

NGOs – Non-Governmental Organisations

NP – National Party

NPM – New Public Management

NPOs – Non-Profit Organisations

NQF – National Qualification Framework

NUMSA – National Union of Metalworkers of South Africa

OFS – Orange Free State

OP-EX – Operation Excellence

PDIs – Previously Disadvantaged Individuals

PMG – Parliamentary Monitoring Group

PRC – Presidential Review Committee

RDP – Reconstruction and Development Program

ROSCAs - Rotating Savings and Credit Associations

RSA – Republic of South Africa

SACC – South African Council of Churches

SACN – South African Cities Network

SACP – South African Communist Party

SALP – South African Labour Party

SAMBS - South African Boilermakers' Society

SANCO – South African National Civic Organisations

SANLAM - Suid-Afrikaanse Nasionale Lewens Assuransie Maatskappij Beperk

SANTAM - Suid-Afrikaanse Nasionale Trust Maatskappy

SAPs – Structural Adjustment Programs

SAQA – South African Qualification Authority

SAR&H – South African Railway & Harbour

SASOL - South Africa Synthetic Oil Liquid

SASSA - *South African Social Security Agency*

SDA – Skills Development Act

SETA – Sectoral Training Authority

SIEFSA - Steel and Engineering Industries Federation

SMG – State Maintenance Grant

SOAP - State Old Age Pension

SOEs – State Owned Enterprises

TMA – Transvaal Miners' Association

TQM – Total Quality Management

TRC – Truth and Reconciliation Commission

UASA – United Association of South Africa

UDF – United Democratic Front

UIF – Unemployment Insurance Fund

UP – United Party

USCO - Union Steel Corporation of South Africa

VESCO – Vanderbijlpark Estate Corporation

WB – World Bank

WSP – White Paper for Social Welfare

WTO – World Trade Organisation

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CHAPTER 1: INTRODUCTION
1.1 Background

Since 1994, there have been many debates as to why Broad-Based Black Economic Empowerment (BBBEE) has been unable to deliver the same economic benefits post 1994, as the Afrikaner Economic Empowerment (AEE) had done after the depression despite the similarities between these two programmes aimed at uplifting the poor. In comparison, the AEE grew from the development of a welfare state by the Pact government in the early twentieth century (1924-1933). This was aimed at alleviating poverty amongst the white population, especially among white Afrikaners, through labour market policies and welfare benefits. The government actively sought to uplift poor whites through job reservations policies, skills development and a series of welfare policies which promoted white Afrikaner empowerment. During the AEE, the Afrikaner population developed a tradition of mobilizing capital for self-empowerment. This was achieved by using race, language and cultural ideology, and later government control, to promote participation of poor whites in the economy. In much the same way, the African National Congress (ANC) adopted welfare policies to improve the lives of blacks who had previously been restricted from achieving meaningful participation in the economy.

In both eras, the state, business and specifically the public sector, were used to uplift sectors of society, who had been classified as poor and marginalized. Since 1994, the Government of the ANC has implemented a systematic program to provide a legislative framework for economic change and poverty elimination. Included in this is Black Economic Empowerment (BEE). Many of these empowerment strategies have been linked to some type of the welfare state, where the state played a critical role in uplifting the poor. According to Patel (2015:49), the welfare state implemented policies and programmes modelled on post-war institutional approaches to shield workers from the negative effects of the market. These included public

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education, public health, subsidized housing, employment, social benefits and social welfare. Other programs included poverty care, services to the community, such as senior luncheons, residential and social rehabilitation services. The goal of BEE is to deal with the disparities created by the systemic pre-1994 exclusion of most Black South Africans from significant economic participation.

Even though the context has changed economically, socially and politically, the ANC continued to use the public service and parastatals (or state-owned enterprises) to empower blacks through the awarding of state contracts to black-owned companies and employment (Southall, 2007). However, South African parastatals failed to meet the developmental challenges that the country is facing, and the majority are marred by allegations of either self-enrichment, or economic mismanagement, or looting of state funds. Despite numerous legislations used to discriminate positively against whites in order to uplift blacks, BEE has delivered completely different results. In fact, both blacks and whites have become more disempowered under this new dispensation. Heese (2003) argues that one of the reasons is owing to BEE's narrow focus, based firstly, on reliance on government programmes and, secondly, the impact of black corporate lobby groups. This has resulted in condemnation of BEE as an enrichment process, benefiting only a few well-positioned elites. Thus, the main rationale for the study is to understand how empowerment operates at the national political and economic level, but also how it unfolds at a micro level in parastatals.

South Africa is not unique in trying to implement policies of empowerment or indigenous ownership and economic advancement to uplift the poor or the underprivileged. Several countries have implemented empowerment policies in the past, such as Quebec in Canada (Esman, 1987), Malaysia (Emsly, 1996), and, in Africa, Nigeria has also implemented its indigenisation programme (Ogbuagu, 1983). The closest example to South Africa is Malaysia's

New Economic Plan (NEP). The NEP was implemented in the seventies to remediate colonialism's social imbalances. The policy has set the goal of accelerating shareholding of the firm, the largest demographic group in Malaysia, from 2.4 percent to 30 percent by 1990. According to Chopra (1974:444), Malaysia suffered from four problems before the advent of the NEP. Firstly, there was one monolithic structure of political power which was almost wholly Malay and another quite separate structure of economic power which was almost wholly non-Malay. Secondly, the economic power structure was predominantly foreign-owned. Thirdly, not only were the poor in the majority, but they were also an ethnically distinct majority, which happened to be the political power too. Lastly, the economic structure was not only vertically divided between foreign, Chinese, Malay and Indian elements but was also horizontally divided between the usual rich and poor classes (Chopra, 1974:444).

In its 20-year timeframe, the NEP set out to eradicate poverty and restructure employment and corporate equity in favour of the economically unempowered Malays. The government announced measures to 'discourage' foreign ownership and control of the Malaysian economy, which gave no visible benefits to the national economy. It listed among the benefits they must give a more balanced Malaysian participation in ownership and control, better income, employment and growth redistribution (Chopra, 1974:447). In terms of 'restructuring society', the NEP sought to ensure that enough economic wealth was redistributed, first, to give Malays a due share of Malaysia's economy and secondly, to make this share sufficiently extensive and broad-based to create a strong foundation of Malay well-being, upon which much else could be built later (Chopra, 1974: 448).

The NEP included a number of programs aimed at improving the health of ethnic Malays, according to Klitgaard and Katz (1983:333). First, education, in which the government supported Bahasa Malaysia as the only educational medium above the primary level in all

government schools. Furthermore, for 1990, the NEP promoted the racial equality' of workers in all industries. Training programs and recruitment quotas were the main policy tools for achieving these targets. Thirdly, new efforts have been made to provide small businessmen, especially Malaysia, with credit and technical assistance. Fourth, companies could only start under the NEP with a minimum participation of 30 per cent in Malaysia and it was expected to have 30 per cent of total share held by Malaysia by 1990 (Klitgaard and Katz, 1983:338). In order to facilitate Malay business ownership, the government often relied on major public organisations. Eventually, quotas for Malay suppliers of different goods and services were created. For example, for Malaysia and other indigenous contractors the Department of Public Works set aside at least 30 percent of contracts.

However, the implementation of NEP has sparked a variety of criticisms. Milne (1976:237) argued that the Chinese benefited more from the NEP than the Malays themselves, and that independent Malays had opened up for Chinese businessmen 'more and better avenues for the acquisition of unlimited wealth'. Ramli, Kamarunzaman and Ramli (2013:109) also noted that the NEP targets have not been fully met to date, even though all races in Malaysia are to be merged. For example, during their first 10 years of implementation, the NEP has created interethnic tensions and differences–favouring the Malaysians more than others, and more importantly, NEPs have led to patronage difficulties. Ramli *et al.,* (2013:109) further claim that the government gave development contracts to the supporters, and business leaders and elites benefited from government business through contracts, government projects, and other forms of business. Thus, understanding the philosophy of this economic empowerment and processes leading to such empowerment program is important if BEE is to succeed.

1.2 Afrikaner Economic Empowerment (AEE)

As a population, the Afrikaners, descendants of Dutch, German and French Huguenot immigrants, entered the twentieth century extremely poor, lacking skills and business acumen present amongst their English counterparts. Esman (1987:407) added that their lack of capital and skills and Anglicization policy of the Union government exacerbated their marginalization from the economy even further. Historians like Giliomee (1979); O'Meara (1983) and Verhoef (2008) accepted that the energy crisis after the Anglo-Boer War (1899-1902) decreased their reliance on land due to drought. Increasing industrialization has driven their migration to urban areas in search of employment in the absence of skills. It was these historic events that inspired the Afrikaner intellectuals and business leaders to start an empowerment movement, driven by Afrikaner nationalism and led by organisations such as the National Party, Afrikaner *Broederbond*, *Federale Volksbelegging* and *Reddingsdaadbond,* to ensure the survival of the 'volk' and their economic emancipation (Masito, 2007:4).

In the early years of the twentieth century, the leaders of the Afrikaners in the Cape started the *Helpmekaarvereniging* – a mutual aid organization that culminated in the meaningful idea of establishing Afrikaans enterprises to provide Afrikaners with employment and training in business skills (Giliomee, 1979:147). This was called the First Economic Movement (Sadie, 2002:18). Giliomee (1979:156) added that the Second Economic Movement started in 1939, after the *Federasie van Afrikaanse Kultuurvereniginge* (FAK) called on the People's Economic Congress to review the economic position of the Afrikaner people (Giliomee, 1979:156). From here, a number of organizations were established, such as *Reddingsdaadbond*, *Federale Volksbeleggings* and *Afrikaanse Handelinstutuut* (AHI), to ensure the survival of the *volk* and their economic freedom. Beyond the efforts to secure economic freedom and survival,

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Afrikaners advocated the development of a welfare state to assist the poor whites through a combination of labour market policies and welfare services (Seekings, 2015:1).

Following 1948, the National Party actively promoted Afrikaner control and ownership of the economy through welfare services, job reservation, with the assistance of a number of Afrikaner intellectuals and pro-Afrikaner nationalistic organisations such as *Broederbond*, religious organizations such as the Dutch Reformed Church (DRC) and cultural aid groups such as *Afrikaanse Christelike Vrouevereniging* (ACVV) (Southall, 2006:3). The provision of all these racial privileges was complimented by the Afrikaners' strategy of ethnic mobilization to improve the economic position of the Afrikaners (Giliomee, 1979:154). The aims of the AEE were to unite the 'people' to conquer and reform the capitalist system, to adapt its racial character, to guarantee people's legitimate political involvement and economic self-reliance (Giliomee, 2003b:438).

1.3 Black Economic Empowerment (BEE)

Segregation and apartheid systematically stunted the development of black capitalism. Makhunga (2008:1) argues that one of the legacies of apartheid included highly visible income poverty and inequality, and this had been exacerbated by great affluence and inequality between racial groups. In 1994, the ANC-led Government launched a series of transition programs to allow the Black people exposure and control of economic competitive factors, including Black Economic Empowerment (BEE). The BEE aimed at alleviating poverty by redistributing the profits of the predominantly affluent white community into the poverty-stricken Black Townships, Klemz, Bohoff and Mazibuko (2006) maintained. Nonetheless, a few years after its implementation, BEE was criticized as a private sector initiative aimed at deflecting the new government from focusing on the whole-scale de-racialisation project (Macozoma, 2003:3).

Research has consistently shown that this model of empowerment fails to empower the masses. For instance, Moeletsi Mbeki, younger brother of the former president, Thabo Mbeki, noted that the first form of empowerment was invented by a white conglomerate and termed this a 'black buffer' to protect their interests (Mandla, 2006:55). Hirsch, Bhorat and Cassim (2014:27) have added that BEE is the result of an agreement between the ANC Government and white-owned companies which have remained involved in the protection and control of their property and economic policy since the 1994 transition. This elitist history meant that democracy had few redistributive impacts, mainly excluding low-skilled workers, unemployed people and the informal sector. Gqubule (2006) also pointed out that BEE is nothing but an economic development of selected individuals linked to the political arena. This means that the economic factors of production and wealth are allocated quite broadly, while expertise and intellectual capital growth are transferred small and autonomously and effectively as well as small to mid-size businesses have not been achieved. There was prosperity and leadership, while the real economic force remained in the hands of the males of the white minority. White financiers continue to be BEE's major recipients and white people see BEE as reverse racial discrimination.

BEE criticism led to a 1997 conference leading to the creation of the Black Economic Empowerment Commission (BEECom) by the Black Management Forum (BMF). During the meeting, the Black Management Forum argued that the black people did not really mean empowerment, or that there was a common definition or benchmark (Hirsch 2005:21). Macozoma (2003:24) argued that the current definition of BEE was 'too narrow and too centered' on ownership and control, premised on acquisition and seemed to exclude the organic growth of capital, there were instances of significant deviation from the principles of industry, and it relied on government as a primary motivator and benefactor. Cargill (2011:24) argued that BMF's BEE Commission proposed would ensure that black persons would guide and take

over a new vision of BEE, a system that had been created, regulated and supported by the private (white) sector. In 2001 the commission proposed a 'broad-based' definition of empowerment.

The BEECom identified empowerment as 'an integrated and coherent socio-economic system that directly contributes to the economic transformation of South Africa and results in a significant increase in the number of people in the black population who manage, own and control the economy and reduce income inequality' (Department of Trade and Industry, 2003). According to Jack (2007:107), the broad approach suggested the shift to other components, including employment equity, skill development and preferential procurement, from an exclusive emphasis on ownership. The Financial Institutions received special purpose vehicle (SVP) support for the encouragement of the BEE to promote a share transfer process (Mandla, 2006:57). These SPVs offered preference shares to institutional investors.

Central to an evaluation of economic empowerment is an understanding of racial and gender inequalities which had been inherited from apartheid. After 1994, the ANC adopted a Constitution which fostered non-racialism as a principle to redress the past imbalances (Metcalf, 1999:1). The term 'black', as it is used in BEE, include various groups called the 'previously disadvantaged'. These were namely Africans, Coloureds and Indians (DTI, 2008). Since 2008, Chinese people (some of whom were known as Coloured under Apartheid, others as Honorary Whites) have been reclassified as 'Black' after the South African Chinese Association took the South African government to court and won the case (*BBC News*, 2008). In this regard, empowerment has become an important component of the transformation of existing social power relations throughout order to 'correct the traditional pattern of excluding many people from political as well as economic power' (Eyben, Kabeer & Cornwall, 2008). Masito (2007:6) recognizes that a 'right historical imbalances' need to be black in economic

development. BEE in its broadest sense is an opportunity for Law (2010) to de-racialize the control of the South African economy, so as to ensure a successful democratic transition.

1.4 Definitions of empowerment

Empowerment is a difficult concept to define because in the description there is not a single parameter. According to Khoza (2001), empowerment means different things to different people. Edigheji (1999) described empowerment as an 'amorphous, slippery and catchphrase' with a clear definition becoming hard to find. Likewise, Black Economic Empowerment is probably the most overworked and least understood concept, and a concept of almost unending elasticity. Masito (2007:12) cautioned that it is important to recognize the context in which empowerment is taking place in order to define empowerment. Empowerment thus means increasing the economic involvement of the disadvantaged group, self-efficiency and upgrading, access to basic services, democracy inclusive, a just and equitable meritocracy system and equal opportunities for all (Friedman, 1992).

Friedmann (1992:12) described empowerment as 'an alternative development that emphasizes the improvement of the excluded majority's living conditions and livelihood'. Friedmann used 'alternative development' concept to refer to a method of 'restoring the historic cycle of systemic disempowerment and exclusion from economic and political power of the vast majority of people'. Disempowerment denies most 'human fluourishment' as their lives are marked by poverty, poor health, a life of backbreaking labour, fear of dispossession, and dysfunctional social relationships. As an example, empowerment aims to humanize the dominant system and its long-term goal is to change society in its entirety, including the power structure (Friedman, 1999:12).

Empowerment mean different things to different people. The importance of empowerment seems to be practical and psychological, and is strongly influenced by individual context, as Masito (2007:48) believed that apartheid benefited or disadvantaged someone because of the colour of their skin. To this end, Miles (2001 cited in Khoza, 2001) defined empowerment as 'economic upliftment of groups from previously marginalised rather than individuals'. According to Khoza (2001) empowerment is an 'economic and social transformation with long-term objective of rebalancing the power structure of society by the responsibility for public action, strengthening the capacities of civil society to deal with its own affairs and making business more socially conscious'.

Hassbroek (2006) who studied the empowerment of Afrikaner groups at the beginning of the twentieth century in South Africa, defined empowerment as 'a modern concept that describes a process of government intervention in the economy, whereby the economic capabilities of marginalized people or groups, in the process of economic development, are improved and opportunities are opened up to participate on an equal footing in economic activities'. Empowerment as noted by Haasbroek does not entirely depend on government intervention, but people can also empower themselves economically.

Economic empowerment is a right, according to Tshetu (2014:11), to recognize the individual's ability to participate, contribute to, and benefit from growth processes, and to allow a fair negotiation, with value contributed in a way that respects dignity. Back at 1988 the Foundation for African Business and Consumer Services (FABCOS), Gqubule (2006) traced the root of (black) economic empowerment. FABCOS talked about the need for members to support each other and to ensure that the 'black rand' circulated for longer in the townships. Against this background, economic empowerment was seen as a process of increasing black participation in management or achieving equity in the labour market. This type of empowerment is credited

to one of the founding members of FABCOS, Joas Mogale, who referred to empowerment in general terms as black business development.

1.5 Different Approaches

As the previous section showed, empowerment is a very broad concept and there are different approaches to understanding it. The conceptual framework of Friedmann (1992) provides the basis for understanding economic efficiency. Accordingly, empowerment is an alternative creation, according to Friedmann (1992), because it seeks to correct the long-term process of structural powerlessness and exclusion of the vast majority of the people from the economic and political force. By doing so, empowerment is meant to humanize the dominant system and its final objective is to change society as a whole, including power structures. Also drawing from Friedmann, Edigheji (1999:4) identified two dominant approaches to understanding economic empowerment in South Africa: the minimalist and maximalist approach.

The minimalist approach stresses the proportional representation in public and private sectors of formerly oppressed groups of people. Her emphasis is on the job advancement and development of black executives, companies and professionals. Nevertheless, it does not attempt to change the conditions that have simultaneously created privileges for the minority and a continuous oppression and margination of the majority on the other hand a major problem with this application (Edigheji, 1999:5).). This seeks to change the racial composition of rights and vulnerabilities, i.e. create a new round of accumulation of racial capital. According to Friedmann (1992), the acquisition of shareholding certificates in historically white firms or the obtaining of a government contract or an interest in government-initiated enterprise by licensing and privatization is minimalist empowerment. The minimalist approach described in its narrow sense economic empowerment in terms of black business growth or a Black middle class formation. However, from various perspectives this approach has been heavily criticized.

In general, the South African Communist Party (1996) has argued that the BEE was short-sighted and corrupted the main pillar of South Africa's transition only by means of the transfer of shareholding. In short, the minimalist approach emphasizes the distribution of privileged positions among a few people within existing structures – it neither addresses the need to redistribute resources to achieve 'empowerment from below' (discussed in detail in Chapter 2) for the majority of the population nor radically transform power relations in society. Gqubule (2006) added that the approach does not address the fundamental need to transform the nature of capital, or the trajectory of economic empowerment in order to achieve developmental objectives.

On the other hand, the maximalist approach emphasizes a structural transformation of institutions and cultures which would effectively change political and economic power relations rather than replacing them by other individuals (Friedmann, 1992). The approach includes creating and redistributing wealth to most people; from skills and education to land redistribution. However, Friemann claims that maximalists are not just including certain people in economic ownership and management systems, but stress the general democratization and transformation of organizations and organisation-culture.

This mobilization strategy, according to Sono (1991), consists of a preventive, innovative and positive redistribution process for justice. This requires the transition from the conventional to new demand centers of political, economic and educational power. This approach therefore places the simultaneous empowerment of the person as a collective and the individual as an entity at its heart. The rationale is that motivation derives from the need to redress the systemic disparities of race, gender, and class. Consequently, the maximalist approach has been equated with the empowerment process that took place under the Afrikaner Nationalism at the beginning of the twentieth century in South Africa.

1.6 Rationale for the Study

My fascination with the subject of economic empowerment began during my undergraduate years at Vista University when my father was working at Iscor, Vanderbijlpark. I was made aware aware of the role Iscor was playing in various communities surrounding Vanderbijlpark after witnessing its mass retrenchments in the 1990s and the problem this caused for its ex-employees and their families. One should not, however, overstate this irony, for the retrenchments in the 1990s were just the most recent of a series of retrenchments at Iscor and these affected white as well as black workers.

As part of its historic mandate, Iscor was established in the late 1920s by the Nationalists and Labour coalition government, to alleviate the 'poor' white problem through job creation and welfare services. In the 1920s, the government developed the South African Iron and Steel Industry to meet post-World War I economic and political demands and to create a semi-state industry in government control that would allow 'public' participation. According to Davies (1979), the Pact government sought control of Iscor for two reasons; firstly, to meet its political promises with the white employees, Afrikaners and rural farmers by enacting a racialised 'civilised labour policy', which excluded Africans whilst actively encouraging the employment of 'poor' whites; secondly, to apply the laws that denied Africans entry and advancement into skilled work and training.

Fast-tracking to 1994, Iscor had gone through numerous changes, from being a state parastatal (from 1928-1989) to being a privatised entity (1989-2004) and to new management in 2004. In 2004, LNM Holding, the world's second largest steel producer owned by Indian billionaire Lakshmi Mittal, bought a 49.9 percent stake in Iscor and subsequently changed its name to Ispat Iscor (Radebe, 2004). He later expanded his share to 60 per cent, renamed the former state parastatal Mittal Steel South Africa and set aside a 17 percent stake for black economic

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empowerment (Moos, 2004). The main question, therefore, is 'How do the pre-1994 AEE and post-1994 BEE programmes compare and how are they being implemented at Iscor /Mittal Steel and with which beneficial outcomes?'

My assumption is that despite some similarities in philosophy, the outcome of AEE and BEE will differ fundamentally owing to the radically changed political, economic, legal and social context in which these programmes are being implemented at both the national and local level.

1.6.2 Research aims

The aim of this study is firstly to examine how the development of the 'welfare state' and the 'developmental state' contributed to Afrikaner Economic Empowerment (AEE) and Black Economic Empowerment (BEE), respectively, and, secondly, to explain how this was executed within a state-owned enterprise.

1.6.2 Objectives

1. To examine the literature on the development of the welfare state, with a particular focus on South Africa.

2. To analyse various theories around the welfare state, as well as how the welfare state shaped the implementation of empowerment.

3. To discuss the different strategies used to empower the poor, first by the welfare state during the NP reign, and secondly under the developmental welfare state in the post-apartheid South Africa

4. To examine how, before 1994, Iscor implemented welfare services to empower the poor white and how, after 1994, Iscor/AMSA implemented developmental welfare services to empower poor blacks

5. To examine the experiences of former workers and managers and current workers and management on the conceptualization and implementation of the two empowerment programmes at Iscor.

1.7 Brief Outline of Methodology

The analysis for this study was qualitative and sought to explain how Afrikaner Economic Empowerment (AEE) and Black Economic Empowerment (BEE), respectively, contributed to the development of the 'welfare state' and of the 'developmental state'. Further, to explain how this was executed within a state-owned enterprise. Although there is a growing scholarship on BBBEE, few studies have examined how workers and management experience the implementation of the empowerment legislation and how they react to it. Linked to this problem, to date, no study has looked at what happened to institutions which were central to the upliftment of poor whites under the NP; how these former parastatals were reinventing themselves to meet the demands of the new BEE legislation; what informed these changes; what the targets of these changes were; or how policies that were made during AEE were being applied to meet the current BEE objectives.

The aim of the research was to generate data for a single case study through detailed interviews, focus groups and observed participants. Former employees, existing employees and non-employees of Iscor / AMSA were a primary reason for choosing Qualitative Research. The focus of this research was not just on quantifying one dimension of the interactions but on the meanings and perceptions of the participants. Therefore, qualitative methods were more important for data collection.

The fieldwork included a trip to the archives of Cape Town and Pretoria to collect historical information, observation of one job meeting participant, four focus groups and 73 in-depth interviews with former employees, managers of Iscor, existing staff and plant managers in AMSA, as well as members of trade unions and NGOs in the Sedibeng Region. Interviews and focus groups are semi-organized with open questions that required participants not to provide pre-determined themes but to provide their own interpretations on the topics. The audio was captured and transcribed in interviews, and the transcripts were coded to help the data analysis.

1.8 Chapter Outline

The dissertation consists of 8 chapters. It is chronologically arranged and uses periods and incidents to structure the analysis of history in chapters 2 to 4. The periodization of the chapters therefore is focused on significant political changes occurring in South Africa between 1924 and 2018. In the first time between 1924 and 1939, Afrikaner self-determination took place. The second period, from 1948 through 1990, marks the period of state empowerment under the National Party. The third period, from 1994 to 2018, marks the age of Black Economic Empowerment since South Africa became a democracy during the African National Congress.

Chapter One describes the analysis, which offers the scope, justification and a brief description of the research methodology that will be further explored in Chapter Five.

Chapter Two introduces the concepts of empowerment and welfare state, reviews theoretical perspectives on the welfare state, models of welfare as well as outlining various strategies used to make empowerment a success. It looks at a number of theories that explain the concept of empowerment.

 Chapter Three reviews the literature on the evolution of the welfare state under AEE during the NP rule and outline its outcomes. The chapter argues that the welfare state under the NP

was underpinned by the Afrikaner Nationalist ideology that provided welfare benefits to the white population only.

Chapter Four reviews the literature on the evolution of the welfare state under developmental state during the ANC rule and outline its outcomes. The central argument of this chapter is that the ANC established a developmental welfare state under the neoliberal context to provide welfare benefits to all citizens.

Chapter Five explains the nature of the analysis and the different methodologies used in the report. This section discusses how these data were obtained and analyzed, describes some of the limitations of the analysis and offers some reflection on the research process.

In Chapter Six, the section explains how the welfare state operated at a micro level using evidence from Iscor, Vanderbijlpark, as a case study. The findings include interviews with former employees and managers as well as current employees, managers and trade union officials, and content analysis of company records about the design and implementation of AEE.

In Chapter Seven, the study presents the findings of interviews and document analysis about how the developmental welfare state operated at the now transformed AMSA about the design and implementation of BEE.

Throughout chapter 8, the research findings on empowerment and welfare state are explored in the context of the wider literature with suggestions on the impact of such services or legislation on the participants.

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 Introduction

To understand why economic empowerment works in some contexts and not in others, one needs a deeper understanding of the macroeconomic framework that influences social upliftment. This is particularly important for this study as AEE and BEE have taken place under different forms of capitalism. Under both systems, a welfare state was formed and played a central role in the political and economic upliftment of the poor but could not lead to social empowerment. Hence, a call for a new approach called the developmental welfare state, to promote social empowerment.

Since the 1930 Great Depression, numerous strategies have been developed to alleviate poverty and empower those affected by poverty and unemployment. To this end, various theories have emerged throughout understand how this happens. The concept of the welfare state and the developed state and different approaches to empowerment were an important initial contribution. This chapter compares the principles that define each approach to empowerment, how they were applied in terms of upliftment and how this could benefit the poor.

2.2 The Welfare State

Since the beginning of industrialization modern capitalism has come under pressure to resolve problems such as poverty, unemployment and under development. These economic and social challenges have not only called in question the 'specific form of society' but also triggered the debate about the importance of the welfare state. Despite its importance, there has been little agreement on what the welfare state stands for. Katz (2010) describes welfare state as a collective of services that ensure economic security for all people by providing fundamental

life needs, such as food, housing, childhood health, medical care and support at age. For Patel (2015:16), welfare state is the nation's social policy structure, social services, benefits, initiatives and social security in a caring and atmosphere to promote social development, social justice and social functioning. This definition demonstrates the connection between the welfare policy and poverty.

Kethineni (1991:2429) stresses that during the Great Depression most advanced capitalist countries realised that they were not capable of achieving self-regulating growth. A laissez-faire economic policy contributed in terms of mass unemployment and consumption to an ongoing social and economic crisis. Since then, most countries have used welfare policies to alter the impact of the economy, providing some kind of minimum guarantee (mitigating poverty), covering a range of social risk (security, education, care for children, care for elderly, etc.) (Midgley, 1997). Accordingly, Esping-Andersen (1990:4) characterized the welfare state as a system in which hierarchical regulation is deliberately used in an attempt to change market forces in at least three directions. The first was by providing minimum wages for individuals and families regardless of the market value of their work or properties.

According to Pierson (1991:103), the creation of the welfare state needs three sets of parameters. First of all, the implementation of social insurance is one of the markers of welfare state growth. Social insurance is a public program according to Encyclopaedia Britannica that offers protection against various economic risks such as income loss caused by illness, old age or unemployment and compulsory participation. Pierson (1991) claims that social insurance requires understanding that incapacity to earn a living is a normal condition in modern capitalist economies and that it is legitimately the state's business to arrange collective coverage against the loss of income resulting from such contingencies. The growth of social expenditure represents the second criterion for the development of the welfare state. The sheer quantity of

public spending – usually 3 percent of GDP – is an indicator of the origins of the welfare state (Pierson, 1991:103).

The extension of citizenship and the de-pauperization of public welfare constitutes the third criterion. T. H. Marshall (1949) does not suggest a step towards economic equality by improving the social services, but it is a key ingredient of what he called the 'realization of equal status for the operation of the market mechanism' (Wedderburn, 1965:139). The word 'citizenship' is composed of three components: constitutional (legal equality), political (equal voting) and social (equal right to minimum wages and social services). To Briggs the Welfare State has three effects in social relations: first, by offering minimum income, irrespective of the market value of their work or property, to individuals and families. Secondly, by reducing vulnerability by enabling individuals and families to meet those "social contingencies" (e.g. disease, age and unemployment) which otherwise lead to an individual or family crisis; and thirdly, by ensuring that everyone is offered the best possible value in relation to a given score, regardless of status or class. This understanding of the concept of "the welfare state", means that social welfare is vital to understanding the relationship of the state to the citizen.

In this regard, Spicker (1988) argues that the government can provide services to the degree that state intervention is recognized as legitimate, but the 'state' position is complex. It also regulates welfare provision in society, controlling, mandating, encouraging and fostering alternative welfare provision networks. The new forms of governmental intervention in social and economic life in both Sweden and the United States of America (USA) was triggered by the Great Depression of 1930 (Pierson, 1991:113). New relationships were formed between government, employers and trade unions as well as a political realignment process that established new political forces at the heart of the nation. This process culminated in a major

expansion of the demands for healthcare, education, accommodation and rehabilitation from the millions who were injured and displaced as a result of the war.

However, in Sweden, the development of a welfare state resulted from a 'historic compromise' between the owners of big capital and organized labour (Pierson, 1991:118). The 'compromise' guaranteed that large capital retained its administrative prerogatives within the workforce, subject only to promises of unionization rights, and promoted capitalist economic development. At the same time, the Social Democratic government adopted Keynesian economic policies aimed around maintaining full employment and using progressive taxation to reduce economic disparity and support social needs, such as schooling, health and housing (Pierson, 1991:119).

Similarly, the British government commissioned Sir William Beveridge's Social Insurance and Allied Services Report (1942) to find out how current programs and services could be strengthened. The report of the Committee was planned for the United Kingdom's welfare state and described 'five giants' along the way. These were: disease, want, ignorance, squalor and idleness' (Haralambos and Holborn, 2012:262). This proposed that children's allowance be implemented, that health services be given to all residents that state-funded universal secondary school systems be provided, that there be a comprehensively organized network of affordable rent houses and job creation (Haralambos and Holborn, 2012:263).

The advent of the welfare state after the war represented a shift towards a new form of capitalist economy known as "welfare state capitalism", in which focus is placed on total, male employment, universalism and corporatist partnership, according to Eikemo and Bambr (2007:3). This was also the case with South Africa during apartheid. John Maynard Keynes, who was an economist and an advisor to Winston Churchill, advocated the idea of using state powers to create full employment (Whiteside, 2014:4). The economic theories of Keynes

established the substructure and base of the modern welfare state, and nearly all welfare states were developed according to its principles. He rejected the idea that a perfectly competitive economy headed toward full employment immediately and that the state should not intervene with the system.

Nevertheless, in the late 1960s, growing discontent among left and right libertarians over the vigorous administrative and quantitative aspects of social welfare emerged (Pierson, 1991:122). Marxist theorists, on the other hand, argued that the welfare state's main purpose was to reinforce capitalism (Lowe, 1994:3). Feminists, on the other hand, attacked the welfare state as a tool in nature to preserve men's control over women (Lowe, 1994:3). Social spending (on schooling, health, income protection and other welfare services) had taken on a growing share of this increased public expenditure over the same period, increasing from 47.5 percent in 1960 to 58.5 percent by 1981 (Pierson, 1991:140). Understanding these definitions is necessary to establish the relationship between the welfare state and empowerment.

2.2.1 Theories of Welfare State

Within the broad framework of the welfare state, there are various theories in terms of how the state distribute its benefits to the population. These will be discussed in relation to their implications for social welfare.

2.2.1.1 Structural or functionalist theory of welfare

During one moment in time of industrialization, globalization and modern capitalism, the early welfare ideas seemed to be systemic and functionalist in view of the welfare state emerging to meet society needs (Cousins, 2012:20). Wider family relations continued to be disrupted as industrialization progressed. Therefore, employees requested that the state and company 'share some responsibility for their maintenance' (Kerr *et al*., 1960:153 quoted in Cousins, 2012:21).

The design of formal program of accident compensation, health benefits, career security and old-age pensions for industrial workers is a key element of the functional approach. The structuralists argue that the responsibility for ensuring factory workers' minimum health and security rests overwhelmingly with managers and government, not with people or their families. Therefore, for empowerment to take place, employers and various government institutions must invest in workers to distribute benefits to families.

2.2.1.2 Institutional approaches to welfare

The institutional approach perceives the welfare states as important in ameliorating the negative effects of market failures in capitalist societies (Patel, 2015:19). The institutionalists argue that governments are the best social policy providers and that call for the institutionalisation of access to social security and social rights through legislation, tax policies, legal regulations and comprehensive services (Patel, 2015:19). A 'political oriented approach' consisting of organizational structures of governments and political party systems considers politics as 'the primary place of action, but recognizes political activity, whether carried out by politicians or social groups (Skocpol, 1992:41). This strategy involves not only the government but also 'governmental organizations and politically active groups' as part of the policy and draws attention to four forms of processes: (a) the creation and transition of states and parties; (b) the impact of political institutions on social group interests, priorities and capacities; (c) the connection between group aims and capacities and points of access (Cousins, 2012:31).

Central to the institutional approach is the principle of universality. Patel (2015:19) defines universality as the right of all citizens of a country to universal suffrage and access to services and benefits such as income security, medical care, education and housing, regardless of their income or their means. Since the emergence and dominance of neo-liberal approaches to social welfare in the 1970s, social welfare policies and programmes have been reduced significantly,

leading to others concluding that the institutional approach was not working (Segal and Brzuzy (1998:13).

2.2.1.3 Marxist perspective on the welfare state

The Marxist theory of politics concentrates primarily on state power (Spicker, 2006). The State is either seen as an organ of the ruling capitalist class or as a complex set of institutions that depict the contradictions of the society it is a part of. Poulantzas (1976) who thought that the welfare state was operating in the long-term interests of the entire capitalist class, argued that the welfare State may be helpful to the working class but that it contributes to capitalism in the long term. Expanding on this, Ginsburg (1979:2) believed the welfare state had the following functions: a) it embodied the working class's eventual opposition and revolutionary potential. It does this by giving the working-class legal support, makes society more egalitarian and redistributes wealth from the rich to the poor. It is indeed a mistake since the welfare state is largely paid out by the worker's taxes; b) welfare helps keep a reserve workforce. This provides basic support for the unemployed through the provision of jobs and low wages while helping to sustain the efficiency of capitalist companies; and c) the social security system tends to perpetuate the patriarchal family in favour of the idea of the male husband and wife mother (Ginsburg, 1979:267).

For Pierson (2006:53), management of the working class is a very important task of the welfare state. The welfare reforms, as described at Pierson (2006:53), were often implemented by the ruling class in order to regulate and govern the workforce rather than redistributing wealth, and by the actions of groups such as social workers and health visitors the welfare state allowed surveillance and monitoring of the lives of the proletariat. Therefore, the capitalist State should try to perform two basic and often contradictories: "Accumulation and legitimization". O'Connor (1973:6) argues. In this regard, O'Connor (1973:7) claims that education

expenditure — reproducing and developing more skills and qualifications of the workforce — served the purpose of building up, whilst other investment, such as social insurance, was legitimizing. In other words, the welfare state in an advanced capitalist society helps to ensure that the economic system survives, stable and works efficiently so that the social class and group integrations and the social order continue to be sustained (Cousins, 2012:20). According to this theory, welfare undermines the freedom of the individuals, hence the requirement for an alternative approach to the welfare state.

2.2.1.4 Market liberal perspective (also called residual approach)

The residual approach is based on the idea that states only have a small role to play in social welfare delivery. The residual welfare state's fundamental principle is that people manage healthcare themselves (Esping-Andersen, 1990:8). The government should only interfere when the usual aid mechanisms fail and people cannot help themselves. The advocates of this perspective hold that free market is the best way of distributing capital. The first, the free market which calls for a more competitive, open and competing economy (Pierson: 2006:42). This view includes two positions. Market liberals support a decentralized welfare state–giving free markets and capitalist businesses more control (Haralambos and Holborn, 2012:269). Eligibility for services and benefits is based on a means test, which uses a formula to set minimum criteria for determining a person's eligibility. Instead of universal access to all citizens, they endorse the principle of selectivity, which involves the targeting of resources as selected groups who are considered to be the most deserving.

The second position, which was called conservative thought, is to restore social and political power through society (Patel, 2015:22). The Conservatives support limited government action on human affairs, free markets, economic liberalism and deregulation as well as individual well-being accountability. We condemn the welfare state to encourage dependence on welfare

and weaken traditional institutions like the family (Haralambos and Holborn, 2012:269). The conservatives advocate privatisation of social welfare through payment for services, private social insurance provision and the delivery of services by commercial enterprises (Patel, 2015). This approach is also called neoliberalism, which claims that the State mostly represents the prevailing commercial interests, supports the market and thus poor outcomes. Thus, the understanding of the various theories about the welfare state would enable the research to determine how the state distributes its benefits to the population.

2.2.2 Models of the Welfare State

The Dutch sociologist Esping-Andersen (1990) made a distinction between the three welfare state types, the social democratic, progressive and the moderate, based upon the different theories of the welfare state. The social-democratic model has effectively been developed by working class movements which build alliances with other groups and classes while retaining fragmented, divided and side-lined conservative powers, thereby establishing hegemony. A key principle of this model is universalism – that is, granting access to benefits and services based on T.H. Marshall's notion of citizenship rights. Such a model focuses on financial transfers, also called income support, social security or cash benefits. According to Eikemo and Bambra (2007:6), these are the aspects of the welfare state most associated with income redistribution – for example, housing-related benefits, unemployment, pensions and sickness and disability benefits. According to Marshall (1949) the rights of individuals, freedom of the citizen, freedom of speech, of thinking and faith, the right to property and the right to fair contracts, and rights to justice have been acquired by the growth of industrial societies. Consequently, these democratic rights will lead to political and social rights that are closely associated with the development of the welfare state (Haralambos and Holborn, 2012:265).

The State has implemented universal social insurance under the conservative model that is funded by social security contributions paid collectively by employees and employers (Andersen, 2012:6). The core principle of the conservative model is the conviction that personal responsibility and private institutions are the ideal way to promote human well-being. Andersen (2012:7) retains the possibility of splitting administration of the system into purposes (e.g. joblessness, disability, illness, old age care). Conservatives usually try to reduce government intervention by putting public welfare liability in the hands of non-governmental institutions such as private, charitable and commercial profit-seeking organizations.

Regarding the liberal model, individuals rely primarily on market-based, private, contributory schemes for the provision of retirement, health, and other benefits. The liberal law is the other way around the social-democrats system, according to Kemeny (2001:59), because the party of the working class is holding separate and divided while the conservative power is keeping the center and the left. Andersen (2012:7) maintains that the liberal model is based on the conviction that people should handle most of their welfare needs themselves, while the state is confined to mainly providing a safety-net for the poor. The liberal model is based on market dominance and private supply; ideally, in this system, the government only interferes with poverty alleviation and provides basic needs, primarily on a medium-tested basis. Understanding these models is necessary to understand why empowerment works for some and not for others.

2.2.3 Political-legal Factors Underpinning the Welfare State

All of the welfare theories and models tries to uplift the poor through some kind of political-legal empowerments. Political empowerment has proved useful in elevating the poor where the concerted efforts of the state to expand control of resources and regulatory bodies through organizations and movements of those historically excluded from such control (Utting,

2012:2). From a political perspective, various factors influence empowerment, including political ideology, governance and the rule of law, as well as provision of social services. The influence of these factors cuts across society, starting from various forms of collective organisations and movements to how government makes decisions on public policy.

2.2.3.1 Political ideology and nationalism

Ideology is an increasingly important area in empowerment discourse. In various countries, governments applied political ideology to construct nationhood and nationalism. Nationalism itself is a political ideology in which a nation claims the right to a state. According to Webb and Kriel (2000:24), nationalism is a tool for political mobilisation used to acquire political power by certain groups. Hobsbawn (1990:37) introduced three conditions which would clarify the creation of nationalism, namely: a historical association with the current or previous State; a demonstrated capacity for conquest of long-established culture elites with written national literature and administrative vernacular.

Horowitz (1985:53) maintains that nationalism originates from the development of ethnic identities. Ethnicity refers to a sense of shared identity based on 'important' ethnic characteristics for Horowitz: common ancestry, language, heritage, culture, race or religion; or the combination of these. Adam and Moodley (1987:27) distinguished between cultural ethnicity, economic ethnicity and political or legal ethnicity. Culturally speaking, an ethnic group is a culturally distinct group, with culture, political institutions and religion being or belonging to influential signs of ethnic identity. In terms of economic ethnicity, Adam and Moodely (1987:29) refer to the situation of economic inequalities or privileges coinciding with ethnic group boundaries. Political ethnicity refers to ethnic privilege or exclusion institutionalised in the practice of law of the state. According to Haralambos and Holborn (2012), ethnic groups consider themselves different from one another because of the belief in

myths of common origin and the presence of ideologies encouraging endogamy. As a result, this culminates in the hierarchical ranking of ethnic groups, where some groups end up enjoying more status and greater material rewards than other groups. This is often fostered through patronage.

According to Beekers and Van Gool (2012:6) patronage is a form of reciprocal political exchange between actors possessing unequal resources where high-ranking individuals (patrons) provide physical protection and/or livelihood services to lower-ranking individuals (clients) who reimburse the former by providing loyalty, labour or political support. These expanding administrative hierarchies also draw public resources through patronage by political leaders seeking votes and political support (Beekers and Van Gool, 2012:9). These include government jobs, property, hospital beds, police protection and education, entry into the university, capital, credit, foreign exchange and business licences. Sadly, in such structures, political mobilization and distribution of resources are structured mainly along racial and patronage lines. This means that nationalism can have both positive and negative empowerment functions. As Meiring (1975:63) suggests, nationalism can be a creative force in the life of people. Some of the positive functions of nationalism include promotion of cultural identity (using language and religion, amongst others), education and provision of social services, as was evident with the Afrikaners under apartheid.

2.2.3.2 Governance and rule of law

Nationalism provides the ideology and legislation as the means to empower certain sections of the population. The United Nation adopted a new approach to legal empowerment, called the Commission on Legal Empowerment of the Poor (CLEP) which seeks to investigate the potential contribution of legal reform and rights-based approaches to poverty reduction (Cousins, 2009:1). According to Singh (2008), legal protection and economic opportunity

should not be a privilege of few but the right of all. The United Nations maintains that disadvantaged people live and work in places outside the law, such as in an informal economy, where they are vulnerable to abuse and are denied the chance of participating on an equal footing in financial, social and political affairs.

Therefore, the welfare state supports legislation to allow the poor to use the law as democratic citizens and economic actors to defend and promote their rights and interests (Cousins, 2009:2). This argument stems from two observations. The first one is that legislation has been used to exclude the poor from the formal economy, or formal institutions do not cater to the poor. The second observation is that over four billion people in the world live without legal protection (Banik, 2009). With this understanding, the research argues that to empower the poor, it is necessary to reform the entire legal system and to increase access by the poor to justice and the rule of law, promote 'fully functioning' property systems, recognising the labour rights of workers in the informal economy and extending basic 'business rights' to the poor (Banik, 2009:118).

Legal empowerment means not only formalize property rights as the foundation of the protection and health of the poor but also the so-called 'bundle of rights' as a global social contract (Banik, 2009:119). Emphasising this view, Albright, argued:

> These citizens do not own the houses or apartments in which they live, have no title to the land they till, cannot prove that the livestock they feed and care for is their own, do not qualify for a credit, and have no legal license to sell what they produce. Many do not possess any legal documents, even a birth certificate or proof of identity […] Constantly vulnerable, they may be exploited by all who wield power, including criminals, predatory government officials, unscrupulous employers, and single-minded developers who may want to move the poor out of the way (Banik, 2009:119).

The bundle of rights contained the four cornerstones of the legal empowerment process: access to justice and the rule of law, freedom of land, workers' rights and business rights. (Singh, 2009:147). The Commission argue that legal empowerment is not feasible when vulnerable people are denied access to the justice process in the area of access to justice and the rule of law. In this pillar the poor are motivated by ensuring that all have the right and the recognition of a legal identity at birth. In respect to property rights, free and open rights of property give the poor a sense of identity, reputation and belonging. The goal is the incorporation of the disadvantaged in the formal economy and their upward social mobility as a process. Along with the property rights, however, is the increasing concern over the protection of the poor.

De Soto (2000) claims that laws typically made by professional lawyers largely ignore or reject the disadvantaged's existing activities, leaving them exempt from legal protection. It suggests a need to consider the challenges facing the poor in terms of access to property rights and how they can formalize their properties. However, Banik (2009:124) claims that labour laws need to be legally recognized, since the greatest asset of the poor is human capital. Initiatives such as safeguarding and promoting freedom to speech and recognize the vulnerable are important to labour rights; creating employment opportunities; improving the quality of labour legislation and the functioning of labour-market institutions; establishing a basic collection of informal worker's rights; supporting measures to ensure access to health and medicine (Singh, 2009:149).

The UN claims that business rights are linked to the willingness of SMEs to access basic financial services and infrastructure facilities. It involves incentives and protections such as selling, trading, raising investment capital through stocks, bonds or other means, mitigating personal financial risk through property shielding and limited liability, and transferring ownership from generation to generation (Singh, 2009:150). The right to sell and to have a job

and access to essential infrastructure and services (shelter, electricity, water and sanitation) is part of empowerment under this pillar. The legal approach is an important ingredient to empowerment that allows the poor to contest power through normative changes (Luttrell and Quiroz, 2007). Thus, to empower the poor, it is necessary to understand which dimension of legal empowerment predicts empowerment effectively.

2.2.3.3 Provision of Social Services

An essential part of the welfare state is to ensure that all members of society access the right to certain social services such as healthcare, education, old age pensions, unemployment and injury insurance, housing and welfare which the state should provide. Different countries adopted different approaches to guide the implementation of social services. For instance, in the USA, economists invented a notion of 'entitlementation' which encompass entitlement objectives such as healthcare, education, old-age consumption, and sometimes food, housing, and transportation previously provided by the private sector, but provided by the state to everyone (Phillip, 2013:12).

Central to the entire discipline of welfare state is the role of policy or legislation necessitating direct state intervention in terms of building housing and, ultimately, the recognition of homelessness as a housing problem. The role of the state was central to solving the country's housing issues based on a "top-down" model, according to Anderson (2004: 374) in which the central country lays down policies and laws, with the local State as the principal implementing vehicle. Nevertheless, the local authorities have exerted considerable influence over some aspects of the housing system within this framework, especially the scope of procedures for allocating their residential stock. Following the Second World War, housing played a key role in deciding quality of life (Kemeny, 2001:62).

Another important social service benefit was education. In Britain, the Beveridge Commission proposed the provision of a state-funded, universal, secondary education system to tackle ignorance (Haralambos and Holborn, 2012:262). According to Katz (2010), schools have been used to provide social services, such as nutrition and health, as welfare state agents for over a century. Public education, financed by taxation, is seen by many as critical in combating homelessness, decreasing crime rates, preparing young people for work and promoting social mobility. Yet academic shortcomings led to large social problems, such as illiteracy for some and exclusion from normal integration by formal and vocational training and entrance on the labour market for many. Kisswani (2008) added that the Great Depression presented two challenges for education: first, the economic hardships that followed invariably pushed the cost of education too high and made it unaffordable. This would result in high school students dropping out or not pursuing further education. Furthermore, high unemployment reduced the cost of education and made schooling the most viable alternative.

Finally, the provision of health services is a major component of the welfare state for all people. Governments increased social spending to boost the material well-being of families under desperate pressures in order to mitigate the impact of the recession. In 1942 Britain and America supported people with tax-financed health insurance following the release of the Beveridge study. In many countries, hospitals and clinics were owned by the government; some doctors were hired by the government, but there were also private doctors who collected their fees from the government. Such hospitals have provided a full range of free medical facilities, including better-organized clinics, free physician visits, free dental and eye care. What we see here is that the state reversed the effects of the depression by rolling out social services to ensure that the poor and unemployed were empowered.

2.2.4 Economic Factors Underpinning the Welfare State

Economic empowerment refers to the capacity of the poor to take part, contribute to and benefit directly from public redistributive policies, such as taxes, grants and other government expenditures from economic growth (Eyben, Kabeer and Cornwall, 2008:9).

2.2.4.1 Keynesianism and Economic Upliftment

The economic and social policies under the welfare state are highly focused on justice and protection of the person against social risks. However, macroeconomic policies for economic stability and lower unemployment are also part of the welfare state policies. The Great Depression in 1930, which was one of the most important events in the last century, was the implementation of a policy of a macroeconomic nature that led to empowering the poor in terms of employment, skills development and various benefits.

The leading UK economist, John Maynard Keynes, argued during the 1930s that the capitalist economy should not be left alone in trade. Keynes proposed that by employing people, providing services and even controlling industrial resources, the government could play an active role in the economy (ILRIG, 1999:23). Keynes maintained that the root of the economic crisis was that consumers did not have money to spend and business lacked confidence in making the profit (ILRIG, 1999:22). Keynes identified two strategies for addressing the lowest share of the income distribution in this economic crisis. Another discusses the government's cash transfer program to lift the income of the poor and exclude them from poverty. The second seeks to develop skills and expertise (human capital) of low-income workers by rising their incomes (Pressman, 1991:366). Both of these approaches looked towards economic growth as a remedy to the problem of poverty. Thus, the approach was intended to provide empowerment

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to the poor by guaranteeing high demand, so that jobs will be available for all those seeking employment, and to increase labour productivity of each worker to increase income.

Keynes has implemented many redistributive policies in order to raise workers' living standards, without increasing salaries or creating jobs abroad. Those policies required higher taxes to fund services directly benefiting families of low income and to increase their living standards (Pressman, 1991:369). According to Keynes, these policies entailed state provision of family or child allowances; state provision of a more liberal social insurance and pension programs; and increases in useful state expenditures on welfare services such as health, education, recreation, travel and housing. Keynes also felt that business was untrustworthy in times of crisis in terms of profit-making. Keynes therefore suggested that by hiring workers, providing services and even the State playing a more active part in the economy (ILRIG, 1999:23).

2.2.4.2 State-Owned Enterprises

A central feature of the welfare state is a large public sector that provides services such as health care, education and infrastructure, as well as payments to the elderly, poor, disabled and unemployed (Andersen and Schmidt, 1999:264). Efird (2010:1) differentiated between different role and need of the SOE, such as (a) public services such as power, water, communications and transport, (b) core industries of goods like carbon, gas, nuclear assets and steel, (c) financial services such as banks, insurance and social security authorities; and (d) social services such as electricity. Funded through taxation, these goods and services, all pertain to the provision of public goods by the state and needed by citizens.

Nonetheless, Putninš (2015:825) points out that SOEs, as the form of direct policy procurement, are more suitable for circumstances where the following: (a) an economic

performance market exists; (b) the intervention priorities are simple and specific; (c) greater emphasis is given to financial goals (although non-financial targets should always extend to SOEs). During the post-World War II reconstruction, various social forces, including politicians, workers, businessmen and bureaucrats shaped the implementation of Keynesianism (Clark, 1994:3). Through hiring workers, providing services and even labour issues the government took a more active role in the economy. Flores-Marcia (2009) argues that SOEs with complacent managers have become massive, wasteful monsters. Governments extended their reach to light industrial industries without economies of scale that could justify private investors being squeezed out. SOEs were used as insurance companies for de facto unemployment, hiring workers well beyond their production needs. Labour unions have become large, powerful groups of political interest. Subsidies were given without consideration of the government outlays' net present value, and bribery was prevalent. As a result, state-owned businesses have slipped further into mediocrity and waste. To this end, entrepreneurial spirit dried out. With no outside scrutiny of these companies from shareholders or angry creditors, corruption broke loose. Hence, the calls for reform (Flores-Macia, 2009).

2.2.4.3 Employment Creation and Skills Development

Another economic factor influencing empowerment under Keynesianism was the goal of achieving full employment and developing skills to reduce poverty. To this end, one of Keynes policy proposals was job creation through public works programmes – where governments address risks faced by poor people who are able to work through public works programme, minimum wage, working conditions, unemployment insurance and decent work agendas. Public works programmes were used to reduce the risk of unemployment and poverty by providing short and medium-term job opportunities, increasing the earning capacities of workers and developing skills for the unemployed to participate in the economy effectively.

This is done by (a) promoting standards and rights at work to ensure workers' rights to dignity, equality and fair labour practices are safeguarded; (b) promoting creation of quality jobs and income opportunities; (c) providing and improving social protection and social security; and (d) promoting social dialogue between the state, business and representatives of poor citizens (Cohen and Moodley, 2012). These four forms of social protection, as listed above, do not seem to offer complete coverage and inevitably exclude parts of a population.

Linked to job creation is skills development. Under Keynesianism, the state played a key role in skills development, especially through SOEs and the investment in training and education. According to Fontana and Sawyer (2015:4), to achieve labour productivity, the government had to increase the capacity of people to work. Pressman (1991:366) argued that if poor workers lack the skills they need to be productive members of society, their solution is to give them the necessary skills by means of a training programme. These investments would allow individuals to earn higher incomes in the private sector of the economy by growing their skills and abilities. What this shows is that the state became more active in terms of creating employment and the development of skills. More importantly, with the ideology of the welfare state firmly in place, the new economic policy allowed for the size of SOEs to be increased, and the public service to provide employment. Consequently, under Keynesianism, more skills were developed, and more people employed. At the same time, trade unions played a key role in establishing working conditions, such as regular hours, pensions and service benefits due to workers. This meant great job security for the workers.

2.2.4.4 Trade Unions

Under welfare state, trade unions became essential to the functioning and success of Keynesianism. During the period of the Great Depression, most capitalist countries saw thousands of companies shut down, millions of people lost their jobs, the wages of workers

decreased, and workers became upset with working conditions, low wages and lack of security (ILRIG, 1999). Employers were also hiring for the lowest possible wage, which caused many families to fall into poverty. One aspect, in particular, was the emergence and development of labour movements owing to the increasing rates of unemployment. Inspired by the rise of communism in Russia, trade unions organised massive amounts of picket lines, strikes, fighting for the rights of unskilled workers, better labour conditions as well as pay. Given this rise in the power of trade unions, the state and employers reached a historic compromise with the labour movement during the Depression called 'the social contract'.

Under the social contract, in exchange for collective wage regulation, the government agreed to implement economic and social policies that benefited trade unions. This included welfare benefits, the establishment of a collective bargaining system, adopted legislation protecting the health, safety and general working conditions of workers while business offered to invest more money, produce more goods and services, and pay taxes while providing fringe benefits to workers (ILRIG, 1999:24). In return, the labour movement committed itself to ensuring that wage increases did not exceed the necessary levels. The social contract laid a solid foundation for an economic boom in which workers became productive, trade union membership increased, and for the first time in history, women entered the labour market in large numbers.

Kaufman (2012:508) claims that in their search for economic autonomy, trade unions represented a cartel aimed at maintaining a single over-market value for a group of agents offering a shared good or service (e.g., labour). Unions have done this by bargaining individually. Furthermore, trade unions were also distinguished by requests for property rights and expectations for negotiation. Beyond this, trade unions were also characterised by demands for property rights and bargaining goals. The most general statement about labour priorities is that in politics we need 'higher money' and 'better jobs'. Part of the union's political role is to

defend and improve basic human rights and implement fundamental democratic workplace procedures (Kaufman, 2012). This understanding demonstrates how trade unions are not just political entities, but how they exercise economic and political power.

Nonetheless, under Keynesianism trade unions cooperated with the state and business and became less confrontational. However, as the economic conditions changed and the benefits declined, as government adopted neoliberalism, they were forced to transform. For instance, in 1996, the Canadian government organised a Summit on the Economy and Employment that resulted in the release of a document titled, *Guide D'analyse des Entreprises D'économie Sociale* (Mendell, 2002). This report brought a new sense to democracy which included raising the standard of living and the well-being of the community, concentrating more on public services and social benefits, and creating jobs for those who would otherwise suffer from social exclusion.

The 1996 Canadian summit produced enterprise models for empowerment called 'pathways'. These enterprise models included cooperatives, mutual benefit societies, associations, labour controlled solidarity funds, foundations and trusts and Employee Stock Ownership Plans (ESOPs). The union members pooled and invested their retirement savings to create, save and maintain jobs in local communities (Hebb and Mackenzie, 2001:129). Although solidarity funds were considered to be prime examples of economic empowerment, they were challenged on numerous fronts.

Trade unions' most common strategy is solidarity funds. For example, in the 1920s the Israeli Union Federation (The Histadrut) used the functions of the following: trade union activities; cultural and social activities including sport, magazines, films, women and related issues; economic undertakings, like large-scale cooperatives, agricultural settlements, financial institutions and numerous other bodies (Plunkett, 1958:171). Plunkett (1958:157) suggests that

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all workers surviving by their own labour, without abusing the jobs of others, are part of the Histadrut. To order to build up a Jewish workers' community, it controlled all matters concerning the working class in the fields of trade unions, settlement and education. The greatest challenge was the ideological position of the Solidarity Fund. Jauch (1998) maintains that the practices of union-owned investment companies contradict the policies and interests of the union. For instance, most trade unions are opposed to privatisation and related processes of downsizing, subcontracting and retrenchments because they contradict the policies and interests of unions.

2.3 Developmental 'Welfare' State

The term developmental state, widely accepted as the most important factor behind the East Asian post-war "miracles", refers to a state that intervenes and guides the direction and pace of economic development (Pham, 2012:3). Developmental state theory focuses primarily on an economic development model which emphasises the influential, determining and leading roles of the state in the course of economic development and transformation of a country. The debate on the establishment of developmental 'welfare' state in the last century can be divided into four stages; first, from the 1950s to 1960s, state-led development was encouraged and supported by the international community; secondly, from the 1970s to 1980s, this state-led development was criticised as bloated and inefficient to deal with growing debt and macroeconomic instability; thirdly, from the 1980s onwards, the implementation of structural adjustment and market-oriented reforms as part of the Washington Consensus; and finally, in the mid-1990s, the role of the state in development was re-examined based on the successful experiences of state-led development in several Asian countries. Chalmers Johnson (1982), who is credited for coining the term 'capitalist developmental state', describe the interventions in countries such as Japan, South Korea, Taiwan, Singapore and Vietnam with rapid economic growth through policies or actions by the government. Many analyses of development policies

have reiterated the role of the State in achieving economic growth and poverty reduction. Growth, efficiency and competitiveness are the first and most clear goal of State action (Johnson, 1982).

Characteristically, the developmental state adopted certain principles to try to deal with challenges Keynesianism failed to solve, such as poverty and unemployment. The advocates of developmental welfare state argue that there must be a closer integration of economic and social policies to enhance the welfare of all. One of the main debates around developing countries centered on the dispute over how and, indeed, whether states should interfere on the market and what position the state should play in growth (White and Wade, 1988). A developmental state is characterized by having strong state intervention, as well as extensive regulation and planning. Other forms of conceiving the developmental state include attaining marked levels of growth, according to Routley (2012:8). Vu (2007:28) argues that two factors must be present for development policies to be implemented: i) states need developmental structures, and ii) they need developmental functions. Nevertheless, while this was the case in South Africa after the apartheid, economic growth has benefited only the rich and not the poor and the workers.

2.3.1 Theories of Developmental State

After Johnson (1982) developed the developmental state framework for understanding the 'East Asian miracle', it has been widely debated how the state distributes the benefits to the population. These will be discussed in relation to their implications for developmental social welfare.

2.3.1.1 Post-neoliberalism

Latin American scholars recently coined the term, post-neoliberalism, referring to the return of state capitalism in the region, while calling for a 'new kind of policy that puts citizenship, equality and democratic politics' in governance and growth (Sigh and Octavia, 2018:1039). This thought school represents a different conceptualization of the state than that reigned during the neoliberal phase, according to Grugel and Riggirozzi (2012:3), based on the view that states have a moral responsibility to respect and enjoy their citizens' inalienable (non-market dependent) rights alongside growth. Politically speaking, post-neoliberalism is a reaction to what was perceived as excessive attention at the start of the 20th century and to the élitist and technologist regimes following economic reform. The study focuses on state-social relations, with specific references to economic and welfare programs that reduce inequality and nationality claims. The definition indicates that social programmes, by increasing business participation and generating positive economic outcomes, have to be investment-led and efficient.

2.3.1.2 Social Development

In the early 1990s, the United Nations Development Program (UNDP) initiated this program by emphasizing the need for a comprehensive and sustainable development process to include social and economic goals. Economic and social mechanisms in this theory are equally important components in the development process. To achieve this goal, this theory's proponents suggested three main concepts to be implemented. Firstly, they advocated the creation of organisational arrangements at the national level that harmonised economic and social policies within a comprehensive commitment to sustainable and people-centred development (Midgley and Tang, 2001:246). Secondly, they emphasised that the adoption of economic policies that would foster the inclusion of people in the development process, by creating jobs and self-employment opportunities among all sections of the population, were

given priority. Thirdly, building on Amartya Sen's capability approach, the theory proposed that social programmes be investment-oriented or 'productivist' by promoting economic participation and generating positive rates of return to the economy (Midgley and Tang, 2001:247). Bárcena and Prado (2015) report that developed countries have to deal with some of the major endogenous obstacles to their development to empower and lift the poor through the effective public efforts in education, public health, redistributive policies and industry policy, which include low and unstable growth, weak productivity and unequal income distribution.

2.3.1.3 Developmental patrimonialism

The word 'neo-patrimonialism' stems from the notion of 'patrimonialism' by Max Weber, an 'ideal form' of traditional rule where power is based on personal allegiance relations between a ruler and his administrative staff (Weber, 1947). According to Kelsall (2011:75), 'neo-patrimonialism' refers to a political economy which blends and exists this basic system of power behind some hierarchical, impersonal elements of government, such as a legal system which demarcates the public and private domain, or an administrative code with specific requirements for recruiting and promoting workers. Recognizing the omnipresence of bribery, money policy and rent-seeking, Kelsall (2011) coined the term 'developmental patrimonialism' as a basis for explaining the political conditions that can bring about gradual state change and revived growth strategies based on natural resource-based industrialization. According to Kelsall (2011:77), not predatory capitalism, but emphasis on state power and the role of political elites in controlling economic rents to generate export sectors. Since economies are poorly established in most developing countries, the easiest route to capital is often political power (Diamond, 1988). Neo-patrimonialism allows politicians to supplement their income through bribery, or to use the state's power to gain a foothold in industry. Second, the business

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sector is a lucrative lease outlet for politicians to allocate to buy off political rivals and win election contests. With this understanding, it is necessary to understand that for empowerment to occur, lawmakers must balance the demands of politically strategic groups with those of genuine entrepreneurs.

2.3.1.4 Neo-extractivism

Neo-extractivism is supportive of natural resource-led growth opportunities. Building on recent policy developments from Latin America, Burchardt and Dietz (2014) explore the causes, processes and vulnerabilities of resource-linked development policy. Emphasis on social investment, poverty reduction, and participatory modes of mining governance. Such leading thinkers argue that neo-extractivism violates the neoliberal policy of privatizing raw material exports. First, the transnational corporations have been influential in extracting raw materials and redistributing income, and secondly, that the state has the ability to sustain this system internally. This is the most important feature of this former extractivism. On the other hand, the concept of neo-extractivism refers to post-neoliberal policies that are designed to control the exploitation of resources and exports, including nationalization of businesses and raw materials, contract revisions and increased export duties and taxes. In this process governments make use of surplus income to maintain national development and sovereignty, reduce poverty, increase social participation, diversify local economies and ensure political stability (Burchardt and Dietz, 2014:470).

2.3.2 Models of Developmental State

2.3.2.1 The 'classic' East Asian model

The development state was first established by Johnson (1987:142), which was centered in the Japanese, South Korean, and Taiwanese experience where the development elite generated

political stability, retained the equality in distribution to avoid class or sectoral exploitation... Sets national goals and standards based on non-ideological re-orientation within the national government; establishes (or at least acknowledges) a bureaucratic elite capable of managing the system; and insulates the bureaucrats from direct political control to ensure their competent management. Given the varying circumstances, the three shares in common similar characteristics, such as economic control, labor policy, the extent to which the state is controlled by its main economic customers, the equilibrium between economic management opportunities and governance, special private sector organizations and the role of foreign capital. They have also shared their roles.

The East Asian model has the following attributes according to Johnson (1999:43): i) have solid, autonomous (but embedded) bureaucracy (Evans) 1995; (ii) a policy leadership focused on growth (Musamba, 2010; Fritz and Menocal, 2007); and (iii) a near symbiotically friendly relationship with the main industrial capacity (sometimes known as pilot agencies) between some State authorities. Furthermore, it means achieving large levels of growth in other forms of conceiving the design process. According to Vu (2007:28), the development policies that must be followed require two elements: i) States must have development systems, and (ii) must play (or try) developmental functions. This model shows that there is a strong relationship between economic performance and political policies in order to grow the economy and lift poor people. Care should be exercised to understand the relationship between authoritarianism and capitalism nexus in terms of comparative development strategies, and to explore the range of subtle and specifically political problems that must be addressed and solved in implementing the strategy.

2.3.2.2 Scandinavian model of 'societal' or 'democratic' corporatism

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Contrary to popular views by Johnson, where authoritarianism was linked to developmentalism, this model holds that states such as Mauritius, Chile and Costa Rica achieved a reasonable level of economic growth by investing heavily in reducing poverty and social exclusion. Unlike the East Asian states, these states are also democratic (based on consensus and inclusivity) and have an open political space (Sandbrook, 2005:552). Their model of development consisted of engagement in selective industrial policies; promotion of Research and Development that favoured technology-intensive industries; and that their welfare policies were closely integrated with strategies to promote structural change such as re-training and help with job search (Chang, 2010:2-3). The key attributes of these states includes the introduction of institutional and policy foundations, while rejecting authoritarian leadership and communalism, and the introduction of the 'civic network' to accommodate diverse interests and build policy consensus, thus buttressing support for industrial strategies (Sandbrook, 2005:562).

Under this model, not only can democratic politics inspire leaders to behave in a transformative manner (by maximizing growth and equity), but their success will also help consolidate democratic institutions. Democracy can also increase government capacity through legitimacy generation and through accountability structures to boost administrative efficiency and rectitude. Ultimately, in fostering sustainable socio-economic development, democratic institutions can strengthen the independence of capital political and bureaucratic classes (Sandbrook, 2005:552).

2.3.2.3 Neoliberal model

Neoliberalism's philosophy is based on a belief in the market's self-regulating ability and the Keynesian welfare state's rolling back. Instead of seeing the state as the entity that could function to stimulate growth, these neo-liberal policies saw the state as part of the problem and

called for its size and influence to be reduced to take off creation. Liow (2011:242) suggests that neoliberalism is not simply an economic principle. As a form of government or governmentality, there is also another side to it. As Brown (2005:38) points out, limiting neoliberalism to just a set of economic policies lacks 'the social logic that both organizes and extends beyond the market'. Therefore, what is often observed in neoliberalism as 'the withdrawal of the government' — renouncing its participation in state-owned companies and providing public services directly, and instead passing that role to the private sector and market forces — is one half of the story. Another part is that the so-called 'retreat' is often followed by the growth of state institutions to extend the sphere of state power into the lives of everyone in society. The word 'neoliberal-developmental model' was coined by Liow (2011:243) using the example of Singapore where the idea of neoliberal political ideology manifests in two ways. The first is to incorporate elements of the neoliberal economic model into the state of development, with all the related features of direct state interference in the economy of the latter, and the resulting power interests and relationships continue to emerge from such interventions. The second way is to exercise a neoliberal governmentality that also directs its decisions and organizational reasoning, seen in the use of subjection and subjectivity neoliberal technologies.

2.3.3 Political-legal Factors Underpinning the Developmental State

Accordingly, all of the developmental state theories and models adopted some kind of political-legal empowerments to uplift the poor.

2.3.3.1 Political ideology and nationalism

According to Peter and Madubuike (2014:332), ideology determines whether development is political and economic. For instance, the hegemonic struggle between the capitalist and

communist blocs was purely ideological. Mkandawire (2001:290) added that the developmental state has ideological and structural components that distinguish it from other forms of states. The development state is an important politically important state according to Mkandawire (2001) whose theoretical base is the developmentist one in that it sees its "mission" as the responsibility of ensuring economic development, as a result of which high accumulation levels and developed conditions are generally understood. For example, development strategies following the Second World War are influenced by a political ideology that promoted increased revenue and sustainable economic growth (Singh and Ovadia, 2018:1035). The state assumed a developmentalist character in which it pursues a mission of ensuring economic development and the associated high rates of accumulation and industrialization. However, the collapse of the Soviet Union necessitated the current nearly unipolar world order and the perpetration of capitalism and its political variant (that is, liberal democracy) as the standard parameters for development. With this understanding in mind, it is necessary to understand that the political ideology and policy practice pursued by a political regime are important in setting the framework for building a developmental state.

2.3.3.2 Governance and rule of law

The Developmental welfare state is largely predicated on neoliberalism as a paradigm of governance (Phaahla, 2015:373). In short, law and judicial structures here are aimed at restricting the role of the State, opening up the market and fostering and safeguarding individual property rights. In general, the 'neo-liberal' countries focus on promoting free trade, free markets and the flow of capital. Their neoliberal policies include: cutting social benefits, welfare and education payments; privatizing historically state-owned companies; restoring order by investing in prisons and safety systems; opening up national economies to foreign companies such as the International Monetary Fund (IMF), the World Bank (WB) or the World

Trade Organisation (WTO; and opening international expatriate investment; increasing direct taxation and market deregulation (Kesztuys, 2018).

The government has neither a capacity to regulate the economy nor any power to do that for proponents of neoliberalism: however, since they essentially hinder innovation, they should not be able to benefit society, state planning, state ownership of property, public social services and government-initiated salaries and economic policies, In short, the best government is considered to be the least government (Weiss, 2012:5). The organizing principle of that life spans from the production of cars to the provision of healthcare services must, instead, be market competition, a policy that require the removal of 'excessive participation' from the economic and social spheres.

Critics of the neoliberal developmental state argue that it has failed. Proponents of the Washington Consensus believed that policy instruments including privatization, deregulation, trade liberalization and fiscal prudence would grow, and wealth would trickle down from the rich to the poor (Williamson, 1989). The theory was that, when economic growth took off, the rich would spend more on luxury goods, creating jobs for the non-rich. The non-rich would then have more to spend, which might create new jobs. This idea they called 'trickle-down effect'. The proponents of neoliberal developmental state supported the idea of reducing taxes on businesses and the wealthy in society as a means to stimulate business investment in the short term and, this would ultimately translate into trickle-down benefits to the poor in society in the long term.

2.3.3.3 Provision of Social Services

Social policies have played a critical role in Korea and Taiwan's positive and rapid economic development. Nevertheless, in order to play a part in the overall economic development strategy (Kwon, 2005), it was not only economic policy but also social policy that was

institutionalized. This means that countries in Eastern Asia have implemented social welfare programs as economic development policy instruments. A philosophy of growth that subordinates welfare to economic efficiency, discourage state reliance, encourage private welfare sources and allocate financial resources to infrastructure investment was the central feature of the East Asian development strategy (Kwon, 2005: v).

Midgley (1995) pioneered the idea of 'developmental social welfare,' which is fundamentally different from the concept of social welfare, which is more common for consumption. Social development, according to Midgley (1995), aims to combine economic and social policies, and without economic development social development cannot take place. In contrast, Holliday (2000:148) used the idea of 'productivism' and 'productivist social welfare' to explain the importance the state places on the strategic use of economic development social policies. The conceptualization of productivism by Holliday is based on the context of the welfare system of Esping-Andersen–one that emphasizes social rights, social stratification, and the degree to which labour could be decommodified. This description, on the other hand, indicates a high level of subordination to economic development for social policy. The ethos of creation differs greatly, where convergence is crucial and not subordination (Lee, 2009:159). To understand what makes empowerment successful, it is necessary to understand the relationship between social policy and the overall political strategy of the government.

2.4.2 Economic Factors Underpinning the Developmental State

Under the developmental state, the state adopts a new macro-economic policy that primarily prioritises growth, development and industrialisation by the government. According to Swilling *et al*, (2017:15), the key question is what happens to the relationship between macro-economic policy makers and social policy makers when the state attempts to address poverty and inequality? Strong fiscal restraint, combined with rapid flow liberalization (exchange rate

policy) and strict monetary control of key variables, for example interest rates and inflation (monetary policy), was a key element of Neoliberal macroeconomic policy. The consequences were reduced spending socially and economically. The State has the task of guiding economic growth by building up a strong public service, developing an investor friendly environment, promoting the creation of small businesses and making good use of state-owned enterprises. Although this is meant to grow the economy, and for the reasons discussed below, it has a trickle-down impact on the poor.

2.4.2.1 Rise of Neoliberalism and Economic Upliftment

Keynesianism became unprofitable and unsustainable in the 1960s. Critics of the Keynesian solution questioned the state's role in the economy as a provider of welfare benefits, a guarantor of full employment. According to ILRIG (1999), economists and business leaders began to call for major changes in the way the state participated in the economy. They argued that taxes were too high, that workers were overpaid and unproductive and that the burden on the state was too heavy, cumbersome and bureaucratic, making it an inefficient producer and provider of services. Thus, a new business approach was introduced to restructure the global economy. It was called neoliberalism (ILRIG, 1999:27). The name most often used to describe this process is globalisation – a process of restructuring the world economy to find new ways for businesses to maximise profits (ILRIG, 1999:29).

Advocates of neo-liberalism such as Ronald Reagan and Margaret Thatcher advocated major tax cuts for the wealthy, trade union turmoil, globalization, privatization, outsourcing and public service reform (Monbiot, 2016). Neoliberal policies have been enforced on most of the world through the IMF, the WB, the Maastricht Treaty and the WTO (Monbiot, 2016). Kingston *et al.,* (2011:110) argue that these policies resulted in increased unemployment,

poverty and economic polarization, thereby impeding sustainable development in countries such as Africa.

However, globalization contributes to market reform where policymakers signalize their intention not to stifle the economy and to regulate it in countless rules, legislation and regulations. Neoliberalism supports freedom of the market, according to ILRIG (1999:29), by opposing national governments ' attempts to limit industry. These include corporate tax, export barriers, labour market legislation or the environment. In other words, privatization will prohibit governments from intervening with business operations every day and will also stop them from setting prices or enforcing price controls, leaving the process of determining the optimal pricing to the market forces of demand and supply.

Even though this was meant to grow the economy and have a trickle-down effect, it did not trickle down, because instead of creating employment, it lead to an increase in non-standard work, and changed the nature of the labour market by creating new divisions between workers and creating organisational dilemmas for the labour movement (Webster and Buhlungu, 2004:234). These divisions can be conceptualised as the core and periphery. The difference between the two is the level of control over the expertise and circumstance of the staff. Some core workers control their skills and work independence considerably, while employees have comparatively limited control over their jobs. The variation between standard and non-standard work arrangements result in the latter not receiving health insurance and retirement benefits, and a large majority of them are at the bottom of the wage distribution (Kalleberg, 2003:168). These new working poor received lower wages and no benefits, unlike the full-time workers. They work longer hours, often under dangerous conditions and have little employment security and less likelihood of receiving training (Rees, 1997:31).

2.4.2.2 State-Owned Enterprises and the New Public Management Approach

SOEs that act as key instruments of domestic industrial development are essential to the development state. Singh and Cheng (2017:2) point out that when and when state managers implement substantive corporate governance reforms, SOEs substitute private capital as a means of developing new sectors. By improving the quality of organizational networks and policy management between state managers and policy leaders, active SOEs grow beyond that. Within public service institutions, an efficient, well-organised, and insulated bureaucracy that is characterised by meritocracy, becomes a crucial element in achieving the goals of a transformative (developmental) state.

The failure of Keynesianism led to the state redefining its role in both the economy and how the public sector was managed. New approaches have been established to concentrate on the public sector reorganization (Keita, 2014:9), called the New Public Management (NPM). The NPM developed business theory, which claims that the private sector is more productive than the public sector, defined by a preference for minimal government involvement with service delivery (Alexandre, 2007:8). Central to the NPM ideology is the state's criticism of being too big and too inefficient, using too few resources; participating in too many activities; and increasing inflation, high prices, and unnecessary bureaucracy resulting from state intervention (Sarker, 2006:181). The NPM approach endorsed the application of private sector managerial practices within the context of the public sector.

The adoption of NPM presupposes that the traditional model of organization and delivery of public services was outdated, ineffective and incapable of improving public service delivery and productivity (Alexandre, 2007:35). NPM becomes a tool for managing public sector organizations with two key features, one being the separation of policy development from action and the other, the value of private sector management-inspired management (Kalimullah, Alam and Nour, 2012:3). Under NPM, the state adopts private sector measures,

such as downsizing, restructuring, privatization, outsourcing and flexible employment to cut costs, improve efficiency and promote managerial autonomy to increase completion in service delivery and promote accountability by public officials (Carstens and Thornhill, 2000:187).

Because the state was too large and cumbersome, NPM required downsizing as part of the effort to de-bureaucratize the public services (Alexandre, 2007:54). This was also evident in most parastatals as some of the management functions were decentralized, with each centre having a high level of management autonomy (ILO, 1997). Effective decentralization requires information systems that allow for regular feedback, and they should be in place before decentralization takes place.

One of the measures to reduce public expenditure was 'privatisation of government services and contracting out' (Carstens and Thornhill, 2000:187). Privatization has many aspects: selling and renting private sector government assets and services and deregulation; privatization has many ways of privatization (Savas, 2001:1731). All these various forms of privatization operate by allowing markets to provide the desired goods and services to consumers. Besides privatization, there were new ideas such as outsourcing.

Fuentes, Alonso and Clifton (2013:7) describe outsourcing by the government as the' contracting out' of a service usually provided by public employees. Governments can outsource the delivery of public services in two main ways: either they can buy goods and services from the private sector or from non-governmental organizations to include them in their own production chain, or they can contract a business to provide the final customer or individual directly with public goods and services. This benefits the government by way of reducing public sector expenditure, such as asymmetric information, and the management and supervision of contracts may eventually outweigh the cost advantages first expected when outsourcing. However, Kalleberg (2009:10) argued that outsourcing has led to the growth in

non-standard work, erosion of benefits such as training. Typically for South Africa, outsourcing has led to an increase in the number of contractors (Heinecken, 2013:634). Under the flexible firm, organisations divide the workforce into the 'core' consisting of a smaller but more skilled workforce enjoying job security and 'periphery' consisting of a proliferation of contract, part-time and casual workers with no service benefits and security of work (ILRIG, 1999).The consequence of this for empowerment is that workers experienced a decline in jobs, job benefits and development of skills.

2.4.2.3 Employment Creation and Skills Development

Developmental state advocates stress the implementation of macroeconomic policies that promote results of jobs and human-centered economic development. They are critical of societies experiencing economic growth but failing to ensure that it facilitates significant social well-being changes for all people (Midgley and Tang, 2001:247). They also accept human resources as an economic growth determinant. Under the new policy, unemployment is simply the result of the labor market's failure, and the role of employment policy should therefore be to ensure that market mechanisms function properly (Albarracín *et al.*, 2000:56). Contrary to Keynesianism, the aim of the new policy is no longer to raise demand for labor but to control its supply by exerting downward pressure on wage costs, keeping the labor market competitive, improving workers' education, ensuring successful negotiation in job management, and so on. Central to neoliberal employment policy is wage decline. Albarracín *et al*., (2000:60) maintain that a decline in wages would lead to a rise in entrepreneurship, which ultimately would lead to hiring of more workers, so that unemployment will disappear and production will be at the peak level. This means that wage reduction will make investments profitable again so that they will increase employment creation.

Beyond wages is flexibilisation of employment and change in working conditions. Proponents of NPM emphasise flexibility in employment arrangements instead of tenure of appointment (O'Donnell, Alan and Peetz, 1999:5). According to Albarracín *et al.*, (2000:61), excessive labour legislation is the basic reason labour markets do not function efficiently. Under this policy, labour markets are deregulated to increase flexibility of labour by abolishing all controls, to minimise the cost of labour and varying conditions of employment and to allow entrepreneurs more freedom. Many welfare states are confronted with a syndrome of labour market segmentation between 'insiders' and 'outsiders' (Hemerijck and O'Donnell, 2007:33). The growth in flexible employment has blurred the lines between being 'in' and 'out' of atypical work, low wages, subsidized jobs, and training programs. The challenge facing developmental welfare policy is how to minimize the emergence of new types of labour market segmentation by balancing improvements in labour relations mobility while creating a higher degree of workplace protection in flexible employment. With this understanding, developmental welfare requires a strong role for the state, not only in social welfare but in promoting economic development as well.

2.4 Empowerment Approaches

Looking at AEE and BEE, different approaches to empowerment were used. Empowerment is a highly contested concept, described by some as an 'amorphous, slippery and catchphrase without a clear definition' (Edigheji, 1999). For Babaei, Nobaya & Sarjit (2012:119), empowerment is an abstract, multi-dimensional concept that can be both a process and outcome. Empowerment is an important instrument for giving disadvantaged individuals access to capital and an awareness of their experiences. According to Babaei *et al.*, (2012:120), empowerment is defined as a social process that takes place at various levels, such as in

individuals, groups and the community. This description illustrates that empowerment is not only a political and economic concept, but also one with serious social consequences.

Other prominent and useful concepts used when writing about empowerment are 'power', 'development', 'assets and capabilities', 'participation' and 'government intervention'. Milton Friedmann (1992) describes empowerment as an 'alternative development' to argue that unlike conventional development theory, it does not use villages, cities, regions and states as units of analysis but the 'household' as the locus of development and empowerment. Using the household as a unit of study, Friedmann (1992) points out three forms of power at play: social, political and psychological. With this understanding, the research states that empowerment is a form of development aimed at enhancing the capacity of the disenfranchised to participate in and benefit from society's opportunities.

According to Friedmann (1992:12), lack of empowerment denies the poor so-called 'human flourishment' and forces them to live in hunger, poor health, poor education, a life of back-breaking labour, constant fear of dispossession and chaotic social relations. Human flourishment is the individual freedom to judge social arrangements and the energies that are released from free society and abilities of people to pursue their own objectives. Empowerment requires the ability to make choices for Kabeer (1999:7). It means an option is to be refused to be disempowered. Accordingly, empowerment refers to the mechanisms by which those denied the ability to make strategic choices in life gain that ability. In other words, empowerment is a process of chance. With this understanding, it is important to understand how people make strategic life choices, which are critical for people to live the lives they want (such as choice of livelihood, where to live, whether to marry, and freedom of movement).

Other authors define empowerment as 'the enhancement of assets and capabilities of diverse individuals and groups to enhance their influence in institutions, which affect their livelihoods'

(Bennett, 2002). The enhancement of capabilities may include fostering their access to information, education, both formal and informal credit and technology, and improving common pool resource management (Putterman, 1995). This view was taken further by institutions such as the World Bank in *World Development Report 2000/2001*. This entails removing those institutional barriers that prevent the poor from advancing in the system and gaining access to development opportunities. To reduce poverty, empowerment must make state institutions more responsive to poor people; remove social barriers; and build social institutions and social capital (Grootaert *et al.*, 2004:310).

Kao *et al.*, (2016:142) argue that poor people have no power, no speaking rights and no freedom. Further, Kao *et al* suggested that power is often equivalent to a person's skill or ability to adapt. Rowland (1995) proposed a model of power that distinguishes between four types of power; namely power with, power within, power over and power to. This definition implies that in order to motivate poor people, it is necessary to understand how they and their societies manage to hold others to account, how power distribution affects their resources (such as property, housing, livestock, savings) and capacities of all types: human (such as good health and education); cultural (such as social affiliation; sense of identity, relationships of leadership); and psychological.

For Siwal (2009), empowerment is equivalent to participation. Heritage and Dooris (2009) define participation as a process through which all members of a community or organisation are involved in and have an influence on decisions related to formulation of development strategies and policies, and monitoring and evaluating them. The World Bank (2002:19) maintains that participation addresses the issue of how to include the poor in development projects and the role they play once included. For Cornwall and Brock (2005:1046), participation has long been associated with social movements, and with the struggle for

citizenship rights and voice. This means that for empowerment to be successful, it is necessary that poor people participate in the planning and implementation of empowerment.

For the purpose of this study, empowerment will be defined as a process of change in which people who lack political-legal, economic, social and cultural power are able to draw or create a process to improve their conditions. This definition is based on the following assumptions: firstly, that power is inherently part of the empowerment process; secondly, that empowerment is a multidimensional phenomenon, meaning that while technical solutions are important, they cannot bring about desired outcomes unless the social, cultural and political forces driving high levels of disempowerment are clearly understood (Babaei *et al.*, 2012:120); thirdly, and more related to the second view, that empowerment is more than just codes, arithmetic formulas, graphs and indices; and fourthly that empowerment is not only imposed, but it can also occur as a result of mobilisation by various grassroots organisations and groups. The next section turns focus to the various factors influencing empowerment.

2.4.1 Cultural and Social Empowerment

The welfare state and developmental state used different political-legal and economic approaches to empowerment, which are state and market-driven and neglected social dimension of empowerment. Saleeby (1996) split empowerment into social empowerment and empowerment of individuals. Personal empowerment promotes support, strengthening the ability of individuals to make their own choices and responsibility for their own lives. In personal and social contexts, social empowerment enhances the prospects of an individual and their use of personal resources. According to Wright (2010:110), social empowerment is a programme that focuses on the broad welfare of society rather than the narrow interests of particular elites. For Babaei *et al.*, (2012:120), empowerment is an ongoing process of social action through which individuals, groups and organisations that lack a fair share of power and

valuable resources gain greater access to resources and at the same time increase awareness funds. These definitions demonstrate how empowerment is not just an economic and political term but one with serious social and cultural implications.

2.4.1.1 Culture and Identity

The importance of culture as an enabler of empowerment has long been recognised by sociologists. Culture is a characteristic acquired by individuals, according to Jencks (1993), who are able to gain knowledge and achieve the characteristics that are considered desirable in a cultured human being. Andersen and Taylor (2006:54) maintain that culture gives people a sense of belonging, instructs them in how to behave and tells them what to think in particular situations. For Bourdieu (1986), culture forms one of three types of capital; the other types are economic and social capital. Bourdieu defined capital as 'accumulated human labour' which can potentially produce different forms of profit (1986:241). Cultural capital has three forms of existence. It exists, first, as incorporated in the habitus – that is a set of dispositions, reflexes and forms of behaviour people acquire through acting in society. Secondly, cultural capital is objectivized in cultural articles. Finally, it is institutionalized and expressed in terms of qualifications, diplomas, and exams within cultural institutions (Bourdieu 1979).

Accordingly, Bourdieu (1986) argued that culture is not only the very ground for human interaction but is also an essential terrain of domination. Cultural capital is capital embodied in human relationships and competences that give that capital privileged access in its objective form of cultural artefacts. In addition, this is institutionalized in the form of academic qualifications, assessment and therefore eventually educational qualifications that also provide returns to their holders (Bourdieu, 1986). Swartz (1996:71) emphasized that cultural capital includes a wide range of assets such as linguistic services, general cultural understanding, scientific knowledge, and qualifications for education. Therefore, as with economic goods,

actors follow investment strategies in cultural goods. This means that culture in the form of disposition, objects, institutions, language and so on can contribute to empowerment by mediating social practices and connecting people and groups to institutionalised hierarchies.

Macionis and Plummer (2012) stressed that culture contributes to empowerment through language. According to Macionis and Plummer (2012), language refers to a system of symbols and rules which allows members of a group or society to communicate with one another. Several studies revealed that language played an essential role in empowerment by transforming and growing the vernacular of the powerless people as was the case with the white Afrikaners (Sadie, 2002:34), suppressing other languages in the economy, politics, education and religious practice, as was the case of behaviour towards blacks under the NP regime (Martinez-Brawley and Zorita, 2006:84) and as a dimension of ethnic identity and political affiliation (as was the case with the Afrikaner *Broederbond* and FAK during the AEE (Louw-Potgieter and Giles, 1987). In essence, language promotes empowerment by helping to develop an identity, develop a market for marginalised language in terms of publication, education, career, as well as promoting employment.

Another dimension of cultural identity is religion Andersen and Taylor (2006:63) define religion as an institutionalized system of signs, beliefs, values, and practices through which a group of individuals perceive and respond to what they believe is sacred, providing answers to ultimate meaning questions. Sometimes, belonging to a religion means more than sharing one's values or engaging in one's ritual; it also means being part of a community and, sometimes, a culture. Society unwittingly develops religion to hold different classes together for Durkheim (1912). Society, for example, produces the 'sacred' which communicates and embraces the conviction that society exists as an intrinsic, ontological truth and not just as an individual's

unintentional conglomeration. In the interests of a common good, the sacred can demand self-denial by individuals and groups in a way that no union of convenience can.

Beyond the organisational structure, religion also establishes values and moral prescriptions for behaviour. This was the case with the Calvinists who established organisational structures, norms of behaviour and imposed strict rules for believers. Max Weber investigated this relationship between economy and culture by initiating a large-scale study of religions around the globe to discover religion's impact on social change. In the *Protestant Ethic and the Spirit of Capitalism*, Weber (1905) argues that Reformed Protestantism advocated the stronger preferences for hard work and thriftiness that led to greater economic prosperity. Typically for South Africa, Hans Müller (2000:56) contends that during the colonial era, religion was a tool for conquest and governance. The colonial administrators denied the existence of indigenous people's religion (Müller, 2000:58). In this sense, religion became a symbol of society in which traditional ways were deemed to be heathenism, not only due to cosmological variations but also due to the social organization that followed it. Nevertheless, as society became more secularized, this role changed. Today, religion offers the moral values of justice for all, respect and care for other people (Müller, 2000:67). Nonetheless, this view was challenged by those who wanted to use religion as the basis for exclusion and difference, for separation and special dispensation. This means that for culture to empower the people, it is important to consider the meaning shared by members of society, various stages of development, different objects formed and shared by members and norms, values and traditions that form part of the lives people in a society.

2.4.1.3 Civil Society and the Role of Non-Governmental Organisations

The centrality and instrumentality of NGOs to empowerment have long been discussed by scholars. Nikkah and Redzuan (2017) argued that NGOs promotes social empowerment through capacity building. Developing social skills such as motivation, skills and knowledge, mobilizing resources, organizing and assessing group formation and addressing problems to gain control over their lives. Such organizations are set up to organize different groups around specific interests, such as individual assets (e.g. land, housing, livestock and savings) and resources of all sorts. Human – (such as health and education) and cultural resources (such as social association, sense of identity, relationships of leadership); mental assets (self-esteem, self-confidence, and the ability to envision and aspire to a better future). In other words, NGOs are contributing to sustainable community development, mobilizing communities to be self-reliant, and helping communities seek their own potential and rely on their own resources.

The anthropologist, Steven Robins (2008:22) argued that since 1994 a number of NGOs have flourished in South Africa. This growth is seen by some as an index of the health of its democracy. Certainly, the NGOs are often associated with the virtuous values of civil society, development, democracy and accountability. However, following changes in macroeconomic policies, critics claim that NGOs have come increasingly under pressure to manage their programmes on a profitable basis, with state subsidies being cut and soft loans and grants for development programmes being minimised by the IMF and WB via Structural Adjustment Programmes (SAPs) (Kamat, 2005:152). The transition from the Keynesian welfare state to neo-liberalism, with its belief in the notion of the modern welfare state, eventually changed the community college's mission and structure. Thus, the study will explain the nature and function of the NGO in promoting empowerment during the AEE and BEE.

2.4.2 Theory of Social Capital

In recent debates, the concepts of social capital and empowerment have been used to alleviate poverty among the poor. From a social capital perspective, empowerment entails the sum of resources that is connected with group membership and social networks (Bourdieu, 1986:246). Social capital plays an important role during empowerment, by enhancing the assets available to the poor, protecting their basic needs and in managing the risk (Grootaert *et al.*, 2004:327). This means that to understand empowerment it is necessary to understand whether there is a significant relationship between social capital and empowerment.

Babaei *et al*., (2012:119) argued that social capital structures, networks and norms contribute directly to community empowerment and, indirectly, promote several processes that make government institutions more open to the disadvantaged. The theory of social capital holds that poor people tend to rely on various networks of friendships, neighbours and communities to access power (Narayan, 1999:1). Jenkins (1992: 63) describes social capital as the sum of all actual and potential assets (from one's group membership) correlated with the ownership of a permanent network of institutionalized relationships of expertise or mutual respect. Such networks are tools that can be used for other reasons, such as alleviating poverty and motivating. For Siisiäinen (2000:12), social capital has two components: first, it is a resource that an individual has and secondly, the resources which an individual has access to through their networks with other people. As a social resource, social capital can lead to empowerment by creating formal and informal relationships between people who connect people with group membership and social networks. In other words, for social capital to benefit the poor, communities must invest in building social networks (either formal or informal) that poor people can use as resources to connect with each other or those in power and also use to form relationships.

Building on Bourdieu's thesis, Coleman (1988) further developed the concept by arguing that social capital is an asset which promotes individual or collective action arising from networks of relationships, reciprocity, trust and social norms. Coleman (1988:98) described the role of social capital. A social capital economic purpose is to help reduce transaction costs related to hierarchical management processes such as contracts, hierarchies and administrative rules (Fukuyama, 1999:4). Additionally, social capital is not a single entity, but a variety of entities with two elements in common: some aspect of social structures and certain performances of actors. To this end, social capital can lead to empowerment by enabling actors to gain direct access to economic resources; increase their cultural capital through contacts with experts or individuals of refinements or, alternatively, they can affiliate with institutions that confer valued credentials (Coleman, 1988:98). Clearly, for social capital to alleviate poverty, there must be structures operating in the community, performing certain established functions – economic, political, social, cultural or legal – for poor people.

To Putnam (1995), social capital is the mutual interest of all social networks and the desires to do things for each other that emerge from these networks. This constructive shared perception of social capital is a characteristic of' work-related organizations' such as employers, business organizations and professional organizations. Social capital has three components for Putnam: moral responsibilities and norms, social values (particularly trust) and social networks (particularly voluntary associations). Trust is key when role expectations and familiar relationships no longer help to anticipate the reactions of our individual or collective interaction partners. According to Putnam (1995), trust promotes empowerment by creating the basis for 'brave' reciprocity and social networks. Putman's view of social capital illustrates how networks of interactions could help reduce poverty by amplifying reputations of leaders and allowing the dilemmas of collective action to be resolved. According to Putnam (1995), civic engagement networks foster strong principles of universal reciprocity and encourage social

trust to emerge. Social capital thus tends to promote prosperity by expressing beliefs, social norms, and organization membership. Through these linkages, the poor have the opportunity to cooperate for mutual benefit, carry out advocacy activities and participate in common pool resource management and public service delivery.

2.4.2.1 Types of Social Capital

Within the broad literature on social capital, three different types of social capital can be found (Putnam, 1995 and Woolcock & Sweetser, 2002). These are bonding, bridging and linking social networks. Bonding social capital refers to solid, dense relationships between people who know each other well, such as family members, close friends, neighbours and primary group members (Babaei, *et al*., 2012). Bonding brings together similar individuals in terms of socio-financial position and demographic characteristics; groups identified by these relationships have a high degree of homogeneity (Putnam, 1995). A study by Dahal and Adhikari (2008) showed that bonding social capital indicators such as language, ethnicity, tradition and background can easily translate into empowerment because everybody who shares these demographic features will participate in the decision-making process. Additionally, the World Bank maintained that bonding social capital is a foundation from which to establish bridging and linking ties to other groups (Prakash, 2002:46).

Bridging social capital implies looser relations between people who are not demographically alike, but whose financial status and influence are broadly similar (Babaei *et al*., 2012:120). Jacobs (2009:34) describes social capital bridging as 'the social oil that lubricates relationships' ensuring that bonds are inclusive, crossing class, caste, gender, culture and other social cleavages. Bonding and bridging links ultimately bind people who share demographic characteristics that are broadly similar regardless of how well they know each other (Woolcock, 2002:26). Through stressing openness to different types of people, it is assumed that this form

of social capital represents generalized trust, inculcating wider identities and more abstract forms of reciprocity than bonding relationships. With this understanding, for social capital to empower poor people, it is necessary not only to concentrate on horizontal connections between informal networks but also vertical connections with formal institutions.

Linking social capital pertains to connections with people in power and positions of authority or influence, whether in political or financial positions (Jacobs, 2009:35). Links may include civil society organizations (NGOs), government agencies, public and private sector representatives, according to Babaei *et al*., (2012:121). Regarding increased access to key services from formal institutions outside the community, this form of social capital is critical. For Woolcock (2002:26), deprivation is largely a function of impotence and exclusion; as such, a crucial challenge for development practitioners is to ensure that the activities of the disadvantaged are not only expanded, but also increased. Under linking, social capital empowerment happens when communities have external links to various government, civil society and market institutions and become members of various national and international forums. In other words, it is necessary to have organisations or groups representing the poor who could facilitate connections with formal institutions and influential individuals.

2.4.2.2 Negative Consequences of Social Capital

Although many studies show a positive relationship between social capital and empowerment (Verhoef, 2008), some found that social capital can be disempowering and used negatively. Portes (1998) identified four negative consequences of social capital which includes the exclusion of outsiders, excess claims on group members, restrictions on individual freedoms and downward levelling norms.

In terms of the exclusion of outsiders, Portes (1998:15) maintains that the same strong ties found in bonding social capital can prevent others from access. Interethnic networks which enhance the ease and efficiency of economic exchanges among community members explicitly restrict others who do not belong to such groups. Unfortunately, the recent study of Afrikaner empowerment by Verhoef (2008) ignored this fact but only showed how Afrikaner nationalism was used to develop social capital amongst Afrikaners. Regarding excess claims a group or community places on members, Portes (1998) pointed to the ability of group or community closure to prevent the success of business initiatives by their members. According to Portes (1998:16), groups, communities or societies use strong norms enjoining mutual assistance from those who succeeded as a form of reward for loyalty and cooperation. This could mean that groups or communities may need to change their values or norms to encourage, or even to reward individual success.

Restricting individual freedoms by creating demands for conformity constitutes the third negative effect of social capital. According to Portes (1998:16), in small towns or villages all neighbours know each other, and in such settings, social control tends to be strong and quite restrictive of personal freedoms. This could be the reason why the young, women and the more independent-minded choose to leave to be on their own. The fourth negative consequence of social capital occurs when a group or community tries to reduce the individuality of their members. Portes (1998:17) argues that there are situations in which a group or community competes with other groups. When this occurs, norms are used as a method for standardizing and homogenizing the actions and behaviours of participants to match them with the purpose of the organization. Individual success stories in this case weaken group cohesion, as the latter is based precisely on the supposed probability of such occurrences. The effect is a downward levelling of expectations that work to keep a downtrodden group members in place and pressure

the more ambitious to escape from it. Ultimately, this reduce the opportunity of single persons to reach the group aim and increase the members' dependence on the group.

From these, it is clear how social capital is developed and how empowerment could benefit those affected by poverty and unemployment. This section has shown that for empowerment to benefit the poor, there must first be recognition and protection of their legal rights, secondly, that citizens must be allowed to mobilise and form organisations that promote their interests, and lastly, government and society must encourage the development of civil society organisations to hold those trusted with power accountable, promote democratic participation, provide new forms of interest and solidarity that cut across old forms of tribal, linguistic, religious, and other identity ties, and educate members of the public.

2.5 Conclusion

This chapter has demonstrated that the welfare state and developmental state played an important role in empowering the poor since the early 1900s. Between the World War I (1914-1918) and the Great Depression of the 1930s, various approaches to the welfare state were developed to extend welfare benefits to as many people as possible. During apartheid, South Africa also followed international examples such as Keynesianism to establish state-owned enterprises and expand the public service to provide jobs and develop skills. Although this model was state driven and market-based, it enjoyed the support of the labour movement and led to significant growth in employment. However, following the 1970s economic crisis in Europe, and the success of countries such as Japan, South Korea, Taiwan, Singapore and Vietnam in achieving rapid economic growth through state-led policies, a new approach to empowerment was introduced, called the developmental welfare state. This was the case under post-apartheid South Africa. Under neoliberalism, new governance approaches such as the NPM to managing the public sector were developed. Although this model was meant to grow

the economy and have a trickle-down effect, it only benefited the elites, and not the poor and the unemployed.

Looking at AEE and BEE, these two different approaches to empowerment were used respectively. However, given that they were state-driven and market related, they relied on political-legal and economic principles and neglected the social dimensions of empowerment. This called for an alternative approach to empowerment that looked at the social dimensions of empowerment, through various organisations – such as civil society movements, non-governmental organisations and cultural organisations. Hence, the application of cultural and social capital theories, such as bonding, bridging and linking capital to establish networks of relationships, trust, reciprocity and social norms for empowerment. Nonetheless, Portes (1998) cautioned that while social capital can be beneficial to one group, it can have negative consequences for other social groups. The following chapter describes the origin of empowerment and why and how the welfare state was developed.

CHAPTER 3: THE DEVELOPMENTAL 'WELFARE' STATE AND AFRIKANER ECONOMIC EMPOWERMENT

3.1 Introduction

The welfare state in South Africa evolved out of the need to uplift 'poor whites' under the principle that 'not a single white person should be allowed to go under' (Seekings, 2007:382). In the aftermath of two global conflicts; the Anglo-Boer War (1899-1902) and the First World War (1914-1918), a small group of white Afrikaners started a nationalist movement with the aim of building a nation distinguished by language, religion and race. Their goal was to conquer the state to protect and promote the interests of white Afrikaners. Using the Christian Afrikaner Nationalist ideology, the Afrikaner state adopted a macroeconomic framework that sought to provide welfare services to whites, but more specifically to white Afrikaners. Throughout the period of the 1920s until the 1970s, this macroeconomic policy associated with the welfare state, was driven by Keynesianism.

The aim of this chapter is to explain how the welfare state intervened in the economy to create state-owned enterprises to provide employment and develop skills for the whites, specifically white Afrikaners. The first section focuses on the evolution of the welfare state in South Africa and its role in terms of providing workers with regular work and extensive service benefits, and how this led to the increase in the power and influence of white trade unions. The second section looks at the political-legal factors such as Afrikaner nationalist ideology, the legal framework that supported white empowerment and the government welfare policy. The third section considers the nature and role of the macroeconomic policy in promoting white empowerment. The final section considers the role of civil society organisations (such as the *Helpmekaarvereeniging, Broederbond and Afrikaanse Christelike Vrouevereeniging*) religious

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organisations and other cultural organisations in terms of uplifting the poor whites by using the principles of social capital.

3.2 Evolution of the Developmental 'Welfare' State in South Africa

Since the beginning of the twentieth century, South Africa has established a developmental state with welfare component. Freund (2019:14) identified three factors that led to the emergence of developmental state in South Africa. First of these were the developmental efforts of Britain in the post- Anglo-Boer War (1899-1902) period when white poverty became an immense problem for the Pact-government. Many Afrikaners lost access to their land and were forced into wage labour in the towns and cities (Sadie, 2002:14). Compared to English-speaking whites, Afrikaners had few skills and little education. As a result, hundreds of them migrated to the cities in search of employment, and this became a major concern for the government. The second factor was state-busines relationship during the Jan Smuts and J.B.M Hertzog's era as the prime ministers (between 1939 and 1948), which was marked by the development of wide variety of state-owned industries. The last factor was the implementation of apartheid by the Afrikaner nationalists that led to the promotion of white Afrikaners as businessmen and government officials (Freund, 2019:14).

The model of developmental state that emerged under apartheid focused on ameliorative efforts to relieve the 'poor white problem' (Freund, 2019:62); and consisted mainly of state intervention through the establishment of a range of autonomous state-initiated research organisations such as the CSIR; the establishment of state-led industries such as IDC, Iscor and SASOL amongst others that provided protected employment to white workers and ran training facilties to produce skilledworkers (Freund, 2019:105-106). Further, the state enacted legislation such as the *Marketing Act* of 1937 to assist the troubled agriculture sector by forming big cooperatives that controlled storage and the emergence of a major agro-industrial sector; and finally, the state used its social policy to rol out various welfare services such as

education, health, housig, pensions, unemployment and school feeding schemes. Although the model that emerged in this period was that of developmental state, Freund (2019:194) maintains that it differed fundamentally from the modern developmental state associated with Afrikaner nationalism, which legitimised the racial exclusion and marginalisation of blacks (through what Freund called 'decentralisation').

The DWS welfare state was formed as an attempt to find a solution to the so-called 'poor white problem', and to meet the needs of mining capital to sustain a cheap and healthy indigenous African labour force (Van Niekerk, 2003:363). Under the Pact Government, which comprised an alliance between the South African Labour Party and the National Party, social policies were considerably amplified. The major invention was pensions for poor whites, which were introduced in 1928. The associated pension scheme was non-contributory, but strictly targeted the poor, who had to prove themselves through a means test as deserving. Only 'whites' and 'coloureds' were eligible. According to the *Population Registration Act* of 1950, a white person tends to be a white person, or was generally accepted as a white person, but did not include a person who, while clearly a white person, was generally accepted as a Coloured person (Posel, 2001:56). A Coloured person was a person who was not a white person nor a native.

During this period, three factors arose that contributed to the development of welfare state in South Africa (Seekings, 2015:1). The change of government in 1933 brought into power a caliber of ministers with a deep commitment to nationalism that inspired Afrikaner nationalists to support the 'upliftment' of poor whites and prompted the South African government to fund social welfare services growth. Based on the Afrikaner nationalist ideology, the government implemented more systematic racial segregation to uplift poor whites through a combination of 'civilized labour policies', land settlement policies in the countryside, and welfare reform. Peens and Dubbeld (2013) added that the state used 'poor white' as a metaphor to design racial ideologies and institutions to uplift the whites through welfare services. The Afrikaner state

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operated within the parameters of welfare state; the following principles were applied: poor business skills, unemployment, and poverty.

The welfare state was preceded by various commissions of inquiry into the phenomenon, followed by big spending programmes. Following the 1927 First Pienaar Commission on Old Age Pensions and National Insurance, the pact government passed the *Old Age Pensions Act* No. 22 in 1928 to lay the legislative foundations for South Africa's welfare state. In its various reports, the Pienaar Commission recommended that the government extend its responsibility for the elderly by providing non-contributory old-age pensions and disability (or' disability') and introduced a social insurance system to cover sickness and unemployment (Seekings, 2007:377). These included: old-age pensions, pensions for blind and disabled people and, to a lesser extent, new 'mother's pensions'; as well as financial assistance programs for farmers and a number of programs for job creation. This type of welfare state in South Africa, however, exposed a trend of rising retirement dependency and eventually made this network of income security an integral part of post-apartheid South Africa's evolving welfare system (Lund, 1997:21). Patel (2015:25) clearly casts pensions as vehicles for retaining white political support. However, this welfare system had problems.

According to Devereux (2007:541), the Old Age Pensions Act excluded the 'natives', Indians and all residents of Namibia and ensured that only white people benefitted. The Act also included complicated eligibility criteria, including a means test that took into account the applicant's earnings from work, farming and business as well as the income of the spouse, other benefits and the value of the applicant's wealth and savings. In order to further the reach of this nascent welfare state, in 1933, the Government established the Department of Social Welfare within the Labour Department and the independent Department of Social Welfare was established later in 1937. Its purpose was to rehabilitate individuals or families that were socially unadjusted or poorly adapted. Almost ten years later, a Social Security Commission

was set up to review the full range of social welfare services in South Africa including social pensions (Devereux, 2007:543). To this end, the *Old Age Pensions Act* of 1928 was duly amended.

Another factor was the introduction of social insurance to cater for skilled urban workers. According to Seekings (2015:5), as in Britain, the welfare system in South Africa consisted of schemes which put cash into the hands of poor whites, either through 'civilized labour' policies which ensured that unskilled white (and coloured) workers were working at inflated(' civilized') salaries, or through pensions for poor white (and coloured) elderly people. Through this practice, it became clearer the commitment of the NP government to a nationalist state. At high wages, more unskilled white workers were hired, replacing black workers, especially the South African Railway & Harbour (SAR&H). Through setting up schemes such as forestation programs, major irrigation schemes, programmes to prevent soil erosion, and a scheme to remove noxious weeds, the government introduced public works programs (Seekings, 2015:28). As a result, the number of white men working in subsidized programs increased dramatically, both at the provincial and local level: from just 5,000 in January 1932 to 11,500 in July 1933, and again from 16,000 in January 1933 to more than 25,000 by July of the same year.

Under the United Party-led government, the state appointed the Carnegie Commission, which later affirmed and increased support for the development of a welfare state. The Commission disagreed with the notion that the government must 'put money' into the pockets of the poor instead of letting them figure out their own ways to earn a living (Phaahla, 2015:111). Instead, the Stellenbosch University commissioners – including Professor R.W. Wilcocks and Ernest Gideon Malherbe – argued that state paternalism was the culprit behind the poor white issue, and the former warned against the negative implications of 'state handouts' on job opportunities, while the latter emphasized the importance of free education in meeting skill

shortages. Thus, understanding the relationship between state policy and the mobilisation of white Afrikaners by the Afrikaner nationalists is essential for the research.

Related to the idea of welfare state is the economic ideology made famous by the British economist John Maynard Keynes, known as Keynesianism. As in many countries, the South African welfare state evolved out of the interwar depression (WWI & WWII), in which the unbridled power of unconstrained capitalism generated a response of a kinder, gentler way of organising society. In many European countries, the WWII itself has contributed to upheaval. The welfare state was seen as a means of bringing people back into nations to create a degree of social harmony at a period when the old forms of culture were being swept away by industrial society (Easton, 1996:17). The state mediated in the form of social policies, services and legislation to alleviate class conflict and provide for other social needs for which there was no alternative to the capitalist mode of production itself.

Based on this 'institutional' model of welfare, the South African state followed the same trajectory by providing three principal services. These were a guarantee of minimum standards, including minimum income; social protection in case of insecurity; and service provision at the best possible rate. For example, after 1948, the NP-led government actively promoted the jobs of whites in state-controlled enterprises, revitalized public aid programs to ensure short-term employment for whites, aided Afrikaner businesses, and sponsored (white) commercial agriculture through a variety of measures (Van der Berg and Bhorat, 1999:6).

Under the National Party, the government sustained and institutionalized the Afrikaner nationalist ideology of separate development, which led to racial discrimination and inequality. Sevenhuijsen *et al*., (2003:300) maintains that this racial discrimination has been effected in a number of racial groups defined by the apartheid regime by means of inequality in schooling, economic, legislation and social welfare – white, African, Colored and Indians. Therefore, the

state retained and protected some marginalized groups of people under the apartheid government at the expense of all others, particularly those who were established as poor whites. For individual pathologies or defects, such as child abuse, drug dependence, and so on among whites, welfare was seen as a form of cure.

3.3 Political-legal Factors Facilitating Afrikaner Empowerment

The emergence and spread of white poverty during the early 1900s led to an urgent government response. However, this government response should be seen against the backdrop of the 1920s segregationist policies that were based on the philosophy of white supremacy to secure economic privileges for whites, especially Afrikaans-speakers. According to Lipton (1987:185), the leaders of the Afrikaners started to roll out the segregationist ideology by adopting various economic strategies to benefit whites such as job reservation or stipulating that a minimum ratio of whites must be employed. This explicit, rigid system insulated whites from competition so that they had no need to incorporate blacks into their unions or be concerned about low wage levels. After winning the election in 1948, the NP adopted 'apartheid' as official policy of the state. Lipton (1987:2) describes 'apartheid' as a system of legalised and institutionalised race discrimination and segregation. Clearly, the NP affirmed the pre-1948 segregation philosophy and promoted racial segregation as a desirable and beneficial ideology through the legal framework that favoured a particular interest group.

3.3.1 Political Ideology and Nationalism

Afrikaner empowerment would not have been possible without the Afrikaner nationalist ideology which sought to build an Afrikaner nation based on white supremacy. Karolewski and Suszycki (2011) listed the following indicators of nationalism that would eventually help to explain and describe a profound and intense feeling of people attached to a national collectivity, namely: an individual's sentiment of belonging to the nation; a definition of the genealogy of the nation and their political movement as well as their goals and cultural discourse on language

and national symbols. In the case of Afrikaner nationalism, it refers to the efforts of Afrikaans speaking whites to secure their political, economic and cultural survival.

Under the 1924 Pact State, Afrikaner movement leaders used the philosophy of nationalism as an instrument of social agitation and eventually as an instrument of political power conquest (Webb and Kriel, 2000:27). According to Adam and Moodley (1987:44), by offering safe jobs and prestige in a racial caste system, the nationalist movement channelled the displaced and poor urban peasants away from socialism into the Afrikaner ethnic fold. The nationalist movement's leaders created an agenda for manipulating language and religion and generated historical myths to gain South African state control. For O'Meara (1997), a small group of ideologues (drawn from intellectuals, lawyers, church leaders, artists and journalists) invented the desired identities and the national project. Smith (2009:61) added that nationalism is the expression of philosophy to achieve and maintain independence, solidarity and identity for a community that is considered by some of its leaders to be an 'actual or potential state'. Verwey and Quayle (2012:553) pointed out that Afrikaner nationalism built and maintained Afrikaner identity and subsequently invented apartheid ideology.

The study of Afrikaner nationalism makes a very useful case for understanding how whites, and Afrikaners in particular, who were economically marginalised at the turn of the last century, became economically empowered through Afrikaner nationalism. Afrikaner nationalism emerged from the political conflict between the Boers and English-speakers during the early twentieth century led J.M.B. Hertzog and other leaders to form the National Party in 1914 to oppose the influence of British imperialism. According to O'Meara (1983:69), Hertzog regarded Afrikaners as all white South Africans, Afrikaans and English-speaking, who viewed South Africa as their sole homeland, who accepted absolute language equality and the principle 'South Africa first'. Based on Afrikaner nationalism ideology, the NP sought to mobilize white

Afrikaners in terms of a rigid ethnic and culturally defined notion called the *volk*. The latter is a term used to unite Afrikaners on the basis of race and language. O'Meara (1983:69) argues that the NP sought to mobilize Afrikaners against the 'Anglicizing policies of the government' and to give Afrikaners a political voice to express their beliefs in and conviction to the ideal of South African republicanism.

O'Meara (1996:52) also states that NP politics is not about place, influence or even programs but that they reflect upon the ongoing life of Afrikaans. During the 1920s, the NP entered into a coalition with the South African Labour Party of the working class; aiming to further free South Africa from British colonial rule and provide greater protection to the whites from blacks and the British. Based on the philosophy of white supremacy, the state applied a strict bilingual policy for the civil service to enable the easy hiring of Afrikaans-speaking whites. Under the Pact government of the NP and SALP, the focus of Afrikaner nationalism was on the development of the Afrikaans language. Nationalism as a political ideology is 'a means for political agitation' and essentially 'a weapon for certain individuals to gain political power' (Webb and Kriel, 2000:27). Language thus became one of Afrikaner nationalism's key features.

Before the government of the Pact, only the churches, the universities, and the courts accepted Afrikaans as a language. Under the Pact government, the *Official Languages of the Union Act* No. 8 of 1925 was passed to replace Dutch with Afrikaans. Both Afrikaans and English enjoyed equal status and rights. Posel (2000:43) maintains that soon after the NP took over, a process of Afrikanerisation started in earnest. This policy resulted in the number of Afrikaner workers employed in the civil service. Many English-speaking public servants were replaced by Afrikaner nationalists. Giliomee (1979:224) adds that in 1948 more than 80 percent of the white civil servants were Afrikaners. These civil servants gained positions because they were acquainted with, and faithfully carried out, the existing policies.

Under the United Party, founded in 1933 by a fusion of Prime Minister J.B.M. Hertzog's NP with Jan Smuts' rival SAP and the remnants of the Unionist Afrikaner Party, a new nationalist coalition was formed between Afrikaner peasants, labour, the small bourgeoisie, and emerging Afrikaner financial and industrial capital (O'Meara, 1996:42). One of the elements of Afrikaner nationalism can be seen with a particular social and political response to the unfair development of capitalism in South Africa. The Minister of Labour, F.H.P Creswell appointed the Unemployment Investigation Commission in 1932, which prescribed various measures to addressing the poor whites issue, such as the introduction of numerous legislations, and the provision of employment to poor whites (Abedian and Standish, 1985:97 and O'Meara, 1983:22).

Under the NP, Afrikaner Nationalism became a powerful political force which has had, and continues to have, serious ramifications in the structure of the country's policies on employment, skills development, education and entrepreneurship. The NP-led state ensured that the interests of Afrikaner workers and farmers were taken into consideration by declaring their confidence in discrimination and racial inequality and their desire to perpetuate 'apartheid' (Lipton, 1985:22). O'Meara (1996:42) points out that the NP has mobilized its main constituent forces, including Afrikaner peasants, workers, the small bourgeoisie and nascent Afrikaner financial and commercial capital, on the grounds that they have been discriminated against and marginalized as 'Afrikaners'. 'The solution was to unite Afrikaners under Christian-nationalism and seize control of the state. Clearly, it can be seen that the NP did not only use the law to protect the whites, particularly the Afrikaans-speakers, but more importantly, it applied a political ideology to promote redistribution of services and to identify the beneficiary of white empowerment.

3.3.2 Governance and Rule of Law

As the legislator, the NP-led Government passed the laws that underpinned its nationalist ideology to uplift the poor whites, and eventually to empower the white Afrikaners. As previously argued under Section 2.5.1, there were two paradigms of governance which emerged during the last century, characterised by their attempt to embed welfare policy in state governance and espousing different views about the distribution of resources as well as the notion of citizenship. In the case of AEE, since the early 1920s, the successive white regimes adopted a legal framework that included labour market policies and an extensive public welfare system that aimed at full employment at relatively high wages to empower white South Africans (Nattrass and Seekings, 1997:457). These labour market and welfare policies formed essential parts of the NP's 'industrial citizenship' and combined to form a distributional system premised on racial exclusion. The combination of racially exclusive social and industrial citizenship provided a white minority section of the population with unlimited access to privileges that were denied to blacks.

Obsessed with the principle of eliminating competition for jobs between blacks and whites, the Pact government (1924-1933) introduced a 'civilised labour' policy (CLP) as a standard for the society at large and for state employment (Greenberg, 1980:181). Lipton (1987:188) emphasizes that the Civilized Labour Program provided white labour with an institutionalized, legal means to maintain a monopoly on high-wage skilled jobs and preferential wages. The main objective of the CLP was to eliminate the Bantu people from industry – both in skilled and in unskilled work – by a gradual process to replace the 'poor whites'. In the railways, this was particularly prominent. Following the implementation of the CLP, the percentage of white employment rose between 1924 and 1933 from 9.5 to 39.3 percent, because of the Pact government's policy that substituted African workers with white labour in the Railways, Harbours and Post Office (Greenberg, 1980:181). Additionally, the policy also brought forward

exclusive industrial unions on the railways, the iron and steel industry and municipal employment. These unions demanded the expansion of white employment policies, the use of state-imposed job reservations in the private sector and the suppression of African trade unions.

In addition to reserving employment, the government attempted to resolve the 1922 Rand Rebellion strike by passing the *Apprenticeship Act No*. 26 of 1922 to regulate apprenticeship agreements. The 1922 Act provided that 'any minor who […] [was] over the age or standard up to which compulsory attendance at a school is prescribed by law […]' could, with the assistance of his guardian, enter into an apprenticeship contact with an employer (Lundall, 1997:38). Before this, apprenticeship training was administered by the *Regulation of Wages, Apprentices and Improvers Act* No. 29 of 1918. The Act of 1922 requires a wage board to assess the relationship between apprentices and skilled workers.

Subsequent to the passing of the 1922 Apprenticeship Act, numerous further acts were passed to give effect to a racially discriminatory labour market and social policy in order to ensure that the white working class was uplifted from poverty. For instance, the state passed laws that did not recognise black workers; such as the *Mines and Works Act (Colour Bar Act*) No. 25 of 1926. Such acts legally established the 'colour bar' job for South Africa. The 'colour bar' represented a collection of labour practices, unofficial trade union structures, government regulations, and laws, which developed over time to discourage blacks from vying for certain types of white-monopolized jobs (Crush *et al*., 1991:214).The 1922 Act provided certificates of competency for skilled work for whites only. The Act expressed a perception that white well-being would significantly suffer if blacks were not out of the economy, especially in the labor market. In other words, this Act was a form of affirmative action that allowed the state to protect unskilled White workers against black competition, through state corporations such as ISCOR.

The government of the Pact passed the 1924 *Industrial Conciliation Act* No. 11 to impose employment quotas or job reservation on the labour market. The Act exempted blacks from organizing trade union representation under closed shop contracts and restricted black trade union registration. According to Van der Berg and Bhorat (1999: 4), this Act established a legal basis for collective bargaining between employees and management. Nevertheless, it set the way for a race-discriminatory labour market, which expressly excluded the protection of this process from African male staff. Lipton (1986:135) added that the whites actively exempted blacks from competition with the whites to work by discriminatory trade union practices. In addition, the legislation of 1924 was used to impose the division and segregation of Black people so as to limit their right to political rights and to prohibit them from taking part in economic activities. In other words, through its job reservation provisions, the Industrial Conciliation Act operated as a form of affirmative action for the white population.

Throughout the National Party (1948-1994) existence, the government declared its belief in segregation and racial inequality and its intention of extending apartheid. Greenberg (2006:7) stresses that, as in any political party that captures state power, the government has the dual task of regulating and driving the general growth of the inherited economy, while simultaneously advantaging the alliance of social forces that brought it to power. Likewise, the NP came into power in 1948 on the basis of a cross-class alliance with an Afrikaner ethnic identity. Key components of this bloc were farmers and businesses which were battling to compete with the dominant English mining capital (Greenberg, 2006:8). Greenberg (2006:8) claims that the NP used state power and state resources for Afrikaner economic empowerment by pressuring English mining capital, in particular, to transfer blocks of economic wealth to Afrikaner ownership.

The NP introduced 'apartheid' as a formal government policy after 1948. The NP affirmed the pre-1948 segregation philosophies and promoted racial segregation as a desirable and beneficial ideology. Social citizenship for white South Africans was underpinned by, and, in turn informed, a racially exclusive industrial citizenship. The *Population Registration Act* No. 30 of 1950, which classified the whole population by race, based on appearance, descent and 'general acceptance', laid the basis for this systematic policy. The Act intended that each 'racial group' develop separately. Afrikaner 'segregation' ideology was pushed through the legal framework that favoured a particular interest group. This was furthered when the state passed the *Group Areas Act* No. 41 of 1950 to institutionalise and consolidate existing discriminatory and segregationist policies and bills from the pre-apartheid era. The Act's primary objective was to make racial segregation in terms of residence and work compulsory. The law also allowed the government to ban all African trade outside the reserves and townships and to prohibit trade within these reserves (Lipton, 1985:23).

Following the release of the 1951 Industrial Legislation Commission, findings which showed that blacks had advanced into more skilled jobs, and that whites in banking, furniture, millinery, sheet, metal and electrical industries were being displaced by blacks, the Minister of Labour extended the legal job bar to manufacturing, construction and commerce. In 1953, the NP extended its protection to white workers by amending the 1924 *Industrial Conciliation Act* to extend the job colour bar in industry and, subsequently, banned African workers from registered trade unions (Nattrass and Seekings, 1997:461). The new Act allowed the Labour Minister to reserve those types of work for particular racial groups (Welsh, 2011:57). Further, it also outlawed racially mixed trade unions. By regarding white people as 'civilised' and African people as 'barbarous and undeveloped', the state was able to restrict political, industrial, and social citizenship to a tiny minority of the population. To these ends, the *Job Reservation Determination No*. 3 of 1958 was issued to reserve fifteen metal-industry jobs for

whites, such as who could use certain machinery (Lipton, 1985:40). Alexander and Simons (1959:7) maintain that this system of job reservation was intended to preserve the white's monopoly of political and economic power.

In order to implement social inequalities, the NP government developed and formalized the theory of unequal resource allocation such as general infrastructure, education and jobs (Lipton, 1985:40). To this end, the government passed the *Reservation of Separate Amenities Act* No. 49 of 1953. The Act provided that there should be separate amenities – such as toilets, parks and beaches – for the different racial groups. These separate amenities included both public premises and public vehicles. Any property, enclosures, houses, structures, halls, rooms, offices and conveniences to which the public accessed, irrespective of whether or not entrance fees were charged were classified as public premises (Lipton, 1985: 40). It did, however, not include public roads or streets. In addition, the Act provided that those programs should not be of the same quality for different groups of the population. Public vehicles included any train, tram, bus, ship or aircraft used for conveying, for compensation or otherwise.

The NP has adopted *Bantu Education Act* No. 47 of 1953 to create a separate educational system under the Native Affairs Minister H.F Verwoed with a view to segregating the education of the whites and blacks. Welsh (2011:66) identified three aspects of this legislation that highlight its significance in terms of white empowerment, namely: that Africans were to carry an increasing amount of the cost of expanding their own education; the use of Afrikaans became prominent especially with the national government taking control of education, while the use of English was reduced; and from 1956, the medium of instruction in primary schools became the mother tongue, while both English and Afrikaans were taught as subjects. The goal of this education system was to prepare the Black to serve their own people in their homelands or to be employed in white jobs. According to Harthorne (1986:118), apartheid government

used the educational policy to ensure that economic power and privileges remained in the hands of the whites. Dr Hendrik Verwoerd spelt out the objective of the *Bantu Education Act* No. 47 of 1953 as follows:

> 'There is no place for [the Bantu] in the European community above the level of certain forms of labour […] it is of no avail for him to receive training which drew him away from his own community and misled him by showing him the greener pastures of the Europeans but still did not allow him to graze there […]' (Lipton, 1985:24).

This Act consolidated African education regulation and bound educational spending to African tax levels, restricting the annual contribution from general income to R13 m. In line with the NP's policy of promoting tribal cultures, the nationalists made vernacular education compulsory in African primary schools. In senior schools both official languages, English and Afrikaans were added. Further, Verwoerd introduced the *Extension of University Education Act* No. 45 of 1959 to exclude blacks from the open English universities (Lipton, 1985:25). Bantu education then served White supremacy purposes by denying access to white South Africans ' fair educational possibilities and services. This racist educational system meant that black children were schooled to become labourers for whites while the children of the Afrikaner *volk* were equipped to take up skilled and professional jobs. What is demonstrated here is the gradual development of a system of government and introduction of legislative framework, based on Afrikaner nationalism, to cater for whites only, while deepening the racial segregation in the country.

3.3.3 Provision of Social Services

The white Afrikaner nationalist ideology influenced the provision of social services by the various states representing the whites. Within the welfare state, the NP strove to provide five core social services, as outlined by Titmus (1958). These were: social security, housing, education, health and personal social services. Nattrass and Seekings (1997:461) stress that

accessing these rights under apartheid was a matter of racial differentiation. As already pointed out in section 3.2, from the 1930s onwards, social welfare practices in the South African Union were greatly influenced by changes in Europe and America as the government assumed more responsibility for implementing and providing social welfare programs in the light of the global depression and the rise of Keynesian economics (Kallaway, 2005:349). Such programs, however, were overwhelmingly compliant with racial segregation policies and supported primarily only whites. Kallaway (2005) argues that in the 1940s the government of the United Kingdom intended a whole new welfare scheme. When the social security question was placed before parliament in 1944, the Social and European Council recommended that the government undertake the introduction, on the subjects of jobs, social protection, housing, public health, food and education, of a comprehensive program of legislative and administrative measures.

In terms of housing, before the 1930 Great Depression, a housing shortage was already identified in South Africa as one of the causes of many deaths owing to overcrowded conditions (Elias, 1984:23). In many cities, poor whites lived across degrading and unwanted circumstances. To this end, the Carnegie Commission of 1932 recommended that 'poor whites' had to be treated differently, as they could not pay an economic rent, and this was the duty of the state or local authority to provide them with homes at a subsidized rent. Thus, residential segregation consisting of a minimum wage for white labourers, and a housing subsidy for poor white was recommended.

In addition, white workers working for the South African Railways & Harbour received two additional benefits from 1929 onwards: free housing and admission to the Railways sick fund. Free housing comprised single men's hostels and married men's homes. The 1944 *Housing Amendment Act* No. 49 abolished the Central Housing Board and created the National Commission for Housing and Planning. A year prior, the 1945 *Housing (Emergency Powers)*

Act, No. 45, required the central government to take the initiative by implementing housing projects and recovering local authorities' costs (Duncan, 1990:109). The state came to see low-cost housing in the system not only as a component of public health or as a means of controlling the urban proletariat, but also as part of the broader mission of providing social services.

Nonetheless, Morrell (1992:xx) stresses that following the release of the 1932 Carnegie Commission report, the NP government instituted segregation amongst the urban working population by implementing systematic state housing schemes along race lines. However, Morrell (1992:xx) emphasizes that being bad for white Afrikaners entails not only being illiterate, but also a shift in class position and world view. Some contemporary writers characterized the poor whites as people who had lost their self-respect and personalities, and this in turn resulted in the spread of 'lazy sicknesses', a 'disease' that well-to - do farmers disgustingly accused poor whites of enduring. Thus, for the leaders of Afrikaner nationalism, this situation posed a threat in the form of 'cohabitation between different races' and a possible class alliance against the state. According to Morrell (1992:16), the solution came in the form of residential segregation. Citing an official from the Department of Native Affairs, Morrell (1992:17) emphasized that state officials were playing on white telegony fears–that is, sex with an African whom they held could leave a white tainted blood–forever to prevent many whites from seeking closer black ties. To this end, the NP introduced rural suburban segregation to address dislocation issues or the poor white problem, to put it another way. The discourse on poor whites became the foundation of the Afrikaner welfare system.

After housing, the Afrikaner-led state empowered the whites through compulsory education. Lewis (1973:13) argued that lack of proper education was one of the factors that was emphasized by all commissions, including looking into the plight of skills. Seekings (2015:5) argue that the Carnegie Commission found the poor whites to be suffering from a 'narrowness

of disposition', a 'lack of entrepreneurship', a 'dread of the strange world outside the ranch', a 'poor business management', a 'lack of initiative and self-reliance among the younger generation', and even a 'persistent lack of industrious habits' (although this was disappearing) and a 'confused outlook on life'. In his Education Report (1932), Commissioner E.G. Malherbe stressed the importance of free white training in addressing the lack of skills. Public education would therefore become an integral part of the NP welfare policy. This system provided the poor white parents with expertise, incentives, and space to protect their economic rights, and no longer needed the overtly racist colour bar to retain their economic advantages.

In Afrikaner history, the most revealing government spending was on education. The marginal public product here surpassed its marginal private value. Sadie (2002:38) argued that the government of the NP had guaranteed that no (white) child would be refused education as a result of geographical location or failure by parents to afford school fees and books. Primary and secondary schools were therefore founded across the country. Trade, agricultural, technical and related vocational schools and colleges preceded them in time. The government has rolled out subsidies and grants to close inequality gap between English and Afrikaans-medium universities to allow some Afrikaans universities to develop medicine and engineering faculties (Sadie, 2002:38). This ultimately gave whites, especially Afrikaners, the chance to qualify for better paid jobs and occupations in their language of their mother.

In addition, the Commission endorsed the view that a variety of social security programs, the creation of a national health system, food subsidization and housing provision were required. The council emphasized in this context that the question of educational access should be directly linked to the overall plan to address deprivation for all white population sectors. Kallaway (2005:351) described programs such as child food and school feeding, which were initially launched in the sense of poverty alleviation for poor whites. According to Kallaway

(2005:353), such foods were considered to be 'complementary foods' produced from foods selected for their quality with respect to 'first-class proteins, vitamins and mineral salts, as they were absent from the meals the child gets to home.

Industrial schools are set up in the field of jobs to prepare poor white kids to be skilled workers. Industrial schooling was first implemented in the late 1800s to combat' bad whiteness' by educating poor white boys in jobs such as shoemaking, carpentry, and smithy work, and poor white girls in household-related occupations (McGrath, 2004:29). Malherbe (1932) quoted in McGrath (2004) argued that after 1917 the Union Education Department was comprised of industrial schools that provided care to white children. The poor level of technical and academic education, which has been witnessed in South Africa after World War II, has contributed to the growth of industrial schools (McGrath, 2004:32).

The Beveridge Commission in the United Kingdom (1942) identified disease as one of the five giants to be 'killed' by making health service available to all citizens. Like other social welfare elements, health care provision arose in attempts in the 19th century to tackle white poverty and poor health and meet the needs of mining capital to support a cheap African labour force (Van Niekerk, 2003:363). Accordingly, the Enquiry Commission on Old Age Pensions of 1928 (also called the so-called Pienaar Commission) recommended the creation of a health insurance system to cover medical, maternal and funeral benefits for all low-income formal sector employees in urban areas (Verhoef, 2006). Similar to the Beveridge Commission which provided a blueprint for the British welfare system, in South Africa, in 1942, under Dr. H. Gluckmann, the United Party Government set up a National Health Service Commission to investigate, report and advise on the development of an integrated national health service in accordance with the modern concept of health, which would ensure adequate medical, dental, nursing and hospital services for all parts of the South African Union. The commission called

for a nationalized, non-discriminatory, and accessible state-controlled health care programme that would be accountable to local communities and focused on preventive health care with a limited private care reach. Such plans have never been adopted, however (Van Niekerk, 2003:365).

After 1948, health policy and planning under the NP became more of a political rather than health issue. With the promulgation of the 1959 *Bantu Self-Government Act* No. 46, a change in strategy towards consolidating the publicly provided, culturally segregated health and welfare system took place. The central government then divided and regulated the health and welfare culturally and ethnically and further compounded the imbalance in racial funding and service provision (Van Niekerk, 2003:366). As a result of this fragmentation of service provision, access to public health care was dependent on a test of means and a nominal fee within the centrally controlled apartheid system (Van Niekerk, 2003:366). Race was, therefore, used to determine citizenship under apartheid, and that the provision of public goods focused essentially on satisfying the needs of the white population.

3.4 Economic Factors Facilitating Afrikaner Empowerment

At the beginning of the twentieth century, the levels of poverty among white Afrikaners were so high that they could not adequately feed or clothe their children (Saloman, 1964:232). Although the poor white problem in South African was identified in the 1890s, it took almost three decades before the appointment of the Carnegie Commission in 1932. The poor Whites were European citizens, according to De Kock (1924:454), unable to do skilled or semi-skilled work by hand due to African competition.

3.4.1 Macroeconomic Policy and 'Poor White' Problem

The roots of Afrikaner economic disadvantage can be traced to the early period of settlement at the Cape by the VOC, beginning in the mid-seventeenth century. Owing to the Company's

laws of inheritance and unwillingness to expand the boundaries of the settlement, agricultural land within the settlement became scarce and poor farmers were forced to search for suitable farming opportunities outside the boundaries of the colony. As pastoralists, these Dutch peasants came to live a semi-nomadic life, roaming from place to place in search of better pastures with their flocks and herds (Van Jaarsveld, 1964; Esman, 1987; Sadie, 2002 and Giliomee, 2003b). By the eighteenth century the descendants of the earlier Dutch farmers had begun to develop their own language and identity; and began to refer to themselves as '*Boers*' (farmers) to differentiate themselves from the ruling Dutch elite. According to Sadie (2002:6), the drive of the Boers for cultural and economic autonomy was compounded when the Cape was annexed by the British in 1806, leading to a mass exodus of poor, nomadic farmers of Dutch decent to leave the colony in search of fertile land and freedom from foreign domination in the unsettled interior.

The discovery of diamonds in 1870 in Kimberly and of the Transvaal goldfields in 1886 was to have a profound effect on Afrikaner farmers and their economic well-being. As the growth of the gold-mining industry intensified, society experienced high volumes of immigration, urbanization, capital investment, and labour migrancy. Although almost all the land on the Witwatersrand where gold was discovered belonged to Afrikaner farmers, many felt compelled to sell this and move off with the proceeds to resume their agrarian life elsewhere (Sadie, 2002:9). However, historians described this as the 'curtain-raiser' to the far more ruthless conflict of 1899-1902.

Other events that would have a profound effect on the Afrikaners were the Anglo-Boer Wars. During the South African War (1899-1902), the British commander Lord Herbert Kitchener used the scorched earth policy that destroyed Boer agriculture (Giliomee, 2003b:254). Approximately 30,000 farmhouses were burned down, and livestock and crops destroyed. The herds of OFS Boers were reduced by over 50 percent, involving the loss of more than half a

million cattle and some three and a half million sheep. The war left Afrikaners economically impoverished and landless. Thousands of *bywoners* (landless Boers who lived as tenants on Boer landlord farms) lost their livelihoods and eventually flocked to the mines to seek employment. The effect of this, according to O'Meara, was that, by the 1920s, an annual average of 12,000 whites left in the rural areas, and created a vast army of white urban unemployed, known as 'poor whites'. This rapid urbanization led to the growth of Afrikaans-speaking ghettoes in the great cities (Moodie, 1975:31).

In the cities, Afrikaners faced a number of challenges. Being poorly educated, lacking in skills and unable to speak English, they inevitably had to accept poorly paid and lesser skilled jobs. According to Giliomee (2003b:323), only half of Afrikaners attended primary school, two-fifths were hardly able to read or write, and one-tenth were completely illiterate. Training was widely viewed as something exotic, as something that had nothing to do with their daily lives and needs (Welsh, 1974:250). Family mothers conducted schooling and sometimes an itinerant teacher accompanied this. Training was a bare minimum and consisted of reading the Bible and instruction in the written word. Hence, urban Afrikaners had little more to offer than Africans in terms of skills and ability.

Having little to offer other than their manual labour, many of the Afrikaners finding mining jobs had to contend with blacks who had migrated as migrant workers from the reserves to the towns and cities. Africans conducted the unqualified jobs far below that for which whites were prepared to work (Giliomee, 2003a:318). Urban Africans have been forced to work as black people, to take orders as a black person, to live in shabby residential streets close to black shanty towns, and, above all, to speak the foreign languages – English – like a conquered race (Giliomee, 2003a:324).

According to Giliomee (1979:155), between the 1920s and 1930s the Afrikaner *Broederbond* embarked on two strategies to boost Afrikaner economic position. In 1924, the Pact government introduced equal language rights, compulsory bilingualism in the civil service, and appointed Afrikaner intellectuals to senior civil service positions to foster their particular economic interests (O'Meara, 1983:56). The other strategy was called ethnic mobilization where the *Broederbond* sought to improve the Afrikaner economic position. Ethnic mobilization appealed to both material and ethnic interests of Afrikaners. It provided them with a sense of 'belonging', since English was constructed as the language of the 'imperialists'. Afrikaners resented English for considering the Afrikaners and their culture as inferior. Given that English dominated the private and public sector and acceptance as a member of the business elite was often based on the command of English as a medium of communication, ethnic identification offered Afrikaners a greater sense of fulfilment (Giliomee, 1979:155).

During the 1930 Great Depression, the situation of white poverty in South Africa became worse. O'Meara (1983:26) argued that the development of capitalist production in agriculture accelerated the proletarianisation of white petty-commodity producers. Consequently, more whites migrated to the cities. According to Fourie (2006:8), poor whites appeared to blame the causes of poverty and injustice for historical factors, educational achievement, labor policies, environmental and demographic shifts, language and culture. O'Meara (1983:37) added that the Depression produced severe hardships for white farmers. For instance, 22 percent of all white and coloured males were registered as unemployed, 30 percent of all white families were classified as 'poor' by the Carnegie Commission. The Commission calculated that of a white population of just over 1,800 000 in 1931, 300,000 could be classified as very poor. According to the 1926 census, nearly 58,000 white males of 15 years and older fell into the lowliest occupational groups such as shepherds, foresters, unskilled industrial workers and *bywoners*.

The Carnegie Commission found more effective schooling for the marginalized is necessary to solve the poor white problem in towns and cities. The Commission found that around a third of the white people were insufficiently educated or had little or no marketable skills. In contrast, the rural population regarded education overwhelmingly as something that had no effect on their daily lives and needs. The Commission emphasized better and more appropriate education as the main instrument for alleviating white poverty (Giliomee, 1998:17). In the 1940s, HF Verwoed said the poor whites were of Afrikaans-speaking descent for a very large part and put the figure of poor whites at 259,000 or a fourth of the Afrikaner population (Giliomee, 2003b:347).In the 1940s, the NP government implemented a macroeconomic policy to address the issue by introducing an 'apartheid' plan–the legal system of ethnic political, economic and social segregation aimed at preserving and expanding the white minority's political and economic dominance over South Africa. The NP saw racial segregation enforced by law–apartheid–as the necessary means of ensuring white labour's economic security.

3.4.2 Keynesianism and Afrikaner Empowerment

In 1933, the United Party led by J.B.M. Hertzog affirmed and adopted the 'Keynesian Solution' – pre-empted by the Pact government in 1924 – to improve the lives of the poor white Afrikaners. As in many countries, the Great Depression had had negative consequences for the South African economy. Some historians, including Van Reenen (1989), believed the sudden lack of demand destroyed commodity prices that many Afrikaner farmers profited from. For example, between 1925 and 1933, the price of wool dropped by 75 percent. In their over-capitalized holdings, a large part of the agricultural industry was unable to repay mortgages. Therefore, with one of its main supporters–moderate, rural Boers –the National Party found itself losing support.

Using the famous Keynesian policies, both the UP and NP governments used state power and state resources for 'Afrikaner economic empowerment' by pressuring English mining capital,

in particular, to transfer blocks of economic wealth to Afrikaner ownership (Greenberg, 2006:8). Fourie (2006:14) has shown that Jan Smuts, who succeeded Hertzog as the leader of the UP in 1939, became great friends with the British economist who made Keynesian economics famous, by advocating the idea of state intervention to stabilise the economy. They exchanged numerous letters which are published in the Smuts papers in the 1960s. The state extended the aid of the Afrikaner-controlled agricultural sector. For instance, between the fiscal years 1927-28 and 1938-39, expenditure on agriculture and irrigation increased by 400 percent. Hertzog also aided farmers through legislation that increased their control over the black labour force, and more importantly, in 1936, the state ensured the orderly marketing of agriculture and stable prices but also favoured the cooperatives to regain the power to control prices on agricultural products (Giliomee, 1979:152).

Driven by the 'institutional' model of welfare, the South African state (1924-1948) intervened decisively in the economy by creating employment for the white Afrikaners. This was achieved by the setting up of state-owned companies – including the revitalisation of public aid programs aimed at ensuring short-term jobs for the white people – which funded Afrikaner businesses and commercial (white) farming through a number of actions (Van Der Berg and Bhorat, 1999:6). Greenberg (2006:8) shows that 'state nationalist' intervention was expressed through labour market interventions which prevented competition from black workers. In addition, the state extended subsidies and benefits for state employees, including housing, pensions and even extending to holiday resorts.

South Africa created its own kind of military-industrial complex during World War II where an unofficial partnership was formed between the military-defence industries of a nation (Roland, 2009). As Roland (2009) explained, a driving factor behind this relationship was that both sides benefitted—one side from obtaining weapons of war, and the other from being paid

to supply them. The state played an important role in the South African case with the appointment of Dr Hendrik Van der Bijl as Director General of War Supplies. In a remarkably short time, he mobilized the limited industrial resources of the country. He arranged weapons, rockets, armoured cars, precision instruments, tactical explosives, and ammunition manufacturing facilities. Van der Bijl's appointment increased the employment of poor whites and boosted the growth of the market for the production of defence-related industries, such as weaving, manufacturing military uniforms, leatherwear, guns, aircraft and canned foods (Vermeulen, 1998:2253).

The significant growth in military capacity and manufacturing of defence-related products was underpinned by Keynesian macroeconomic strategy. Stephen Gelb coined a phrase 'racial fordism' to describe the South African WWII economic boom as a peculiar mixture of Ford's technology / labour process, but without expectations of mass consumption (Maller and Dwolatsky, 1993:75). Alternatively, a small but affluent white community consumed consumer goods mainly. To this end, the white working class migrated into professional and supervisory positions in the mining and manufacturing industries through a favourable labour market system (like civilized labour policy) with steady real wage rises. This enabled them to engage in housing and consumer goods consumption. Gelb (1982) explains how this trend was underpinned by the mechanisms of collective bargaining, racially skewed social welfare systems and favourable credit arrangements. White recipients of welfare services became a privileged elite under racial fordism, providing programs that were both qualitatively and quantitatively fairly sophisticated. The reason for this is because it adopted racial classifications as criteria determining access to privileges and was subject to Afrikaner nationalist influences (Nattrass and Seekings, 1997:457).

Following their election victory in 1948, the NP-led government consolidated and institutionalized the separate development Afrikaner nationalist ideology that, when enforced, meant racial discrimination and inequality. Sevenhuijsen *et al*., (2003:300) suggest that this racial discrimination has been caused by gaps in education, practice, legislation and social welfare for different racial groups established by the apartheid regime–Whites, Africans, Coloreds and Indians. Therefore, the state retained and protected some marginalized groups of people under the apartheid government at the expense of all others, especially those who were identified as poor whites. Welfare has been seen by white people as a form of treatment for individual pathologies or disabilities, such as child abuse, drug dependence, and so forth. Using the two pillars of labour market policies and the welfare state, the NP government took on a more active role in the economy by employing workers and delivering services.

Another aspect of the NP policy was the role of public service in providing protected employment to white Afrikaners. According to Posel (1999:100), after the NP seized power, the number of government departments rose, as did the size of their personnel. Statistics from the Public Service Commission (PSC) (1939-1970) revealed that a total of 57,000 people from all races were hired in permanent positions by the public service in 1939. In 1950 this figure had risen to 110,000, then by the end of 1958 to 139,000-an increase of 144 million over 20 years. By 1967, the number of permanent public service appointments had increased to 212, 78826-a substantial increase of 53 percent over the estimate of 1958. White Afrikaners are granted preferential access to public service jobs and shielded from competition from black job seekers in certain main respects. Civil service reform was closely linked to efforts to change its ethnic composition and political orientation (Posel, 1999:104). At the same time there was a gradual increase in the number of government departments. There were 26 divisions of government on the eve of the political takeover by the National Party; by 1970, this number had risen to 41. The NP implemented what amounted to a secret policy of affirmative action

with the aid of the Afrikaner *Broederbond*, where white Afrikaners were actively recruited for positions of influence in as many cultural, political and economic organizations as possible. To achieve the goal of full employment, it increased the control of state-owned enterprises.

3.4.3 Keynesianism and SOEs

As argued in Section 2.6.2, the 1924 Pact government took a more active role in the economy by delivering services and owning industrial concerns. One of those roles was to increase the number and capacity of SOEs as a government employment agency. The early signs of the interventionist state were evident following the 1922 labour unrest. Clark (1994:43) used a metaphor of 'manufacturing apartheid' to argue that SOEs were created as vehicles to provide protected employment to hundreds of poor whites. Keynes specifically believed in the state's increased role as a social order guarantor, and as a buffer for social inequality based on the theory of the welfare state.

The most common strategy of government economic intervention in the twentieth century was the creation of state corporations, government-owned enterprises responsible for producing goods and services directly for public use (Clark, 1994:2). Clark maintains that state corporations existed probably as long as states themselves. Under communist economies, SOEs were used to create local industries. But under capitalist societies, state enterprises were used to subsidize services and products deemed necessary for the survival of society. However, Clark (1994:3) maintains that the existence of SOEs depends on the interplay between various social forces; i.e., politicians, workers, businessmen and bureaucrats. For instance, in South Africa, SOEs depended on the power of social and historical forces working on three major areas of state enterprise policy; choice of product or service to be provided; marketing policies; and labour relations.

Typically for South Africa, SOEs emerged during the early years of the twentieth century with due attention paid to the needs of the mining industry and the vocal white working class (Clark, 1994:11). SOEs emerged to 'resolve a market failure' for various reasons including, among others, where the private sector is not investing or producing in a certain region. The other explanation is 'natural monopoly', where a corporation is owned by the government to restrict the negative consequences of monopoly power resulting from the nature of a market. Therefore, SOEs are important to national security or are frequently referred to as 'strategic' and put under state ownership to ensure a supply of critical resources. Eventually, SOEs have played an important role in ensuring fairness in the access of people to critical services and infrastructure (Presidential Review of SOEs, 2013:2).

Economically, SOEs were created by the state to build a diversified industrial economy. These included the Department of Posts and Telegraphs (1910); the South African Rail and Harbours (SARH) company (1916); the Electricity Supply Commission (ESCOM in 1922) and the Iron and Steel Corporation (ISCOR in 1928). Ritchken (2014:5) added that SOEs had to play an important role in racial segregation of the workforce and Afrikan empowerment during the 20th century. For example, the Railways did not only provide basic infrastructure, but were also a key site of employment for 'poor whites' on relief works in the twentieth century (Greenberg, 2006:6). Although more blacks than whites worked on the railways, the ratio shifted in favour of whites in the 1920s and early 1930s, and white workers also replaced black workers in skilled jobs after the NP came to power in 1948.

Under the NP, the government intervened decisively in the economy to establish a wide range of parastatals that provided the base for the expansion of Afrikaner capital into previously underdeveloped sectors of the economy (Greenberg, 2006:8). According to Sadie (2002:36), after the Pact Government had taken the reins of government in 1924, the 'Afrikanerisation' of

the public service began. The growing number of Afrikaners were named so that by the time the NP came to power in 1948, they had already filled more than 60 percent of the positions in the public administration. Sadie (2002:36) showed that between 1936 and 1991, the number of Afrikaners employed in the public service rose from 58.9 percent to 79.4 percent. Lipton (1985: 283) stresses that the NP adopted an exclusive 'Afrikaner first' policy (similar to BEE) to use its power of patronage to favour Afrikaans business interests such as awarding government contracts to Afrikaans companies and to use parastatals such as Iscor as a training ground for Afrikaans entrepreneurs. According to Blaser (2007:89), as a result of direct state aid and favouritism, the proportion of Afrikaner entrepreneurs in the private sector rose from 10 percent to 21 percent between 1948 and 1975.

The public sector growth was initiated after 1948 to expand Afrikaner's control over the economy (Southall, 2004:1). Nationalists used the patronage power to benefit Afrikaners in jobs, entrepreneurial opportunities, and to use SOEs as training grounds for Afrikaans entrepreneurs. Between 1946 and 1973 government-owned gross fixed assets rose from 6.2 percent to 11.5 percent in South Africa, with businessmen from Afrikaners being appointed as the key shareholders in the state economic boards and senior executive positions in state-owned enterprises and major public corporations such as SAR&H, Eskom, Iscor and Sasol. During this time, SOEs were used to elevate white South Africans by providing secure employment, improving local ability, and enabling South African 'self-sufficiency' (PRC, 2013:3).

Based on this it is clear that SOEs were vital instruments of the state in alleviating white poverty. Driven by Keynesian principles, the NP-led government used SOEs not only to extend welfare benefits, but to provide sheltered employment to a small section of the Afrikaner white

working class. The next section explains how racial classification was used to extend industrial citizenship to the white working class through a preferential labour market policy.

3.4.4 Employment Creation and Skills Development

Another aspect of macroeconomic policy in South Africa in the twentieth century was on employment creation and development of skills for the poor whites. The Pact government's employment policies provided a good context for the emergence of an Afrikaner welfare state. For instance, the job colour bar that was used in the mining industry was entrenched in public service to reserve specified occupations for white workers. These policies were given additional force by legislation in 1925 that provided for tariff protection on the condition that a reasonable proportion of 'civilised workers' were employed. White South Africans were given protected employment in the public sector, especially on the railways. Job reservation through the colour bar, combined with public works programmes ensured that unemployment declined to low levels among white workers.

Two years before the UP took over governance, the coalition-government appointed a Cabinet Committee that recommended the introduction of legislation to protect the victims of unemployment following the Great Depression in the 1930s. The *Unemployment Benefit Act* No. 25 of 1937 came into operation in 1937 and, according to Swanepoel (2003:92), in 1945 benefit payments were extended to women who ceased work and lost their earnings owing to pregnancy. Further, the state provided the temporarily unemployed with a contributory Unemployment Insurance Fund (UIF) in 1937. Through setting the minimum income threshold for participation high enough, the UIF excluded 'native workers'. In 1952, under the National Party, pensions for those who were unemployed due to illness were increased and allowances for the dependent deceased payers were extended in 1957. At the outset, the UIF only supported members identified as unemployed.

With the outbreak of World War II in 1939, there was growing unhappiness among white Afrikaners with still-in-place wartime restrictions and rising living costs. White farmers in the Northern provinces were particularly unhappy that black labourers were leaving farms and moving to towns, demanding strict enforcement of pass laws. The UP-led government implemented socio-economic policies that either improved the lives of or directly resulted in the employment of white Afrikaners and an increase in their incomes. Esman (1987:408) maintains that the state improved the technical, vocational and professional education of Afrikaners. According to Sadie (2002:51), through a high rate of human capital development, better education facilitated economic progress. This government intervention assisted Afrikaner youth to overcome skills handicaps that retarded their economic progress and to take advantage of the new opportunities.

Additionally, Abedian and Standish (1985) maintain that state involvement included the provision of subsidized employment. This idea was already tested in the Railways during the 1920s. Accordingly, a large subsidy scheme was launched by the central government to affect unskilled white labour. Employment policy at Iscor since 1932 was that only whites were working, but Horwitz (1967:253) maintained that, after the Depression, Iscor announced that it was no longer able to employ workers on humanitarian or non-economic grounds and allowed blacks to work.

For Van Zyl Slabbert (1974), the subsidized employment strategy suited the NP government's plan to promote the interlocking of Afrikaner organizations, which saw the rise in the number of Afrikaners in top management amongst organizations. This strategy entailed the expansion of employment in the civil service, the military and especially state enterprises. Esman (1987) argued that the network of government corporations included agricultural control boards, plus twenty-two firms in industry and state corporations. According to Sadie (2002:42), these state

corporations assumed the entrepreneurial function which had long been the monopoly of the English-speakers. Their senior levels were almost exclusively manned by Afrikaners. They provided a training school outside the (English-controlled) private sector where Afrikaner scientists and business leaders could acquire technical skills and managerial abilities (Giliomee, 1979:164).

In addition to creating employment, the state enacted policies to develop skills, but this was done in a way that whites could benefit. For example, legislation such as the 1981 *Manpower Act* No. 56 passed before and after apartheid years resulted in low skill development, employer voluntarism, exclusive white men craft learning through state-owned enterprises, and a highly unequal system of public education. Mumenthey (2010:10) added that the apprenticeship program was the main avenue for the production of intermediate skills in South Africa, but it only benefited white craftsmen. Typically for South Africa, many craft unions of the time supported the government's policy of job reservation and monopoly of skills by whites (Lewis, 1984:52). This shows that white Afrikaners operated within the parameters of a welfare state.

3.4.5 Trade Unions

The white trade unions played an important role in empowering and supporting whites. After World War I, white workers embarked on a major strike called the 1922 Rand Revolt. This was not the first strike by white workers. According to Geyer (2014), in January 1914, the South African Federation of Trades (SAFT) called a general industrial strike to protect and promote the interests of the white workers that ultimately led to the unrest and riots in the Witwatersrand area. Realising the shortfall in the newly-formed Union Defence Force (UDF) and the Permanent Force, which were mostly English dominated, the Union Government called upon the Citizen Force Class B Reserve, which was basically an extension of the commandos of the former Boer republics, to suppress the industrial action. According to Geyer (2014:142), the

participation of the Afrikaners in commando during the 1914 strike empowered the Afrikaners who had started the rebellion shortly after the strike, which served as an important catalyst to the development of Afrikaner nationalism.

Likewise, the 1922 Rand Strike against wage cuts on the mines was organised by the SALP, whose support base included a growing number of the rapidly urbanising Afrikaner working class and the NP, intend on protecting the interests of its Afrikaner constituents. According to Welsh (2009:7), 75 percent of the white miners were Afrikaners, most of them with strong nationalist sympathies. Hirson (1993:80) claims that the Rand uprising was mainly limited to white people. The white workers, he said, were only interested in preserving their dominant industrial status and contented before their own wages were cut. The decision to deploy the military to suppress the strike (Davies, 1979:145) not only united the white working class but also rekindled Afrikaner nationalism. Hence, white Afrikaners supporting the NP and white trade unions voted the South African Party out and replaced it with a new coalition government of the NP and SALP (Nattrass and Seekings, 1997:458). Understanding this strike is necessary to establish why white Afrikaners joined trade unions and voted for the NP.

In the steel industry, a skilled section of the white workers called artisans was organized nationally by the Boilermakers, Ironworkers and Shipbuilders' Union (BISU), which acted mainly to preserve the elite status of artisans (Xaba, 2004:45). Lewis (1984: 19) stressed that other white steelworkers were organized under a racially segregated union called the Mine Workers' Union, founded in 1902 as the Transvaal Miners' Association (TMA). After the Iscor plant at Vanderbijlpark was established in 1954, artisans became members of various white trade unions such as the Amalgamated Engineering Union (AEU), the South African Boilermakers' Society (SAMBS) and the Mining and Engineering Industrial Union and Moulders' Association (MEIUMA). According to Xaba (2004), these unions merged in 1995

to form the National Employees' Trade Union (NETU) and later dissolved in 2003 when it merged with the United Association of South Africa (UASA).

Steenberg (1980:303) maintains that, historically, artisan unions promoted white empowerment in various ways. Initially, the 1924 ICA formed industrial councils, in which trade unions - which had secured preferential rights in the form of closed shop agreements - were protected. According to Reynders (1988:139), the CSA enabled white trade unions to exercise a high degree of control over the availability of workers in particular occupations. As a result of Africans being excluded from the definition of 'employee' under the 1924 Act, many of the unions which enjoyed closed shop agreements were, until 1979 racially exclusive organisations (Albertyn, 1984:14). Subsequent to this change, trade unions, such as the Mine Workers Union and the *Yster en Staal Unie*, continued to support job reservations under apartheid and the suppression of African political and trade organization. According to Greenberg (1980:303), white trade unions established job monopolies and the institutional frameworks for regulating access to their skills and relations with employers. Artisan unions believed that management gave high priority to advancing African workers into more skilled positions and that they would undercut white labour if given the opportunity. Thus, unions such as the BISU and AEU initiated other forms of job reservation such as ratios of white to African labour, stringent criteria to protect white jobs against African encroachment and reserved specific jobs for trade union members through negotiating closed shop agreements (Steenberg, 1980:304).

This struggle between the operators and artisans continued at the Vanderbijlpark plant through job classification in terms of race and skill. Most artisans, including the immigrants, were highly skilled and earning significantly higher wages than the operators, who were favoured by the NP government, but earned considerably lower wages (Clark, 1994:151). Legally, the state perfected the implementation of white empowerment through apartheid laws, such as the

Job Reservation Determination No. 16 of 1964 and the *Bantu Laws Amendment Act* No. 7 of 1973, to prohibit the advancement of blacks into skilled occupations, such as electricians and plumbers. Lewis (1984:48) added that white trade unions such as ISTA ensured that steelworkers – especially unskilled and semi-skilled white workers were protected from competition from cheap black labour and enjoyed protection from the state through civilised labour policy. We can therefore see that white trade unions formed an essential ingredient of white empowerment by protecting economic privileges.

3.4.6 Crisis of Keynesianism and the Rise of Neoliberalism

In the late 1970s, the South African traditional model of public administration experienced a huge crisis similar to the one noted in UK and USA during the 1960s. Critics of government policy blamed unsustainability as one of the prime reasons for the crisis. The International Labour Research and Information Group (1999:27) maintains that the state came under criticism for cutting into the profits of companies and for over-regulation. Economists and business leaders criticised the public administration for being too large and corrupt, too rigid, routine- and process-bound administrations and a lack of a sense of responsibility, driven primarily by top-down and rules-bound structures were unable to meet the increasingly diverse, needs of fast-changing societies and economic processes (Hope, 2001:183; Chipkin and Lipietz, 2012:3). In contrast, the nation-state was 'hollowed out', with authority distributed to localities, independent organizations, and supra-national bodies (such as NAFTA or the EU).

Chipkin and Lipietz (2012:2) defined the NP administration as a top-down and rule-bound structure based on permanent tenure, which was too static, routine and process-bound, unable to meet the increasingly diverse needs of rapidly changing societies and economic processes. During the 1980s, the government abolished price control and quantitative import control on primary steel products, effectively allowing the deregulation of the industry to take place. The

parastatal added that, although it supported the government's policy of the free-market system, its major concerns were the timing of the abolition of import control, as well as the decline in profits, owing to flooding of artificially cheap and subsidised imports of primary steel products (Iscor, 1986:9). Iscor's response to the Keynesian crisis was to implement a competitive strategy involving continuous updating and enhancement of technology, equipment and processes, lowering costs and increasing yield, using a well-trained and productive workforce that recognizes its position as an enterprise stakeholder (ILO, 1997:38).

3.4.6.1 New Public Management Approach

One of the outflows of neoliberalism was the introduction of the approach to New Public Management, stressing market dominance and integrating management principles such as a performance management framework and tactical management of human resources. In the mid-1970s in South Africa, Afrikaner capital called for a reduction in government ownership and control of key economic areas to be replaced by aggressive entrepreneurship' (Greenberg, 2006:10). Parastatals such as Iscor were seen as too sluggish and inflexible to tackle contemporary economic and social structures ' increasingly diverse and rapidly changing needs. We are vulnerable to stagnation, ineffectiveness and, worse still, bribery (Alexandre, 2007). Beyond this, government departments were also affected. For starters, a Trade and Industry Department (DTI) official clarified that 'when we took office, we found a severely underdeveloped DTI [...] it was pyramidal in its structure, low-calibre officials, not thinkers' (Chipkin and Lipietz, 2012). However, most parastatals 'organizational culture was hostile to innovation and creativity. It was waiting for everyone to be asked 'what to do' (Chipkin and Lipietz, 2012:13).

Subsequently, this led to the adoption of the New Public Management (NPM) approach, a label utilized to depict a managerial culture that emphasizes the centrality of the citizen or customer,

as well as accountability for results (Gumede and Dipholo, 2014:43). Key to the notion of NPM is the concept of minimal government intervention in the provision of services and the co-sponsorship of business theory and values, along with an underlying presumption that the private sector is more effective than the public sector (Alexandre, 2007:8). Hayes (2003) adds that NPM includes the effort to turn corporate and private sector management concepts into public services. Key components of the NPM comprise measures involving downsizing, restructuring, privatization, outsourcing and flexible employment to cut costs, improve efficiency, promote managerial autonomy and foster performance appraisal and measurement (Carstens and Thornhill, 2000:187).

In terms of downsizing, NPM promotes decentralization as part of the effort to de-bureaucratize the public services as well as 'delaying' the hierarchies within them (Alexandre, 2007:54). The key concern here is whether managers are free to manage their units in order to achieve the most efficient output. This was also evident in most parastatals in South Africa, as some of the management functions were decentralized, with each center having a high level of management autonomy (ILO, 1997). For instance, Iscor was forced to close two of its oldest blast furnaces at Pretoria Works in 1982, as well as the so-called South Works at Newcastle (Iscor, 1982:450). A role of headquarters is to encourage and support the adoption of more democratic styles of management. Decentralization also requires new, business-oriented skills as professionals, who have previously had an engineering function as production managers, become businessmen.

The NPM approach also encouraged privatization as a strategy to reduce public expenditure (Carstens and Thornhill, 2000:187). In South Africa, the government adopted a *White Paper on Privatisation and Deregulation* in 1987 that set out the case for privatisation and listed areas where the government had already fully or partially privatised its functions (Greenberg, 2006:10). To this end, the NP government privatised numerous SOEs in 1989 including Sasol

and Iscor as part of a change in macroeconomic policy from Keynesianism to neoliberalism (SACN, 2014:16). Critics of this process stressed that privatisation of social services and the sale of state companies and assets tended to lead to a reduction of the workforce, and this weakened the numerical strengths of unions (Buhlungu, 2010). The South African Cities Network (SACN) (2014:17) stressed that the privatisation of Iscor resulted in job losses estimated at 15,000 and economic hardship in the country. The result of privatisation was that it placed the majority of shares (60.7 percent) in the hands of financial institutions, with the state retaining minority shares (Hlatswayo, 2013:3). As part of the economic liberalisation, privatization also encouraged outsourcing of public services.

One of the ways in which NPM saves costs and achieves reduction of public service employment is outsourcing. Fuentes, Alonso and Clifton (2013:7) define government outsourcing as the delivery of public services by agents other than government employees. Greenberg (2006:4) added that outsourcing is focused on segmenting an entity's functions into functions 'core' and 'non-core.' Governments can outsource the delivery of public services in two main ways: they can either buy private-sector goods and services or they can contract a business to include them in their own production chain or they may contract a company to provide the final customer or individual with public goods and services directly. Based on the NPM principles, the government adopted outsourcing to provide relief in two areas of government. Firstly, the outsourcing of support services (noncore activities) to private suppliers, thereby freeing management's time and attention to concentrate on the core functions of the institution. Secondly, the outsourcing of core functions especially for institutions that lacked capacity in terms of volume and/or skills (Badenhorst-Weiss and Nel, 2008:622). This benefits the government by way of reducing public sector expenditure, or the provision of services, to the management and supervision of contracts.

Flowing from privatization was the need to restructure SOEs to improve adaptability and flexibility. During apartheid, work organisation at most parastatals was characterised by a clear distinction between semi-skilled process operatives and skilled maintenance workers, and a seniority-based promotion system among process workers, which entailed workers entering the firm on to the lowest rank and gradually working their way up the hierarchy (ILO, 1997). Under the NPM approach, the state adopted flexible employment practices, thereby dividing the workforce into the core and the non-core workforce. Horowitz (1995:257) describes flexible work as 'atypical' or 'non-standard work arrangement' consisting of a number of opportunities that provide workers and managers with flexibility and control over where and how work is done. 'Atypical' and' 'non-standard' are words used to describe new workers, including, but not limited to, part-time work, contract work, self-employment, temporary, fixed-term, seasonal, casual, part-time work, staff provided by employment agencies, home workers and those working in the informal economy (Fourie, 2008:1). They are often not unionised and experience job insecurity compared to standard workers. Standard workers typically have full time jobs and enjoy privileges such as employment benefits, access to training and trade union membership not available to non-standard workers (Allan *et al*., 1997:4). For the AEE, this means that white workers in the public service experienced a decline in jobs, job benefits and development of skills.

3.5 Social Factors Facilitating Afrikaner Empowerment

Besides the political-legal and economic empowerment, white Afrikaners also benefited from social empowerment. Usually, social empowerment refers to a political program that is dedicated to society's general welfare rather than to individual elite's narrow interests (Wright, 2010:110). Kao *et al*., (2016:142) add that social empowerment enhances the incentives and use of personal resources of an individual in personal and social contexts. During AEE, civil society organisations such as the *Helpmekaarvereeniging*, the *Broederbond* and the *Afrikaanse*

Christelike Vrouevereeniging (ACVV), as well as organisations promoting Afrikaner culture, such as language and religion, acted outside the confines of the state as the voice of the poor and helped to build social capital. This section considers the role of these organisations in promoting social empowerment and recognises the influence these organisations had on society, as well as their ability to influence politics, the law and the economy.

3.5.1 Civil Society Organisations

Section 2.6.1 showed that civil society plays a crucial role in advancing social empowerment by helping to organize and articulate various interests in society (Dippel, 2000). Further, civil society can also be seen as a valuable instrument to achieve what Rowland (1995:102) regards as 'power with', which is about gaining power through collective action. The review of the literature on Afrikaner empowerment revealed two important organisations which helped to organise and promote economic, social and political empowerment on behalf of the white Afrikaans-population; namely: the *Helpmekaarvereeniging* and Afrikaner *Broederbond*. The power of these organisations straddled society by influencing politics, policy making and the economy.

3.5.1.1 Helpmekaarvereniging (Mutual Aid Association)

In 1914, after the government announced the decision to participate in WWI as a British ally against Germany, armed protest by Afrikaners in the Orange Free State (OFS) erupted. Blaser (2007) argues that the War posed a major threat to Afrikaner survival. Following the arrest of some of the leaders of the Rebellion, the Cape, Transvaal and Free State-based Afrikaner leaders founded the *Helpmekaarvereniging* to mobilise funds to pay the fines of the imprisoned leaders of the Rebellion. Over time, Ehlers (2011:76) the *Helpmekaar* worked as a 'poverty-alleviation plan' or scheme to stop the poor white problem from worsening by ensuring that 11 000 rebels did not permanently join the ranks of poor whites. According to O'Meara (1983), the *Helpmekaar* movement quickly escalated into an Afrikaner 'economic movement' which

eventually spawned an alliance between the interests of the farmers and the 'petit bourgeoisie'. Sadie (2002:18) emphasizes that the *Helpmekaar* movement began the push for Afrikaners to join the business world to help their own people and fight against their colonial foe.

The *Helpmekaar Vereniging* gathered Afrikaans speakers from various classes, improving a classless nation's concept. The *Helpmekaar* movement gave rise, according to O'Meara (2006), to the effective clarion call to the people to try and conquer the last stronghold, the business world. The *Helpmekaar* Fund introduced the idea of economically progressing Afrikaners. The notion that Afrikaners were a classless society was supported (O'Meara, 1983:98). Ehlers (2011:77) pointed out that apart from the financial capital created by the *Helpmekaar* movement, it also produced enormous psychological capital, which proved to Afrikaners that although they did not possess a great deal of capital as individuals, it could be an extremely powerful mobilizer for both the income of rich farmers and the savings of the small bourgeoisie and workers. According to O'Meara, the underlying and mobilizing strategy was the evocation of nationalist sentiment to attract business. O'Meara argued:

> 'The *Helpmekaar* movement was the first to show what the Afrikaner could do if he stood together if his strength was mustered. The *Helpmekaar* provided the driving force for the Cradock congress [on the poor white problem]; the *Helpmekaar* gave rise to the mighty clarion call to the *volk* to try to conquer the last stronghold, the business world […]' (O'Meara, 1983: 97-8).

The *Helpmekaar* movement was used to create symbols of Afrikaner business life of South Africa – such as the *Suid-Afrikaanse Nasionale Trust Maatskappy* (the South African National Trust Company – Santam) in 1918 and the *Suid-Afrikaanse Nasionale Lewens Assuransie Maatskappij Beperk* (South African National Life Assurance - Sanlam) – with the fitting and illuminating motto, 'Born out of the *Volk* to serve the *Volk*'. Sanlam's former chairman E. P du Plessis (1964) understood the role of insurance companies

in the empowerment of the Afrikaner by appealing to the Afrikaner sentiment. Du Plessis argued:

> 'Sanlam is a genuine Afrikaner people's institution in the widest sense of the word. As Afrikaners, you will naturally give preference to an Afrikaans concern. I would just remind policyholders that were are busy providing young Afrikaners with employment and training them in the insurance business. In doing this we intend to render South Africa a great service. If we wish to become economically self-reliant, then we must support our own institutions' (Welsh, 1974:253).

As such, the *Helpmekaar* movement inspired the beginning of an important aspect of empowerment; that is a mobilization of savings to kick-start '*volskapitalisme'*. Most importantly, the special relationship that existed between Afrikaner leaders *and* ordinary Afrikaners emerged, drawing in the farmers and the workers to form the backbone of *volskapitalisme*. However, it was later in 1918 that this idea grew into a nationwide movement when the *Afrikaner Broederbond* was formed.

3.5.1.2 Afrikaner Broederbond

In 1918, the *Broederbond* was formed by a small group of intellectuals, railway clerks and some theologians to foster Afrikaner interests. Based on the philosophy of Afrikaner nationalism, the *Broederbond* supported Afrikaner interests in two ways; it created a new ' Christian-national identity for all white Afrikaans-speakers, and secondly used this identity to unite the people to build a *volskapitalisme* that would solve the economic disparities between Afrikaans and English-speaking whites of the time. The *Broederbond* was one of the key movements that played an important part during the AEE as it sought to converge socio-cultural, economic and political pillars of Afrikaner empowerment.

Politically, the Broederbond was founded with its motto' Be solid' on a Christian-national basis. Its main constitutional objectives are threefold: 'to establish a healthy and democratic unity

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among all Afrikaners struggling for the welfare of the Afrikaner community; to stimulate Afrikaner national consciousness and to instill reverence for its culture, faith, tradition, country and people; and to promote all the interests of the Afrikaner nation' (O'Meara, 1977:165). Giliomee (1979:247) added that the *Broederbond* was created to create awareness among Afrikaners about their culture, religion, customs, country and people, and the promotion of the Afrikaner nation's interests. Drawing closely on Abraham Kuyper's teachings, the *Broederbond* saw culture as a divine product, which together with race, history, fatherland and politics form the distinguishing features of each nation. Kuyperian model of Christian nationalism held that God ordained divisions of nations; each with its own specific calling. Service to the nation was a service to God. Bloomberg (1990:18) maintains that the Afrikaners' Christian-nationalism believed that Afrikaners were chosen by God to bring civilization and Christianity to uncivilized and heathen black people. To this end, the policy of the *Broederbond* was to infiltrate all facets of Afrikanerdom's social institutions and use this network to promote Afrikaner's social well-being and eventually gain power over all of South Africa (Begg, 2011).

Economically, O'Meara (1983:66) argued that the formation of the *Broederbond* was an attempt to transform the economic position of the Afrikaner petit bourgeoisie; namely, Afrikaner farmers and workers into the bourgeoisie. The *Broederbond* interpreted the issues of' Afrikanerdom' as those of' a small bourgeoisie politically oppressed and excluded' (O'Meara, 1977:166). The architecture of South African capitalism was the root of this racism, according to the *Broederbond*, and it took it upon itself to 'capture and adapt the international [capitalist] model to our national character' (Giliomee, 2003b:400-401). Throughout the 1930s, members of the Afrikaner *Broederbond* embarked on an ethnic mobilization campaign to promote the common interests of their people by seeking them jobs and addressing the cultural, social and political issues they face. As Giliomee (1979:155) argued, through ethnic

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mobilization, they appealed to status and psychological needs in providing a greater sense of 'belongingness'.

For O'Meara (1983:104), achieving economic empowerment of Afrikaners required the cooperation of all sections of the Afrikaner population. What the *Broederbond* lacked in business was made up for by cooperating with business organizations. Such cooperation occurred in 1937 between the *Broederbond* and Sanlam. According to O'Meara (1983:104), both parties needed each other: Sanlam, on the one hand, needed control of the cultural legitimacy levers by the *Broederbond*, while the *Broederbond*, on the other, required business skills and resources from Sanlam. The Sanlam-*Broederbond* cooperation led the first People's Economic Congress in 1939 that culminated in the laying down of the strategy for the development of the economic [empowerment] movement in the 1940s. Wilson and Thompson (1975:400) described the Congress as 'the greatest single catalyst in the economic independence process of the Afrikaner'.

After 1948, the intellectuals of Broederbond started to force on Afrikaner culture their concept of Afrikaner nationalism (O'Meara, 1996:44). Second, this was achieved by assigning jobs to members and advancing their careers by supporting or putting them in key positions across Afrikaner society. Second, the use of strategically placed leaders to control all aspects of Afrikaner civil society. Thirdly, to expand the political power base by controlling educational and religious institutions in order to indoctrinate Afrikaner youth with *Broederbond*-approved culture and values; and fourthly, to provide for Afrikaners' political needs by controlling the political landscape, in particular the two Northern Nationalist Parties..

3.5.1.3 Afrikaanse Christelike Vrouevereeniging (ACVV)

Besides the *Helpmekaar Vereniging* and the *Broederbond*, other organisations such as the *Afrikaanse Christelike Vroue Vereeniging* (ACVV, Afrikaans Christian Women's Association)

– formed an integral part of the development of the welfare state in South Africa (Ehlers, 2015:91). The ACVV was formed in 1904 shortly after the end of the South African War (1899-1902). Du Toit (2003:155) points out that the ACVV creation challenged the predominant hegemonic gender identity of Afrikaner nationalistic literature that depicted Afrikaner nationalism as a male phenomenon and put women in a political but private domestic setting, which was situated beside the political terrain of men. Nevertheless, the history of the ACVV has shown that nationalist women were early interested in the recasting of women's values.

The women who set up the ACVV did more than create a branch network operating in the vicinity of villages, towns and cities, run by the appropriate office holders and led by a governing executive. According to Du Toit (2003:159), the group has been active in charitable activities since 1904, as more and more organized and mostly well-to-do Dutch-Afrikaans women handed out old clothes, visited the needy and received medicines. The leaders were Afrikaans-and English-speakers who aligned with reconciliation policies of the post-South African War and promoted an idea of a white, heterogeneous state. The belief that poor whites deserve welfare was a concept that had gained ground in the previous century among Dutch-Afrikaans speakers.

The main catalyst for the establishment of the ACVV was the hugely increased poverty in the wake of the South African War, including the number of 'arme blanken' (poor whites). Its main function included setting up a set of welfare services that centered on poor white Afrikaners (Ehlers, 2015:91). The 1904 constitution encouraged women to support everything that was 'zuiver Afrikaansch' (pure Afrikaans) and would help to create '*Taal en Volk*'. Its actions were driven by gender, language and religion which echoed his slogan of 'kerk, volk en taal' (church, people and culture) (Du Toit, 2003:160).

Tayler (2010) argued that the movement had its origins in the Afrikaner women's committees that were set up to relieve the plight of Boer prisoners of war waiting for deportation during the South African War. His efforts have included more than feeding and healing the sick from an early stage. During the war, some of these women protested against women and children being interned in concentration camps. Most specifically, the First World War tended to lead to South Africa's unemployment and poverty. The organisation that was established in 1904 included promoting the Afrikaans language and religious traditions of Afrikaans in its goals.

The ACVV was gradually pulled into the poor-white controversy which gained traction during the 1930s. The Provincial Afrikaner Women's Organizations Federation (including the ACVV) met that year to discuss the issue of poor whites. To this end, the organization moved away from an initial relationship with the Dutch Reformed Church and government to refocus the organization's core activities more specifically on general welfare services, such as poverty alleviation through family-oriented services, and job creation projects without government aid (Lambrecht and Theron, 1959).

No doubt the Carnegie Commission's recommendations into the poverty problem contributed to the establishment of a State Department of Welfare and the start of the formal training of social workers. In 1938, the state contributed to the funds of the ACVV for the first time (34 years after the establishment of the organization). Since 1994, the ACVV has grown. There are 117 branches located in 4 main provinces with 9500 active volunteers (Engelbrecht, 2012). Run by a team of 161 professional social workers. It provides intensive therapeutic and developmental services to over 350 000 families and children. Some of the functions include after-school care, foster care services and support, poverty alleviation – especially for whites in rural areas – as well as skills training and work creation (Engelbrecht, 2012).

3.5.2 Cultural Organisations

There were also organisations linked to identity formations which played a key role in terms of promoting Afrikaner nationalism and providing support for white Afrikaners, such as language and religion. During the early 1920s, the Afrikaner's preoccupation with an inferior economic position owing to the English policies in the civil service and private sector, and most importantly, the Anglicisation of a large number of Afrikaners prompted a different kind of strategy amongst leaders of Afrikaner nationalism. Bloomberg (1990) pointed out the propensity of culture and language to align with wealth division and, ultimately, popularity and status division. He claimed that they did not possess economic power whereas Afrikaners enjoyed political power. The majority of the white working class were Afrikaans-speaking, while the overwhelming majority were English-speaking traders, industrialists and financiers (Bloomberg, 1990:58).

In 1929, the *Broederbond* formed a cultural front, the *Federasie van Afrikaanse Kultuurverenigings* (the FAK). Its three main areas of operation were: (i) to provide ideological and organisational support in redefining Afrikanerdom during the 1930s; (ii) to defend against the assault of the trade unions and (iii) to establish and promote Afrikaner business interests (O'Meara, 1978 in Webster, 1978). Stokes (1974:561) has argued that the crucial aspect of the nationalist movement was an intense commitment to Afrikaner collectivity. One of the important tasks of the FAK was the modernization of Afrikaans; adapting it to industrial society. It strove for the transformation of Afrikaans from 'the language of the veld and farm to the language of the city, factory and commerce' (O'Meara, 1983:74). Key to their plan was the realisation that the language issue affected Afrikaners from all walks of life. With many Afrikaners migrating to the cities for economic opportunities, O'Meara (1983:75) argued that the majority struggled as the cities were overwhelmingly English. So, the immediate goal of

the FAK was to adapt Afrikaans and all Afrikaans speakers to the industrial society, to fight for a right to use a language of their own and to combat racism against Afrikaans.

Looking at the FAK's basic legislation it states that its primary objective is a single and, wherever possible, concurrent action to conserve and promote the Afrikaans language. It seeks to maintain and develop a separate national culture based on the Afrikaner faith and traditions (Duffy, 2003:500). The FAK has embarked on a variety of activities. In 1935, the chairman of *Broederbond*, speaking of the FAK's efforts, declared that 'we see the *Broederbond* gradually handing over the cultural work itself to our far larger brother, the FAK[...][but] the nation's national culture and welfare can thrive only if the South African people break all foreign political ties. The A.B. addressing the cultural and economic needs. It will have to pay attention to our people's political needs' (O'Meara, 1977:169). By 1937, there had been a link of nearly 300 cultural institutions, church councils, societies of youth and students, charitable, science and academic organizations.

During the 1929 FAK conference held in Bloemfontein, the FAK adopted several strategies to uplift white Afrikaners out of poverty. This included supporting the language movement started in the late nineteenth century to recognize Afrikaans as an official language. Martinez-Bawley and Zorita (2006) have noted that language can be regarded as an essential means of empowering individuals and communities. Giliomee (2003a:5) points out that the English speakers found Afrikaans to be an insult, because whites, browns, and blacks spoke them and considered them a bad language, degenerate Netherlands, nonsensical Creole, and the unfuture 'Hotnotstaal'. Following the annexation of the Cape by Britain and the subsequent declaration of English as the language of government, some intellectuals from Paarl became aware of the subjugation of Dutch and the onslaught on their cultural traditions (Davenport, 1966:3). Webb and Kriel (2000:31) argued that Anglicization endangered the existence of the Dutch speaking

community as a separate nation in their own language. To this end, the English hegemony and dilatation of 'Afrikaner' identity prompted Afrikaans speakers to advocate change in their language.

During the 1930s, the FAK turned its attention to the development of Afrikaner capital. To highlight the significance of Afrikaner culture, the FAK organized the centenary celebration of the Voortrekkers in 1938 in which a cornerstone of the Voortrekker Monument was laid outside Pretoria. Writing about the events that unfolded during the commemoration of the Great Trek of the Voortrekkers, Paul Kruger quoted in Stultz (1965:111) argued:

> 'People in their thousands put on Voortrekker dress for the occasion, men grew beards and nightly round countless campfires the Psalms of the Voortrekkers and patriotic songs resounded. Patriotic speeches were the order of the day and historic tableaux vividly pictured the past'.

During the commemoration, one analyst remarked that the Voortrekker Centenary stirred the dormant national ardour of most Afrikaners. For many, the centenary resuscitated the Afrikaner culture at the same time revived anti-African and anti-British sentiments amongst Afrikaners. Paul Kruger further said:

> 'As the wagons converged on their goal an extraordinary spirit of fervid patriotism, bordering on adoration, swept over the country. Enthusiasm became nearly religious and sometimes hysterical, women bring their babies to be baptized in the shadow of the wagons' (Stultz, 1965:111).

Many speakers at the 1929 conference organised by the FAK urged the people to return to the ways of their fathers, ways which were by implication not the ways of those belonging to the United Party. J.D Kestell, who was acknowledged as a Dutch Reformed Church (DRC) reverend and a member of the *Broederbond*, suggested 'a great savings deed' (*reddingsdaad*)

by Afrikaners to save their sunken brethren. Kestell's idea received wide support and resulted in the notion of establishing Afrikaner capitalism (see the economic section). O'Meara (1983:102) notes that the *Broederbond* has agreed to work for the economic independence of the poor part of the population and the development of the Afrikaner entrepreneurial community.

To this end, the 1929 People's Congress resolved to establish a *Federale Volksbeleggings* and to invest half of its funds in the new corporation (Touyz, 1982:61). The Congress also decided that the other half of the funds would be placed under the control of the Economic Institute of the F.A.K. Further, the Congress resolved to establish a new organisation, the *Reddingsdaadbond* (R.D.B.). The R.D.B.'s primary objective was to economically sensitize the Afrikaners and mobilize support for the development of Afrikaner capital. In addition to coordinating Afrikaner recreations like folk dancing and boeresport, the R.D.B. provided low-cost life insurance policies, set up business schools and set up a work placement department.

In terms of language, the *Broederbond* played an important role in defining the Afrikaner 'nation' (Blaser, 2007:68). O'Meara (1977) has claimed that, as an imperialist colonial state, the Union of South Africa was culturally oppressed and this did not benefit Afrikaans-speakers. The consciousness about the cultural oppression started long before the South African War (1899-1902) when language movement was started it the Cape. More importantly, Afrikaans-speakers were discriminated against in terms of employment opportunities, training and education. Using the Afrikaner Christian-Nationalist ideology, the *Broederbond* used culture to mobilize different sections of the Afrikaner population. Begg (2011) added that since 1910, when the South African Union was created, most Afrikaner nationalists were worried that they would be overshadowed by forms of British culture and that the identity and values of the Afrikaner would vanish. English has been the dominant language in both the public and private

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sectors. As a result, the *Broederbond* promoted mother-tongue teaching in single-medium schools, while politically, fostering Afrikaner capital and combating the hegemony of socialist trade unions became a driving force.

Martinez-Bawley and Zorita (2006:87) argue that a sense of self and group identity is not only important for language but also a necessity for empowerment. Identity is therefore closely linked to language and empowerment. Identity refers to both an individual level sense of self and a collective sense of belonging and solidarity. For individuals, identity is linked to categories of membership. Alexander (2009) maintains that white Afrikaans have switched to Afrikaans nationalism, 'fabricated it as a purposely racially exclusive way in which non-white Afrikaans speak, read, sound and communicate'. To these ends, organizations such as the *Genootskap van Regte Afrikaners* (GRA or Society of Real Afrikaners) (1875) and *Afrikanerbond* (Union of Afrikaners) (1880) were established to create a racialized standard that suggest that Afrikaans was indeed a 'white man's language' (Alexander, 2009:4). The formation of these two organizations marked the beginning of what was referred to as the First Afrikaans Language Movement.

The first nationalist mission of the GRA was to make Afrikaans proud and to promote the concept of Afrikaans as a written language, when its first leader, Reverend Du Toit, argued:

> 'It was not enough to write and read 'Hottentots' Afrikaans; the time had come to discover how the civilized part of our people speak Afrikaans and to formulate rules for the language' (Giliomee, 2003 cited in Alexander, 2009:4).

The importance of 'Afrikaner' cultural empowerment was even noted by politicians such as former president of the OFS, Francis William Reitz, who argued in 1865 that 'if we neglect our language, then we must also expect our identity to gradually fade away, and ultimately disappear' (Willemyns, 2013:220). Earlier, in 1913, D.F. Malan declared: 'Lift the Afrikaans

into a written language, make it the instrument of our culture, our heritage, our national values, and lift the people who speak it' (Sadie, 2002:34). It was these nineteenth-century organizations – the GRA and the *Afrikanerbond* – that inspired the formation of new organizations such as the Afrikaner *Broederbond* in 1918 (Kriel, 2010:408). Following the signing of the Union of South Africa, the Lord Milner program of Anglicization was seen as a catalyst to launch a cultural revolutionary campaign centered on either the pleas for Dutch survival or Afrikaans growth.

Consequently, during the first decade of its existence, the *Broederbond* did enough to prove that its main goal was Afrikaner cultural empowerment. Its contrast to the GRA concentrating on cultural / symbolic and political dominance, the *Broederbond* focused on empowering the *volk* economically. Henning J Klopper, who was the acknowledged leader of the *Broederbond* maintained that: 'Afrikaners must be encouraged to be proud of their people's history and culture, to be self-aware.'

As a language, Afrikaans enjoyed certain benefits that other languages did not, as did those who spoke it. Louw (2004:45) argued that the NP-run state had granted Afrikaans significant political patronage. The principle of 50-50 Afrikaans-English bilingualism was legally introduced inside state bureaucracy, signs and product labelling. Added to this, the state supported Afrikaans ' cultural forms and language itself by building infrastructures such as Afrikaans-medium schools, universities, and colleges. Sadie (2002) added another benefit, such as the development and growth of the Afrikaans book-publishing industry with dictionaries, newspapers, magazines, translation of television programs and subsidization of the production of Afrikaans television programming, Afrikaans films and theatre. The other important benefit of Afrikaans empowerment was that not only did it promote bilingualism, but political patronage was also used in the appointments within the public sector. The growth

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pattern in the number of Afrikaners in public administration continued until the early 1990s owing to the principle of bilingualism.

3.5.3 Social Capital

Through the state and various civil society organisations, the social capital of white Afrikaners has increased. In terms of bonding capital, the study looks at how Afrikaners used networks of friends and membership in exclusive groups such as families or ethnic-based organizations which share certain characteristics such as race, language, employment and so forth, to promote empowerment. Putnam (2000) argues that important social assets are key characteristics of friendship such as mutual trust, social support and social connectivity. Pahl (2000) added that relationships build broader social connections and networks that may support individuals as well. These bonding elements were applied by the Cape Afrikaner elite during the development of Sanlam and Santam supported by nationalistic and political sentiments to strengthen group cohesion (Verhoef, 2008:698).

In terms of the bridging capital, AEE was characterised by the development of organisations such as the churches. The DRC and CSOs promoted generalised trust and charitable volunteering action. Most importantly, the DRC through its three sister churches not only provided a framework through which to redefine Afrikaner nationalism into Christian nationalism, but promoted bridging capital to the white Afrikaners by providing a positive moral instrument for the creation of a truly Christian-nation society (O'Meara, 1983:72). Initially, religious organisations were at the forefront of Afrikaner empowerment, both in terms of initiating campaigns to eliminate white poverty and providing theological justification for racial discrimination. The historian, Ritner (1967:17), believed that religion was always the greatest formative force in defining the Afrikaner community's beliefs, norms, and institutions. Weberian scholars such as Stokes (1975) and Begg (2011) believed that Afrikaner Calvinists

have shared similar convictions, including the predestination doctrine, the call and the unmediated connection of man to God.

According to Stokes (1975:68), between 1690 and 1895, the main bonds keeping the Boers were religion and language. A common and deeply felt religion was the main uniting factor in Afrikaner culture, which Stokes refers to as 'lekker lewe' (the good life). The Afrikaans language, Calvinist religion, racial purity, and white superiority were the essential elements of the 'lekker lewe'. From Abraham Kuyper's teachings–the Dutch theologian and prime minister of the Netherlands between 1901 and 1905 –the Afrikaners interpreted Calvinism as an all-embracing' life-system' and the independence of bodies, including the government, the church and the economy, must be allowed to exist independently (de Gruchy, 1986:21).

From the early 1920s on, the DRC responded to the poor white issue by expanding its synodic work on the treatment of the poor ('armsorg') through the creation of several church institutions, such as farm settlements for poor families, orphaned and disabled children's houses and other institutions for people with special needs (Vosloo, nd: 3). To address the native question, the DRC called a series of inter-racial church conferences (Ritner, 1967:21). Later in the 1930s, the DRC established several commissions and conferences on the poor white problem. Morrell (1992:11) claims that the ongoing urban poor white problem posed the greatest danger to Afrikaner's '*volkseenheid*' which caused the DRC to become more fully involved. The DRC's major concern was the situation of many unqualified rural Afrikaner immigrants in urban areas who had clashed with black labour due to the colour bar (Ritner, 1967:23). After the Carnegie Report was published in 1932, the DRC introduced a research and professional approach integrating the skills of well-trained social workers to alleviate poverty; close cooperation between church and state; and reiterated many of the Carnegie Report's suggestions on institutional structures to tackle the poor white problem – including the establishment of a department of national welfare (Volkswelsyn) in 1937 (Vosloo, nd.13).

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In the 1940s, the church's role became even more prominent in promoting Afrikaner empowerment. Following the 1944 Volkskongres, the Church submitted a report in response to Prime Minister Smuts proposing to the Government to take steps against separation policies, starting with tougher measures to prevent marriage between races and improve residential and economic segregation (Ritner, 1967:24). The racial policies of the church thus formed the main inspiration for the development of the doctrine of apartheid. When the Nationalist Party came to power in 1948, it soon embarked on a legislative program embodying its version of the Church's apartheid solution. To this end, the government – including its network of SOEs – adopted a policy of racial discrimination, to ensure that whites would continue to derive benefits from the public service.

Based on this, it becomes clear that the theological foundation of the DRC was influential in directing the Afrikaner Calvinists along the path of empowerment and segregation at the level of both the Synod and the state. Stokes (1971:21) used the value model to explain the emergence of the Afrikaner entrepreneurship, or capitalism. The value model emphasizes the importance of the group, or collective, in attaining economic success. This model was underpinned by Weberian analysis of the rise of Western entrepreneurial capitalism. According to Weber, the anxieties created by doctrines of predestination and the elect led by Calvinists to seek clues as to their election, inspired Afrikaner Calvinists to believe that they were the God's elect (chosen people), and to apply Kuyper's spheres of sovereignty as theological justification for separate development (apartheid).

Following the 1929 First People's Congress, the white Afrikaners developed, linking capital that was characterized by the connections with different political and economic institutions. According to Jordan *et al*., (2010), relationships are usually formed through systems of formal or institutional authority, where governance rules are developed regarding initial participation

in a relationship and its maintenance. Following the 1929 People's Congress, various organisational networks such as *Die Federale Volksbeleggings* (FVB), *Die Reddingsdaadbond* (RDB), *Die Ekonomiese Instituut* (EI), *Die Afrikaanse Handelinstituut* (AHI) and *Die Sakekamer* were established in addition to the *Broederbond* and the NP to promote linking social capital among white Afrikaners (O'Meara, 1983:134-147). According to O'Meara (1983:139) these organisations mobilised Afrikaners of all classes forming 'a cultural mesh' around the local Afrikaner community, and mobilised capital to finance the establishment of Afrikaner commercial and industrial undertakings. The *Broederbond* applied a strategy of 'ethnic mobilization' to foster its members' direct interests, by finding them employment and developing skills. They also bought them shares in companies. Through the church, *Broederbond* and the *Helpmekaar*, the white Afrikaners increased their bonding, bridging and linking social capital, and this was reflected in the participation in various organisations such as sport, and CSOs. This filtered further into the community through the formation of various clubs, which strengthened the overall empowerment of Afrikaners.

3.6 Conclusion

As argued earlier in Chapter 2, the welfare state has emerged globally from the need to solve social problems and meet human needs emerging from industrialization (Patel, 2015) and ensure that essential needs and well-being of the population are adequately met by government intervention (Briggs, 2000). This role became more vital during the Depression of the 1930s. In South Africa, the conditions of poverty amongst the whites following the two global conflicts (Anglo-Boer War (1899-1902) World War I (1914-1918)) acted as a catalyst to start a nationalist movement and to establish the welfare state that would respond to the growing problem of white poverty in the cities.

Under the Union government (1910-1961), various states responded to white poverty through commissions of inquiry and Afrikaner leaders used the commissions' recommendations to

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drum up support for the establishment of the welfare state. Both the Pact- and the NP-led governments passed various laws, based on the logic of racial classification, to protect and promote the interests of the whites through the labour market and welfare policies. Economically, the South African state adopted a macroeconomic policy, based on the Keynesian principles to build a large public sector including SOEs to provide 'protected employment', develop skills and provide various employment benefits to white civil servants. The primary feature of Keynesian economics was the rise in standard employment, employment benefits and an increase in trade union membership, and typically for South Africa, the state enjoyed large support from the white trade unions.

Nevertheless, the apartheid welfare state hit a crisis in the late 1960s because the state became too large and cumbersome, racially fragmented and this affected the redistribution of wealth and social services owing to a shortage of income and declining profits. A new economic orientation in the form of neoliberalism was introduced and led to the withdrawal of state intervention in the economy and replacement of the traditional public administration model with the New Public Management approach (NPM). The latter applied private sector principles to the public service such as downsizing, outsourcing, privatisation, restructuring and retrenchments that threatened to erode the gains made under the welfare state.

Outside the state, Afrikaner leaders formed civil society organisations and various cultural organisations to mobilise white Afrikaners under the ideology of Afrikaner nationalism, using race, language and religion. This chapter has shown that these three institutions, namely, the state, business and civil society organisations, worked well together and that the more connected they were, the more powerful they were in promoting social capital. The next chapter describes factors facilitating black empowerment after 1994.

CHAPTER 4: BLACK ECONOMIC EMPOWERMENT AND THE POST-APARTHEID DEVELOPMENTAL STATE

4.1 Introduction

In 1994, the ANC formed a government to redress the past disparities, instead of nationalism. Like the white Afrikaners, the ANC embarked on a cycle of cultural, political and social change after nearly a century of racial conflict to conquer the state and introduce a macroeconomic policy based on the principle of 'growth'. Nevertheless, contrary to its predecessors, the ANC did not clearly formulate a comprehensive philosophy of nationhood, but claimed that nations need to have some similar attributes, such as: equal rights, common land, common economics, sense of community, national spirit, constitution and democratic state loyalty and a common culture (ANC, 2005). Under the ANC, a great deal of the policies pursued were based on non-racialism and equality, but with a strong emphasis to redress the imbalances of the past.

The aim of this chapter is to explain how the developmental state intervened in the economy to provide employment and develop skills for the black population. The first section of the chapter focusses on how the post-apartheid state used macroeconomic policy – first the Keynesian-type RDP policy, secondly, a neoliberal type of GEAR to uplift the poor. This segment discusses the position of neoliberal policy in terms of how it has influenced the state's ability to establish state-owned enterprises to provide jobs and develop skills. The chapter argues that the political-legal and economic approach was elite-centered, resulting in the majority of blacks, including the working class, vulnerable to poverty and unemployment. The last section considers whether or not civil society groups and other cultural organisations have been successful in promoting social empowerment through the development of social capital.

4.2 Evolution of Developmental State

Like the apartheid developmental state, the post-apartheid state inherited a depressed economy, one characterised by economic stagflation, disinvestment, high poverty, unemployment and inequalities, especially amongst blacks. The ANC-led state argued that it was necessary to bring about a 'fundamental restructuring' of the economy. One way of doing this was to establish a developmental welfare state that would pursue a policy of promoting economic growth and development. This entailed using new institutions, state organs and policy for the provision of health, education, housing and welfare, among other services. However, unlike the apartheid DWS, the ANC adopted the Reconstruction and Development Programme (RDP) which proposed an activist role for the state to intervene in the economy, engender economic growth, and redistribute wealth. Under the RDP, the ANC undertook a very ambitious task of developing new forms of social policy, in coordinated and integrated ways, to address poverty, housing, health, crime and social problems (Sevenhuijsen *et al*., 2003:300).

Under the policy, the ANC government adopted a new plan of 'development' to change the course of economic growth by integrating the 'reconstruction' and the 'development, remedying the racial and class disparities of the time of Apartheid and ensuring future growth for the poor (Seekings, 2015:1). The most important task of the developmental state was to expand the South African economy through the different legislative, regulatory and programmatic methods. This in effect will develop the capacity of the public sector, provide guidelines for market forces activity and direct private and state capital operations (ANC, 2017). Some of the new developmental state's priorities included influencing socio-economic transition, reducing inequality, deracializing the economy, ensuring state involvement in strategic sectors, including cooperation with the private sector, expanding BEE, fostering job equity, and increasing the level of black men and women in economic participation as employees.

Legally, the welfare state's release was marked by the 1997 adoption of the Social Welfare White Paper (WPSW). The WPSW notes that declining economic growth, national income and growing inequality have been the main challenges facing social welfare over the past few decades. Sevenhuijsen *et al*., (2003: 304) stressed that declining GDP, decreasing per capita income, decreasing job opportunities and growing incapacity to meet basic needs and rising levels of poverty contributed to significant inequality between rich and poor, urban and rural, men and women. These were all raised as issues that the new social policies had to deal with.

Social welfare refers to an integrated, holistic system of social services, facilities, initiatives and social security in support of social development, social justice and the social functioning of individuals in accordance with (Midgely, 1995:25). Social security, social services and related social development programs are investments that contribute, in effect, to real economic benefits. Midgley (1995), however, argues that the 'approach to development' is more concerned about the advancement of social policies the transfer of resources than the efficient to social welfare systems. Instead of depending on the government, the emphasis is on helping people meet their own needs by developing human capacity and self-reliance (South Africa, 1997). Social and economic growth, according to the WPSW, are two mechanisms that are interdependent and mutually reinforcing.

Seekings (2015:2) argues that the ANC-led government was initially ambivalent about the notion of a 'welfare state', stressing that they would ensure 'growth' not 'handouts' (including) as in many countries. The new government did not believe in giving cash transfers to the poor, as this was not seen as conducive to growth, partially because poor people are entitled to a share of national (and global) wealth. Under Nelson Mandela, the ANC government committed itself 'to counter the problem of poverty, not by way of handouts, but by generating opportunities for work' (Seekings, 2015:13). Nevertheless, the government set up the

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Department of Social Development (DSD) in 1997 after the introduction of the WPSW to provide social development, security and welfare services to the public.

The goal of the DSW was to provide cash transfers, social assistance and social services to protect vulnerable people during periods of unemployment, ill-health, motherhood, child rearing, widowhood, disability and age to "maintain their own members adequately" and a poor population-based social and human rights-based system (Sevenhuijsen *et al*., 2003: 305). It was launched in April 2005, when the DSD created the South African Social Security Agency (SASSA) to administer different forms of social assistance for the DSD.

The aim of social development is, under the WPSW (1997), to encourage the provision, for South Africans and particularly for people living in poverty, people with disabilities and those with special needs, of adequate social welfare services. Such services include social assistance programs, welfare and social development programs and other resources and facilities for care, prevention, training and safety as well as the social security. Additionally, WPSW seeks to promote and reinforce relationships between state, the media, civil society and organizations in the private sector. The aim of WPSW is to promote intra-sectoral social development both within social services and in collaboration with other government departments and NGOs.

The RDP was initially built around Keynesian principles but almost two years into government, the ANC was forced to move away and adopt neoliberal policy called Growth, Employment and Redistribution strategy (GEAR), which ultimately did not allow the interventionist and redistributive state as previously anticipated in the RDP, and forced the state to re-evaluate its policy and focus on establishing a developmental state (see section 4.4.1). This policy became the new framework within which the state operated to achieve economic growth, job creation and invest in social change. Unfortunately, GEAR resulted in the new forms of exclusion from the economy.

4.3 Political-Legal Factors Facilitating Black Empowerment

The black population's burden of poverty, unemployment, and injustice demanded some sort of government response. By comparison to the apartheid government that used political and legal mechanisms to defend and uphold white interests, the ANC-led government applied the non-racialism and justice ideology to uplift and advance the blacks. This new framework, based on the Freedom Charter of 1955, aimed to develop an economy that meets people's needs in a more equitable way (DTI, 2003:4). The Freedom Charter proclaimed that individuals should share in the country's wealth and dedicated themselves to restoring people's national wealth and to transferring to the people in general possession of mineral riches, banks and the monopoly industry and control of industry and trade.

Under the post-apartheid government, much of the policies adopted by the ANC are based on non-racialism and justice, but with strong emphasis on rectifying historical imbalances. Economic redress culminated in a vision which aimed to deracialize ownership and control to increase South Africans ' quality of life, particularly the most underprivileged and marginalized segment of the populations through directed empowerment and equity policies (RDP, 1994).

4.3.1 Political Ideology and Nationalism

Without a sense of a nation, BEE would not have taken place. Like the white Afrikaners, Black Nationalism's history goes back as far as the early 1900s as the first political response to blacks' political, social, and cultural racial exclusion. Foremost to the movement's objectives was the urgent need to unite all Africans in the country (embracing the concept of Pan Africanism) under one political organisation and advocating for some democratic form of government. Gerhart (1978:12) claimed that African nationalism was expressed in terms of political actions and ideology that sought to improve the status, the rights and positions of Africans in a society

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that sought to entrench white power and privilege at the expense of black Africans. As an ideology, African nationalism attempted to transform the identity of Africans, rather than see themselves as separate groups – such as Zulus, Xhosas, or Sothos – nationalist leaders wanted Africans to view themselves as South Africans.

In its 1948 manifesto, the ANC Youth League stated that South Africa is a country with four major nationalities, of which three (European, Indian and Coloured) were a minority and three were subject to national oppression (Africans, Coloured and Indians) (Gerhart 1978-59). The ANCYL, however, stressed that the aim of African nationalism was to establish a single African community out of this country's various tribes, free the African people from foreign control and leadership, and create conditions that would enable Africa to make its own contribution to human progress and happiness (Ngubengcuka, 1956:12). The South African Freedom Charter of 1955 also distinguished between the different national classes. The advocates of the 'Colonialism of a Special Type' (CST) thesis divided South Africa into two countries, the (colonized) black nation of Africans, Coloureds and Indians, and the (colonialist) white nation (Alexander, 2002:37).

Cronin and Suttner (1986; cited in Hudson, 1986:9) described the Charter of Freedom as a 'people's charter' because it represented the interests of all those oppressed by and against apartheid (classes and strata involved in its destruction). The Freedom Charter was not a democratic text, but an anti-capitalist document, according to Hudson (1986). South Africa's independence movement was seen as anti-capitalist because racial apartheid and capitalist exploitation are entangled inextricably. This means that the leaders of the oppressing white nation have confiscated almost all the land and other resources. Therefore, in order to achieve true autonomy, it was important to empower the oppressed nation by enabling them to gain control of their economic resources (Hudson, 1986: 10).

Against this backdrop, McKinley (2011b) noted that in the early 1920s, within the leadership of African nationalism, an African middle class with economic interests arose. African leaders also sought to make a certain portion of the black population an integral part of the capitalist system. In other words, for all Black South Africans the ANC considered the concept of political freedom aligned in a nationalistic policy that recognized the capitalist class structure and thus the basic (and dominant) imperative that these groups of Black people would be granted economic empowerment, which could be the precursor of White Capitalist blacks to the larger 'economic empowerment' scale.

Up until the early 1990s, the main goal of African nationalism became one of achieving political equality between all races by restoring democracy and equality in the standard of living between blacks and whites, while keeping the inherited capitalist economic system intact (Mbeki, 2009). The so-called 'non-racialism', based on the Freedom Charter of 1955 was the only specific social and economic policy statement of ANC. This indicates that the ANC did not consider contemporary South African society to be one state, but rather a country split along the lines of apartheid. Unfortunately, the ANC did not provide a definition of nationhood clearly articulated. The ANC continues to discuss the 'national issue' focusing on a persistent quest for justice among different communities that have traditionally fused into a 'single nation-state' (ANC, 1997). In 1998, for example, Thabo Mbeki (1998) described Africa as a country with two nations, one 'white', relatively prosperous, ready to have access to the financial infrastructure established, physical, health, communication and other facilities and the other 'second and greater nation' as 'black and poor'. Women in rural areas [and] rural Black people are the worst affected in the latter. Mbeki believed these nations had struggled to become one nation.

The ANC pointed out during the Stellenbosch 2002 National Conference that 'the nation-building project is still the ANC's main task to carry out its NDR entirely'. Cope (2007:36)

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emphasizes the recurring statement from the ANC (1997; 2000; 2005) that its goal is to create a 'healthy, non-racial, non-sexists, democratic' South African society – hence the need to concentrate on improving black people's economic status to reverse apartheid inequalities. Although the aim was to remove past disadvantages and elevate blacks, the doctrine of non-racialism simply made it impossible for the ANC to pursue racism in the same way as the white Afrikaners did. The government was unable to identify a specific group to empower under the liberal democracy.

4.3.2 Governance and Rule of Law

The post-apartheid government repealed the apartheid laws and replaced them with policies that fostered economic equality, but also put strong emphasis on rectifying historical imbalances. Economic redress led to the adoption of a vision that sought to deracialize ownership and control in order to improve the quality of life of all South Africans, especially the poorest and most oppressed parts of the communities, through focused policies of empowerment and equality in jobs (RDP, 1994). The contribution to this legal reform was the commitment to the 'social democratic system' in which the State defined the enforcement of civil rights, such as freedom of expression, thought and belief, ownership and the right to enter into binding agreements and justice (Patel, 2015).

For Instance, in 1994, after 'A Better Life for All' campaign, the ANC-led government, laid down a 1996 *Constitution for the Republic of South Africa* Act No. 108, which became a cornerstone of democracy and provided for 'basic welfare rights' including the right to 'income security [...]' with special provisions made for those who are unable to take care of themselves due to specific problems. The final Constitution adopted in 1996 specifically recognised social and economic rights. Democratic citizenship has been extended to all South Africans under the ANC. As a 'social democratic' organization, the ANC was somewhere between the' neo-liberal 'right' free market fundamentalism and the 'ultra-left' socialism (Seekings, 2004:299). On the

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basis of this rationale, the ANC introduced labour policies in favour of organized labour (including, in general, the *Labour Relations Act* No. 66 of 1995), and formed corporate bodies to address a range of public policies – primarily the National Economic, Development and Labour Advisory Council (NEDLAC).

In 1995, the government introduced the *Labour Relations Act* No. 66, which replaced prior laws and resulted in Section 27 of the Constitution encouraging and enabling collective bargaining at the workplace and sectoral level; and fostering employee engagement in decision-making through the establishment of workplace forums (RSA, 1995). Section 27 of the Constitution of the Republic of South Africa specifies that (1) everyone is entitled, if not able to support themselves and their dependents, to access healthcare services including reproductive healthcare, adequate food and water and social security, including adequate social assistance.

The concept of entrepreneurship is linked to economic development. The government enacted the *National Small Business Act* No. 102 in 1996 to create several agencies–such as the National Small Business Council and the Ntsika Enterprise Promotion Agency (NEPA)–and to provide guidelines for state organs to support small businesses in the Republic of South Africa. In conjunction with the National Small Business Support Strategy, the main functions of the NEPA were to develop, organize and track the provision of education, guidance, counseling and any other non-financial services to small businesses. It also had to provide financial assistance to service providers providing the above-mentioned services. Another function was to consult with government or service providers to I facilitate the provision of business advice and advice to small businesses; (ii) facilitate access to raw materials and other products; (iii) facilitate access to small business products and services on the international and national market; and, lastly, to formulate and coordinate a national program for small businesses.

Clearly, this was to ensure that the playing field was levelled between the small and bigger businesses as well as rural and urban business.

A *Green Paper on Public Sector Procurement Reform* was issued by the government in 1997. This policy acknowledged that state, as the largest purchaser of goods and services in the country, was responsible for exploiting this purchasing power in support of its Broad Based Black Economic Empowerment (BBBEE) economic policy goals, small business growth, and labour-intensive construction. The following steps were adopted to bring about a policy of preferential procurement: 1) the tendering process was made more open to blacks, 2) deals were broken down into smaller offers for smaller companies to tender for jobs and 3) a point system was introduced for awarding tenders based on the combination of price and preference targeted groups (DTI, 2003).

To address funding challenges faced by small businesses, the government passed the *National Empowerment Fund Act* No. 105 of 1998 to establish a trust called the National Empowerment Fund. The Act sought to use the fund to promote the development of black entrepreneurs by encouraging and facilitating the ownership by historically disadvantaged persons of income-generating assets; to set the objectives of the trust; to provide for the control, selection and mode of operation of trustees; and to provide for the creation of other investment bodies to achieve the objectives. According to the Department of Trade and Industry (DTI) (1998), the Act provided an opportunity for historically disadvantaged individuals (PDIs) to gain, directly or indirectly, shares or interest in SOEs; promoted and promoted savings, investments and meaningful economic participation by PDIs; promoted and funded PDI-pioneered business ventures; promoted universal understanding Nevertheless, the fund was only set up as part of the development finance agencies division of the DTI in 2001.

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Related to the role of small business was the impact of competition posed by the opening of the economy to global competition. The South African government faced two competition-related issues: first, South African capitalism was one of the most centralized and conglomerated forms of capitalism; and second, corporate empires were formed at a period when most of the population was excluded from property and wealth rights (Hirsch, 2005:156). Hirsch (2005) argues that many South Africans believe the legacy of white economic monopoly should be rectified. Competition policy was a key tool in this regard in the absence of nationalization. To this end, Lewis (1995, cited in Hirsh, 2005) has stressed that Small Medium Enterprises (SMEs) could not penetrate the market owing to the highly concentrated industrial structure, and this necessitated the Industrial Strategy Project (ISP) proposals to monitor and penalise preferential relationships in vertically integrated ownership structures and supply chains, the prohibition of anti-competitive vertical mergers and acquisitions and reserving markets. Hence, the promulgation of the *Competition Act* No. 89 of 1998.

The Act sought to increase the number of individuals with economic ownership who have traditionally been disadvantaged. The Preamble to the Act does indeed agree that the competition law should clearly deal with the undue concentration of ownership and economic control and deal with the unequal limitations on full participation of black people in the economy resulting from the various laws on apartheid. Hirsch (2005:194) claims that both concentration of ownership and monopoly power was strong in South Africa during the 1994 transition. Hirsch (2005) argues in terms of ownership concentration that economic power or the dominance of the economy as a whole resided in a small number of very powerful owners, such as white-owned conglomerate businesses. Monopoly power applies, for example, to the domination of specific markets: the cosmetics market or the consumer goods retail market. Therefore, the 1998 Act approved exceptions from the anti-competitive practices rules where such activities foster the ability of black-owned and –controlled companies to compete.

Apart from employment and entrepreneurship, the ANC government sought to promote the development of skills amongst blacks actively through the *Employment Equity Act* No. 55 of 1998. The aim of this Act was to achieve social equality by fostering equal opportunities and fair treatment in jobs by removing unfair discrimination and by introducing affirmative action initiatives to address the job disadvantages faced by identified groups. It also aimed at ensuring fair representation in the workplace in all working classes and rates (RSA, 1998). Under the Act, a 'designated employer ' means an employer with fifty or more employees or an employer with a total annual turnover equivalent to the turnover as stated in the Act's schedules.

The failure to achieve employment equity targets revealed another challenge associated with the apartheid labour market. Low educational and skills levels and a fragmented, dysfunctional and unequal training system which characterised the apartheid system. The ANC government sought to promote access to employment actively through the *Skills Development Act* No. 97 of 1998. The Act establishes an institutional framework for designing and implementing national, sector and workforce strategies to improve and enhance the skills of South African work force as set out in the *South African Qualifications Authority Act* No. 58 in 1995. This aimed at providing learning opportunities leading to recognised vocational skills, providing funding for skill development through a levy funding scheme and a National Skills Fund, and providing and controlling employment services (RSA, 1998). One of the Act's main goals of advancement was to enhance the job prospects of historically marginalized persons and to address them by training and education.

Recognizing the urgent need to strengthen the production of skills, the South African government adopted the new Sector Training and Education Authority (SETA) policy to establish a set of sector skills plans within a clearly defined National Skills Development Strategy structure (RSA, 1998). The SETAs concentrated on education, internships, unit-based skills programs and apprenticeships, unlike the old training boards. The primary objectives of

SETAs were to increase the level of skills charges for the employees in each sector in compliance with the *Skills Development Levies Act* No. 9 of 1999. Financing would go to employers and education agencies in the form of federal grants or bursaries.

During the conference held in Stellenbosch in 1997, the Black Management Forum (BMF) criticised the role of monopolies and oligopolies in hindering market access for small businesses. The government responded by introducing a new procurement strategy to promote the use as suppliers of black-owned professional services and entrepreneurs, while implicitly enabling calculated organizations to empower themselves on BBBEE's broad-based principles (Hirsch, 2005:212). In 2000, the government enacted another piece of legislation called the *Preferential Procurement Policy Framework Act* No. 5 to give effect to section 217(3) of the Constitution by establishing a framework for enforcing the procurement policy contemplated in section 217(2) of the Constitution. Procurement refers to the contracting in of goods and services by the state in the national, provincial, or local sphere of government contracts.

According to Section 217(1) of the Constitution, the main objectives of procurement are equal, egalitarian, open, efficient and cost-effective policies, as well as providing for classes of preference in the allocation of contracts and the protection or advancement of vulnerable persons or categories of persons (RSA, 1996). Hirsch (2005:212) has stressed that this law established a common framework for procurement for all organs of state. However, recent studies have shown that this system has abused by government officials. Matseke (2016:9) maintains that poor procurement management and control by the South African government has led to an increase in fraud and corruption. According to Mantzaris (2014:71), corrupt procurement-specific activities include corruption, bribery, embezzlement, nepotism, patronage structures, fraud, kickback schemes, fake invoices, overpayment, fronting Black Economic Empowerment (BEE) firms, inflated prices, excessive transactions, payments for goods or services not provided, phantom suppliers on the 'preferred supply'. To prevent this,

a strict anti-corruption policy should be in place which also covers contracting firms and parties.

Another legislation implemented by the ANC is called *Broad-Based Black Economic Empowerment Act* No. 53 of 2003. At the 1997 conference, Black Management Forum (BMF) members lamented the lack of true meaning of empowerment as defined by black people, nor a common definition or benchmark that served as a minimum requirement (Jack, 2007:107). In 1997, the Government appointed a commission of inquiry to review and report on the following issues, following years of uncertainty and non-regulation: 1) establish a clear and coherent vision and strategy for black economic empowerments; 2) develop a clear and unambiguous black-economy concept; 3) find a way of integrating the pro-empowerment system; 4) report on ways to develop black people managing; 5) explore ways to speak with one voice on issues that affect them directly; 6) investigate ways to ensure that black businesses continue to be trustworthy at all times in business conduct and morals; and 7) find realistic ways to develop small enterprises (BEECom, 2001).

In 2001, the Commission submitted its report and suggested an' integrated and coherent socio-economic' approach to empowerment which sought to ensure black people's wider and more significant political involvement through ownership, management control, job equity, skills development, preferential procurement, business development and socio-economic development (DTI, 2003). The Act of 2003 provided for a legislative framework for the correction of historical imbalances through the equal redistribution and relocation to a majority of its citizens of ownership, management and control of the financial and economic resources of South Africa. The Act defined 'black people', including women, workers, boys, disabled people and rural people who had previously been marginalized by colonialism and apartheid as 'Africans', Coloured persons and the Indians (Van der Merwe and Meister, 2004). The Act

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also required the Minister of Trade and Industry to issue codes of good practice and to publish charters on transformation; to create the BEE Advisory Council and to make provision for matters relating to it. The Code of Good Practice (CGP) was designed to be a practical text, stipulating BBBEE's goals and values. Given the lack of detailed ground level understanding of BEE, the CGP was intended to explain BBBEE's meaning and purpose. Conceptually, the CGP developed the concept that empowerment was not only about ownership, but should include recruitment, creation of skills, and management (RSA, 2003).

Lastly, in terms of welfare policy, the government followed in the footsteps of the apartheid regime by establishing commissions to investigate and to review the social security system. The government's main problem was that social grants are available only to a small percentage of the population, affecting 3 million older people, disabled people, parents and children (Patel, 2015:39). The State Maintenance Grant (SMG) reached 200,000 women and a comparable number of children, [...] the SMG was received by only 0.2 percent of African children. Because of a lack of awareness of the grant and transport and logistical barriers, children living in rural areas were often removed. At an estimated cost of R12 billion, the expense of extending the SMG to the entire population was deemed inexpensive (Patel, 2015:39). Thus, after considering the recommendations of the two commissions – the Chikane and Taylor commissions – the *South African White Paper for Social Welfare* (WPSW), was adopted in 1996 by the Minister of Social Development. Based on this, it is clear the ANC government introduced a new legal framework not only to redress the imbalance caused by apartheid labour and welfare policies, but to create a new citizenship based on its century-long ideology of non-racialism and non-sexism.

The Freedom Charter pledged to 'open the gate to knowledge and culture', acknowledging the two most critical aspects of human capital: education and training in empowerment. Thus, after

1994, the ANC introduced new policies to address educational inequalities, as well as providing equal opportunities and rights for all learners. In 1996, the government enacted the *National Education Policy Act* No. 27 of 1996 to provide for the creation of a national education policy; to amend the 1984 *National Policy for General Education Affairs Act* No. 76 to modify those concepts and to provide for the re-establishment of pay and job policy for educators. In addition, the 1996 *South African Schools Act* No. 84 was enacted to provide for a uniform system of school administration, governance and funding, and to amend or repeal other education-related laws. In the post-apartheid regime, education has been equated with progress, where education and investment in education institutions are explicitly predestined in order to promote economic growth (Badat 2009:2).

4.3.3 Provision of Social Services

In 1994, the ANC established the developmental state to ensure that social services extend to everyone unlike the apartheid where only a few benefited. The ANC inherited a fractured social security system, not based on broad population coverage as a whole (COSATU, 1998:1). Low spending on African non-pension programs was due to Africans' exclusion from certain non-pension benefits, such as child support subsidies. Public services such as education (Section 29), health (Section 27), and housing (Section 26) are therefore protected by the Constitution in post-apartheid South Africa. In other words, the notion of social citizenship where members of society have a right to certain social services and programs such as healthcare, education, old age pensions, unemployment and injury insurance, housing, welfare was racially determined. Hence, the provision of social services formed an essential part of the non-racial and non-sexist strategy of the ANC.

In compliance with the 1955 Freedom Charter principles, the ANC has established its stance on social policy reform since 1994. There were to be houses, security and comfort for everyone

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under the Freedom Charter. Rent and costs were to be reduced, food was available and no one was to go hungry; a government-run preventive health system; free medical care and hospitalization for all, with special care for mothers and young children, and for the elderly, orphans, disabled and ill to be taken care of by the state (Van Niekerk, 2003:363). The RDP prioritised the meeting of the basic needs of people or public services, including, but not limited to jobs, land, housing, water, electricity, telecommunications, transport, a clean and healthy environment, nutrition, health care, and social welfare.

In terms of housing, Section 26 (1) of the Constitution declared that 'everyone has the right to have access to adequate housing'. According to Khan (2010:106), as early as 1990, the economic theory of the ANC revolved around development by redistribution and mixed economy where housing was conceived in two ways to be a leading economy field. In this regard, housing has been seen as a catalyst for the growth of start-up scenarios, which generate demand in sectors which have high employment levels, restricted balance of payment demands and non-inflationary demands (MERG, 1993:76). According to Hassen (2003), this definition is focused on the government's improvement of aggregate economic demand through public investiture that would foster future and backward relations.

The National Housing Forum with a mission to discuss a possible housing policy and structure was officially launched in August 1992. The aim of NHF was to consent for a new non-racial housing policy and to suggest two processes: firstly, whether it should be the state or the market; and secondly, whether the norm should be a fully-filled four-room house or a liberal house. The NHF therefore proposed that the government would provide a housing system and promote implementation and that, wherever possible, the private sector would apply for Public support, land recognition and service and infrastructure (Tissington, 2010:32).

After 1994, the government prioritized poverty alleviation and the eradication of unemployment through housing by accepting responsibility for meeting at least the basic needs of these households and ensuring that the aggregate need for tax-based subsidies defines the rate of subsidies payable to eligible beneficiaries (Khan, 2010:108). The ANC promised to build one million houses in its first five years of office during the 1994 campaign. In the same year, the Government adopted a *White Paper on Housing*, aimed at 'creating sustainable, integrated settlements where households can access resources, infrastructure and services where all South Africans have equitable access to a permanent residential system with secure tenure, confidentiality and adequate security against the elements' (Tissington, 2010:33).

The 1994 Housing White Paper allowed the state to carry out the housing program that had a positive impact on poverty alleviation and contributed in many ways to wealth redistribution (Khan, 2010:114). According to Charlton *et al*. (2003 quoted in Khan, 2010:114), first, the housing program transfers an immediate benefit to the vulnerable with access to services that usually have a significant impact on health and welfare. Furthermore, since 1994, the bulk of the grants have been distributed to the poorest sections of society (households earning R1 500 every month). Thirdly, the availability of tangible assets offers a protection against deprivation and eliminates its vulnerabilities to shift. Government households have improved the lives of beneficiaries based on the provision of basic services, tenure protection, pride and dignity at the level of the individual household.

To ensure that vulnerability to poverty is reduced in the long term, the government provided education as part of social upliftment. According to Harber and Mncube (2011), schooling was a significant aspect in the struggle against apartheid. The ANC adopted the *White Paper on Education and Training* (1995) under post-apartheid South Africa, which put significant emphasis on education. In addition, training was required to provide the skills and predispositions for continuous learning, switch flexibly between jobs, and take responsibility

for personal performance as a contribution to the growth of a successful economy. The post-apartheid education policy also emphasized the importance of education in helping to build a more inclusive and peaceful society. In this context, the *White Paper on Education and Training* of 1995 recognized the right of every citizen to basic education and equal access to training institutions (RSA, 1995). Section 29(1) of the Republic of South Africa Constitution states that 'all have a right to basic education, including adult basic education, and b) to further education that, with reasonable measures, the State must gradually make free and accessible'. One of the aims of the new education policy was to provide all children in the country with free and compulsory education. This means that education is a public good, not a commodity.

Nevertheless, the 1996 *South African Schools Act* No. 84 recognizes two school categories: public and private. Public schools are state-controlled or privately-run independent schools. Despite the ANC's efforts to reduce poverty and inter-racial inequality by raising spending on public education by more than 20 percent of the budget and more than 7 percent of GDP, inequalities continue to exist within the education system (Seekings, 2004). Van der Berg (2002:4) argues that education affects blacks' inclination to take part in the labour force, their likelihood of being employed and their earnings, with particularly high returns to secondary education.

In terms of healthcare, South Africa has a two-tier health system: state-free primary care, and highly specialized, high-tech health services, open to both the public and private sectors. Since 1994 the ANC has committed up to 10 percent of the budget and 3 percent of GDP to public health (Seekings, 2004). Free health care was provided by the government, funded by the RDP Fund for all children up to six years of age, and all pregnant and lactating mothers. As far as health is concerned, according to Van Niekerk (2003:371), the nationalization of health services was a major objective for the democratic movement. Section 27(1) of the Constitution of the Republic of South Africa provides that 'those who are unable to provide themselves and

their dependents for social security, have a right of access to: a) health care services (even for those in reproductive health); b) sufficient food and water; and c) reasonable social security, including adequate social aid'. Yet one main concern was that more than half the doctors were working in the private sector, raising the question of attracting or pushing them into the public sector. Not only is this two-tiered system unequal and inaccessible to a large section of South Africans, but public sector institutions have suffered from poor governance, underfunding and declining infrastructure. Thus, despite the intervention of government through social policy, there is a huge housing backlog in the country affecting mostly the poor and majority blacks. There is also failure in the quality of health care and racial inequalities in education (Seekings and Nattrass, 2002).

4.4 Economic Factors Facilitating Black Empowerment

As previously shown in Chapter 3, the Afrikaner state relied on a nationalist ideology and legislation to provide protected employment, skills development and employment benefits to the white population, and was assisted by white trade unions to promote and protect the interests of whites. This section looks at how the post-apartheid government applied economic policy to promote and protect the economic interests of blacks.

4.4.1 Macroeconomic Policy

Initially, the ANC's macroeconomic approach was similar to the NPs' as it followed Keynesianism, and this was reflected in the Reconstruction and Development Programme (RDP). The RDP demanded a strong economic position for the state and called for greater government spending to reduce poverty. Based on the Keynesian model, the RDP expressed National Democratic Revolution (NDR) expectations that are to change the social and economic conditions generated under apartheid by addressing systemic poverty, inequality and unemployment. The RDP recognized that people's basic needs had to be addressed and that

the production of human resources must take place. The plan defined a strategy based on four principles, similar to the Keynesian approach, to eradicate poverty and ensure that the basic needs of the poor are met. One of the pillars was the establishment of a social security system and other security networks to protect minorities, people with disabilities, elderly people and other vulnerable groups (Kloppers and Pienaar 2014:690).

The RDP recognized that poverty was the country's worst burden and affected millions of people, especially rural people. The strategy identified many issues to be addressed to address homelessness and extreme poverty. This included the provision of land and housing, clean water and sanitation (Klopper and Pienaar, 2014:689). According to Klopper and Pienaar, the RDP recognized that land was the most basic necessity for the rural population, a need that arose from the past regime's discriminatory practices. The plan set out the need for a comprehensive national policy on land reform, addressing the problems of poverty and landlessness caused by 'forced displacement injustices and the denial of land access'. The RDP envisaged

> 'a dramatic land reform programme to transfer land from the inefficient, debt-ridden, ecologically-damaging and white-dominated large farm sector to all those who wish to produce incomes through farming in a more sustainable agricultural system'.

The RDP therefore proposed to redistribute land to protect the property rights of groups which already occupied the land and to provide land access to those who had already been stripped of their own property rights (Klopper and Pienaar, 2014:691). The RDP has set the ambitious goal of moving 30 percent of all white agricultural land to black South Africans in 2001 in the spirit of redistribution. However, land restitution was intended to restore lands to South Africans who were displaced from 1913, when the Native Land Act was introduced, through

unjust laws and practices. The government needed sufficient resources and an infrastructure to support land development to achieve these goals.

Links (2011:38) criticised the government's land redistribution and argued that it followed a market-led approach based on willing-buyer-willing-seller principle. The willing-buyer-willing-seller means that a landlord would get paid 100 percent cash for 100 percent market value of the land. The willing-buyer-willing seller, according to Links (2011:39), is a market-based approach that redistributes some land and supports some landless families. However, it does not encourage the future recipients to pay, which drives land prices up and essentially removes the benefits of the reform from the poor farmers. This means that the majority of blacks, who are identified as beneficiaries of empowerment, cannot benefit from land redistribution because they cannot afford the prices. Under the RDP, the ANC succeeded in creating a welfare system in which the government took care of the aged, disabled, needy children, fostering parents and many others who were too poor to meet their basic social needs. Nevertheless, in growing the economy and alleviating poverty among blacks, this strategy has not been successful.

According to Laurea (2015:95), the government has faced problems because of the fiscal and economic legacy inherited from apartheid. In addition, the government demonstrated an inability to prioritize RDP programs, and to provide effective public service. With the exception of social security, the RDP has not met all the goals set by its policies due to lack of competent administrators and underdeveloped approaches. Consequently, in 1996, the government introduced the 'neo-liberal' Growth, Employment and Redistribution (GEAR) programme, which promoted fiscal austerity rather than policy largesse for the poor and decreased the focus on redistribution in favor of policies aimed at stimulating economic growth and fostering confidence in the new government in the financial market (Gumede, 2005).

To meet these fundamental principles, GEAR has adopted policies such as higher fiscal deficits, inflation control, stable exchange rates, increasing trade barriers and liberalizing capital flows. Targets are to reduce the overall budget deficit and abolish state levels; remove the tax burden; reduce capital expenditure and raise the general government contribution to gross domestic fixed investment (Republic of South Africa, 1996). Further, the monetary policy sought to achieve a higher economic growth (set at a 6 percent target), to create more employment opportunities (set at 400,000 per annum until year 2000) and a more equitable distribution of income (Adelzadeh, 1996:71). Furthermore, trade and industrial policies are intended to increase the competitive potential of the state, to promote tourism as an export sector and to promote growth-oriented policies in other sectors.

To increase the productivity of labour and business, it was important to invest in social and economic infrastructure (Laurea, 2015:97). GEAR proposed public investment and asset restructuring. On the labour market, GEAR introduced a single system of industrial relations for all workers, ensuring trade union administrative rights, setting up new dispute resolution processes and incorporating worker involvement in competing employer-employee relationships. Nevertheless, GEAR maintained that the driving force behind growth and development should be the private sector (or capital) (ILRIG, 1999). Despite its success in stabilizing the economy, due to low economic growth and insufficient levels of private investment, GEAR has failed to reduce the unemployment rate (Laurea, 2015:97). In contrast, GEAR's underlying philosophy was therefore not neoliberalism in the best interests of the poor (Ndhambi, 2015:67). GEAR has, in line with COSATU (2010:10), exploited the working class in many respects: poverty flagship, casualization, outsourcing and use of labour brokers, the commercialisation of basic necessities and the denial of wages below productivity gains to workers. It ultimately undermined the empowerment goals by contributing to greater inequality

to favour a tiny group of elites made up of a limited number of black ANC supporters (Freund, 2007:667).

4.4.2 Neoliberalism and Empowerment

The adoption of GEAR signalled the ANC's acceptance of neoliberalism, though this policy had already been introduced by the NP in the late 1980s (Hentz, 2000:203). Van Niekerk (2003:361) describes neoliberalism as economic policies and policies that favour the market over the government: 1) the reduction of the economic power of the state through the sale of State assets; 2) the transfer to non-interventional regulators of economic relations between capital and work; 3) social services for the poor and the unemployed; and 4) undermine the notion of the public good, by placing greater emphasis on 'individual responsibility' in social and economic policies for social goods, such as health and education. Harvey (2005:2) added that neoliberalism entails strong private property rights, free markets and free trade. Both Van Niekerk and Harvey's neoliberal dimensions are reflected in the post-apartheid South African discourse on empowerment.

The adoption of the neoliberal policy by the ANC raised important questions about the role of the state. According to Simutanyi (2017:4), despite calls for the state to retreat from the economy, the South African state 'intervened' in the economy to protect capitalist investment and development. This it has done by promoting an indigenous, black, capitalist class, through the policy of Black Economic Empowerment (BEE). According to McKinley (2011), the ANC abandoned the radically redistributive socio-economic developmental path that would have seen the upliftment of the vast majority of South Africans and replaced it with a 'redistribution through growth' programme called GEAR. Williams and Taylor (2000:34) point out that GEAR supported the capital status of South Africa, relying on the private sector for motivating the vulnerable by increased private investment. The goal was to reduce government

expenditures by 3 per cent by 2000, maintain a low inflation rate, reduce corporate fees, phasing out residual trade restrictions, promote job-related wage-demand constraints, establish a more 'flexible' labour market and press for the privatization of government assets. The emphasis on growth in the private sector lead to an increase in various forms of inequality such as education, health and income.

Since the neo-liberalisation of the economy, the government endorsed several neoliberal strategies; i.e., to create and incorporate a small new black elite in South Africa into the mainstream economy through privatisation and focused policy of BEE. McKinley (2011) emphasized that the state used institutional and financial tools to promote transformation by privatizing state assets, granting government tenders, and creating seed capital by selectively enforcing black ownership quotas in key economic sectors. However, only a small black elite who was politically connected to the ruling party and those employed in the formal labour market, benefited from government empowerment programme of labour market restructuring and privatisation. This meant that BEE, unlike AEE empowered only the elite and not the blacks as a nation, or as the working class. However, like AEE, the ANC also used SOEs to empower this rising black middle class or elite class.

4.4.3 SOEs and Empowerment

Under the new government, GEAR was carried out by using the public sector to support BEE, including SOEs and the civil service. Dexter (1994:32) argued that the public service of apartheid was designed to serve the interests of the white minority community, and all black people were oppressed in the process. The ANC amalgamated South Africa's 11 governments, the 4 provinces, Transkei, Bophuthatswana, Venda, Ciskei (TBVC) states and the six self-governing territories of post-apartheid South Africa (Ncholo, 2000:89). Fraser-Moleketi (2006:92) argued that the hierarchical Public Service Staff Code needs to be abolished in order to allow sectors and departments to adjust public service structures to sector peculiarities.

Depending on the 1997 *Public Service Amendment Act*, the establishment of the Public Service Regulations accomplished this on 1 July 1999. This also required a greater focus on the departmental expertise of human resource professionals and the recognition that there is a greater capacity to deal with personnel management than with human resource management.

According to Naidoo (2004:7), the public apartheid sector was characterized by the prevalent organizational culture and ethos based on lack of openness and participation and this resulted in lack of coordination between departments and the agencies, the responsibility of the public servants for compliance with regulations and procedures was kept instead of for delivery of services. Key to the ANC's policy framework has been the question of how to align SOEs with its vision of 'Africanising' the public sector. The members of the ANC who wanted 'to fulfill its mission' were gradually employed by the government as part of its recourse strategy (ANC, 1997d).

The main challenge to the ANC according to Franks (2014) was how the need for effective, skilled, technologically competent and politically neutral public services and the desire to achieve social stability, cultural change and the funding of these services can be resolved. Franks (2014:48) alleges that a racially skewed public service has been hereditary in democracy in South Africa, with a white 95 percent and a black African only 0.6 percent of the top 3,239 public servants. This culminated in a lack of representation of the latter at decision-making level and other professional careers. To this end, the post-apartheid government had in guarantee a representative of the demographic profile of the country's racial composition in the public service. As a result, policy of affirmative action was developed to bring people from the oppressed and systemic disadvantaged classes of the former government into the administrative centre.

The ANC also saw the potential for economic policies that are essential to the integrated growth, creation and distribution of wealth, with a view to bridging the gap within the country between rich and poor. The ANC has described SOEs as tools to boost the level of economic transformation in the state. The main reason for the change of heart of the government was its inheritance of a near-bankrupt government with funds needed to revitalize the economy. Fraser-Moleketi (2006:62) argued that the reform of traditional administrative practices in South Africa was inevitable, and that therefore the NPM system was adopted. Nevertheless, Fraser-Moleketi opposed the NPM 'managerialist' approach, suggesting that this utilitarian neoliberal philosophy in some respects contrasted with ANC's egalitarian and revolutionary approach.

There are two ideas within the NPM method that can be broadly separated into two groups. Firstly, the use of innovations on private management, such as providing services that are more flexible and effective, quality agreements with service standards, greater management flexibility and new financial techniques. Third, market mechanisms such as public-private service delivery agreements have been made more use of (Cameron, 2008:49). Regarding the public sector, there were more than 300 SOEs in 1994 involved in a wide range of activities (Fourie, 2014:205). Bardill (2000:106-107) claims that the GEAR adoption led to a restructuring of public sector in a more strategic way with focus on goals such as cost-cutting, rights-building and privatization. This entailed the implementation of NPM principles such as privatisation, downsizing, outsourcing, and employment flexibility.

One benefit of NPM is that many hierarchical staff and financial control systems are decentralized or eliminated or reduced. Decentralization shall mean removing from the levels of government, local or operational bodies, semi-self-governing authorities, parastatal organizations, private entities or non-governmental private or charitable organisations, the power or responsibility for the decision-making, scheduling, management and allocation of

resources (Hope & Chikulo, 2000:28). Decentralization, within the scope of the NPM, is considered to be the means by which governments are able to provide people with high-quality services; increase management autonomous capability, particularly by cutting central administrative controls; demand, measure and reward for organizational and individual performance (Hope & Chikulo, 2000:28). Therefore, decentralization encourages managers to develop human and technical resources in order to fulfill their performance goals, generates a willingness and open-mindedness to achieve community goals for public servants rather than the private sector (Borins 1994). (Borins 1994) Therefore, it is a tool that enhances citizens ' engagement in decision-making, growth planning and management; enhances economic and management performance and efficiency; and enhances governance (Silverman 1992). The argument of Levin (2004:13) is that, because delegations are given to managers without the necessary resources to use these delegations efficiently, decentralization has not been really activated.

In terms of reducing the cost of government spending, one of GEAR's areas of significant impact on public sector reforms is possibly the attempt to cut it. Downsizing needs a reduction in public sector size to build a better and more efficient public service (Larbi, 1999:19). Ncholo (2000:98) states that, with the help of the Unions, decreasing the number of staff working on redundant projects and allowing for development in high-priority areas was expected to be reduced. Another tactic used to minimize the public sector was to allow existing employees to retire early under the 1996 Voluntary Severance Program (VSPs) (Franken, 2014:49). The other goal of the policy, Franks (2014), was to open spaces on Black South Africans' appointments. Hohls and Peroff (2001) however point out that for a number of reasons this approach has not worked. In the VSPs, for instance, skilled and experienced staff left and the wage bill was steadily wobbled away. Clearly, these changes affected workers and the quality of service.

The outsourcing or acquisition of a product usually offered to a private organisation by a government organization is another function of the NPM. According to Alonso, Clifton & Diaz-Fuentes (2011:6), governments can either buy goods and services from the private sector or NGOs for inclusion of their production network, or they can contract a business to provide public goods and services for a market or an individual, to be delivered directly to their citizens. (OECD, 2011). Based on the neoliberal logic, the state maintained that contracting out non-core functions to private companies would redirect resources towards building a lean, efficient and reformed public service. Those in support hold that outsourcing as a developmental concept is a key enabler of the government's black empowerment programme. Those against, argue that outsourcing is an ill-conceived concept that serves to perpetuate the exploitation of workers at the expense of enterprise profit (COSATU, 2010). Pegnato (2011) maintains that rivalry between public servants and businessmen can result in a more efficient government and, thus, huge savings for taxpayers. However, as an empowerment concept, outsourcing has benefited only the chosen few, while creating an army of low skilled, low-paid employees with zero labour rights protection (Moloto, n.d.:22)

Finally, the adoption of flexible employment practice is a key feature of GEAR approach in terms of labour market restructuring. Valodia (2000:7) argued that while the RDP had envisaged a more competitive labour market, GEAR had stressed the creation of a dual tag, one of high minimal standards and relatively good wages, while another of low standards and no minimum wages. The RDP had also highlighted the importance of a dual labour market. Blyton's typical work flexibility (1995:257) is used by Horwitz to analyse flexible work activities in South Africa, including operational, numerical and salary flexibility (refer to section 4.4.4 for further discussion on flexible employment). GEAR believed that this focus on the flexible labour market would reduce the labour cost of a business, increase profits and create new jobs.

4.4.3.1 Privatisation of SOEs

With regards to the privatization of SOEs, the Government aims to promote ownership of Black individuals or by the community and broad-based companies through a transfer or selling of equity interests within state-owned SOEs through the establishment of discounted investors. Nevertheless, in 1996, GEAR was introduced and privatization was stressed as a strategical necessity to improve the economy's vulnerability. The idea that government has no effective role to play in economics, according to Ritchken (2014:2). The aim of this policy was on bringing the private sector into key areas of the SOE value chain through processes such as privatization, deregulation, commercialisation and externalization of public services, both related to neoliberalism. This approach was turned into a 'restructuring strategy' strategy. In 2000, ANC's approach to the SOEs moved away from privatization, to greater utilization, by means of policies driven by a 'development system' rather than 'regulatory state', as an important mechanism for achieving the growth and development of the economies.

Under the new GEAR policy, the government called for the privatisation and restructuring of SOEs to raise revenue and create black owners of capital (PRC, 2012). Privatisation is not unique to post-apartheid South Africa. Already in the 1980s, the NP government had privatised some of the key SOEs turning them into 'commercial entities'. Two of these enterprises were SASOL and ISCOR that were formed to uplift the poor whites. This decision is based on the notion that the government has no effective role in the economy. This privatisation not only impacted on blacks but it also affected a number of white citizens whom the NP regime had targeted for upliftment, especially the Afrikaner enterprises in mining, agriculture, finance, manufacturing and commerce (Presidential Review Committee, 2013:3).

Privatization includes the transition to private sector–private charitable organisations and private enterprises–of operational control and liabilities of public functions and services

(Ritchken). (2014) This included a wide range of initiatives to encourage involvement by private sector companies in the provision of public service and remove or alter public corporations' monopoly status. It involves the selling of government services contracting to an outside entity, the sale of certain government services (such as water and telecommunications) to the private sector, joint venture between government agencies or departments and private entities, and private sector management contracts to handle particular governmental functions or services (Mclaughlin, Ferlie & Osborne, 2005:217).

A priority for the restructuring of the four major SOEs was stated in 1999: Telkom (telecommunications), Eskom (electricity), Transnet (transport) and Denel (defense production) (Fourie, 2014:206). These four SOE managed 90% of South African SOEs' top 30 capital. They combined produced 86 percent of sales and dominated the key economic strategic sectors (Fourie, 2014). The aim was to change the state position under privatisation to that of' tendering and supervising' contractors who provide public goods for the government (Dostal, 2010:148). Following the shift from RDP to GEAR, the privatization became a strategic imperative to reverse a weak apartheid economy. According to Greenberg (2006:15), the creation of the public sector asset reform plan, including guidelines for governance, management and public corporate finance, non-strategically disposable property, and the development of public-private transport and interaction partnerships were the central component of GEAR's medium-term strategy.

As for privatization, the ANC has implemented a restructuring strategy for public assets to create opportunities for equity investments by foreign investors in public enterprises. This has been regarded as a key element in attracting direct foreign investment (DoF, 1996). The plan offered a significant opportunity for the public sector to become a vehicle of black empowerment, just as the former NP government used affirmative action (now called

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'employment equity') policies to provide intermediate management and members of SOEs with predominantly black roles (Southall, 2004:6).

Therefore, when the idea of BEE was first mooted in 1994, the ANC proposed the establishment of a fund to warehouse shares in private state assets on behalf of black buyers to give individuals and consortia time to raise the capital to acquire the shares. The 1995 discussion paper on the Public Enterprise was supposed to redeploy wealth, boost small and medium-sized enterprises, have substantial positive effects and facilitate genuine black economic power (Greenberg, 2006:24). Nevertheless, there have been minimal effects on attempts by the government to increase BEE through privatization, in particular, due to a lack of eligible equity and available capital for potential black buyers (Southall, 2004:323). Notable is the fact that in Southall (2004:319) *capitalists without capital* – the Blacks without capital – were described as a major obstacle to black growth and also as enough Blacks who had gained the training and skills needed to take on management positions of middle and top management. Further, Greenberg (2006:35) stresses that the linkage between the government's BEE strategy and privatisation raised several issues. Through corporatisation, managers of public corporations have become part of the super-rich (see figure 1 below).

Figure 1: Who benefited from Privatisation of SOEs?

Name	Corporation	Total package (year)
Coleman Andrews	SAA (CEO)	R232m (golden handshake, 2001)
Thulani Gcabashe	Eskom (CE)	R13.05m (2005)
Sizwe Nxasana	Telkom (CEO)	R8.45m (2004)
Ehud Matya	Eskom (divisional manager)	R7.80m (2005)
PJ Maroga	Eskom (divisional manager)	R7.23m (2005)
Sizwe Nxasana	Telkom (CEO)	R6.97m (2005)
Steven Lennon	Eskom (divisional manager)	R6.79m (2005)
SM Mckenzie	Telkom (executive director)	R6.75m (2005)
Mpho Letlape	Eskom (divisional manager)	R6.35m (2005)
Andre Viljoen	SAA	R6.32m (2003)
PD Mbonyana	Eskom (divisional manager)	R6.26m (2005)
Jonny Dladla	Eskom (divisional manager)	R6.16m (2005)
Mafika Mkwanazi	Transnet (CE)	R6.05m (2004)

Source: Greenberg (2006:25)

What figure 1 illustrates is the fact that SOEs benefitted few elites, especially those closely aligned to the ANC. In fact, the privatisation of SOEs benefitted the elites only and not the majority of blacks, and the black working class. With the government experiencing strong criticism from both inside the ANC and from its alliance partners, the SACP and COSATU (Greenberg, 2006:25), focus changed from the state playing a greater role in the economy as an employer, to providing employment and facilitating the development of skills. But even this did not engender the empowerment of blacks to same extent as AEE.

4.4.4 Employment Creation and Skills Development

Historically, under apartheid, blacks had been denied full participation in the economy through job reservation policies, deliberate denial of access to skills and this reduced the chances of self-employment and entrepreneurship (DTI, 2006:6). Under apartheid, Keynesianism served to privilege a white minority of South Africans, while excluding the majority of blacks from the economy (Nattrass and Seekings, 1997:475). However, since 1994, the ANC-led government has attempted to use the labour market to extend social citizenship to all citizens.

The economic growth trajectory of South Africa was, until 1994, capital rather than labor intensive (Nattrass & Seekings, 1997:473). This meant that structured employment did not grow at the expected rate. One of the GEAR's main objectives was to build 400 000 jobs a year by 2000. That was not done however. Loots (1998:162) claims that a low degree of ability in the labour force is a contributing factor to inadequate job creation. Employment was created in the sectors requiring skilled labour and in the industries requiring unqualified labour. Under these conditions, the structure of the labour market was profoundly modified in which a large group of permanent workers were pushed into precarious employment situations, moving from formal employment to part-time, casual and informal work with serious negative economic

consequences for workers. The precarious work situation can be seen in the growth of labour market segmentation (LMS) in which workers have limited opportunity for upward mobility among the segments.

LMS is most commonly seen as the versatility of the workplace market, meaning that an organization can alter different aspects of its work and workforce in order to meet the needs of the company; for example workforce size, job content and working time (Barker, 2007:127). Horowitz (1995:257) defines flexible work as 'a non-standard or alternate work arrangement' consisting of several options that provide workers and inspectors with flexibility over how and where they work. The three kinds of versatility at Atkinson (1984:2) were: operational, number-related and pay. There are criteria for organizational versatility to redeploy workers between operations and tasks quickly and smoothly. This means that workers are adaptable and flexible, including multi-skilling and job rotation, to carry out a variety of tasks (Horowitz 1995:257). Numerical flexibility includes changing workplace size and composition in response to changes in demand levels and trends. Lastly, there are two reasons for wage flexibility: that wage costs represent the supply and demand conditions and change from standard pay structures to individualised paying systems with performance based variation (Horowitz, 1995:2 57).

A few years after its implementation, critics debated whether GEAR had succeeded or not. Habib and Taylor (1999) argued that GEAR's job creation and investment results were low. It had not fulfilled all of its planners' hopes of improving growth, employment or redistribution (Visser, 2004). From 1996 to 2001, the economy grew just 2.7 percent a year rather than the originally planned 6 percent. Instead of rising by the 3 percent envisaged, employment has decreased. Since 1996 over one million jobs have been lost and over one million additional jobs produced in 2001 have been destroyed. Visser (2004) notes that this has contributed to the implementation of labour-saving technology, increased outsourcing and a market change

towards casual and contract work. This poor record spelt disaster for the millions of workers that depended on the state for employment.

A Miraftab report (2004) has suggested that the informal and dynamic labour market has grown since GEAR's introduction, with persistent women (57 percent) and in particular African women (49 percent) being overrepresented. Figure 2, below, shows three trends in public sector employment (Hassen and Altman, 2010:7).

Figure 2: Public Sector Employment (1995-2009)
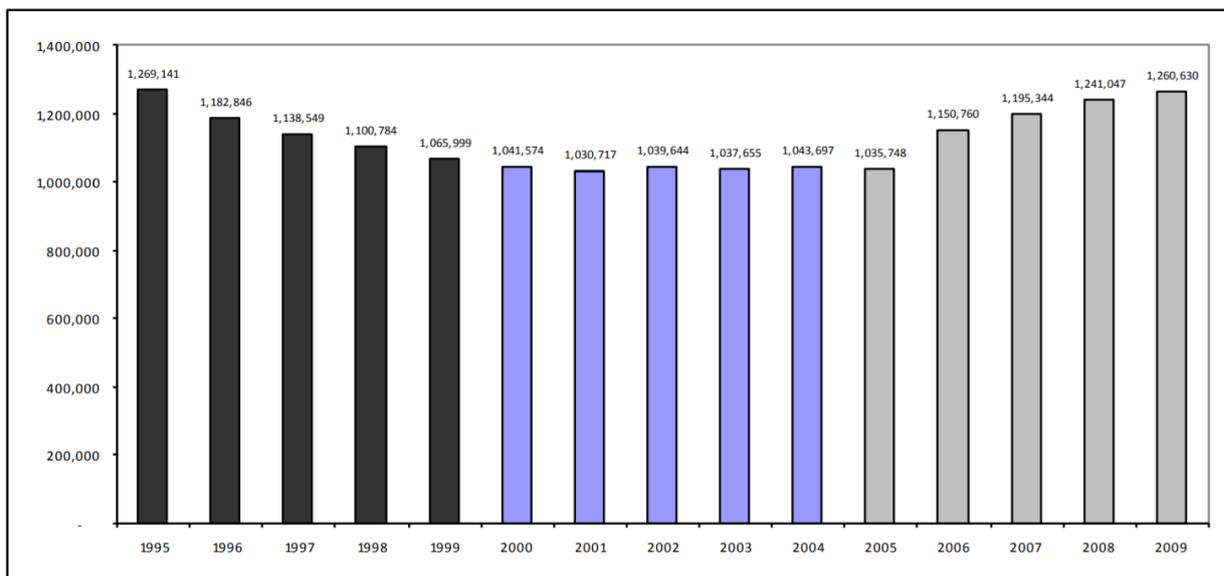
Source: Hansen and Altman, 2010

The first trend (indicated by black bars), shows that between 1995 and 1999, public sector employment declined by 16 percent from 1,269,141 to 1,065,999. The decline was due to the downsizing that followed when the ANC government opened the economy to globalisation. The second trend (indicated in blue bars) shows that public sector employment stabilised between 2000 and 2005. The last trend (indicated by grey bars) represents an increase in public sector employment of 224 882 jobs (Hansen and Altman, 2010:7). What this demonstrates is

that public sector reform in the form of the imposition of conservative fiscal policy to contain wages resulted in a negative effect on employment.

Despite the decline in public sector employment, there has also been the acceleration of 'non-standard work' since the implementation of the neoliberal GEAR framework by the ANC (Burrows, 2013:4). In many sectors of South Africa's economy–traditionally known as regular employment, there has been a rapid expansion of casual, seasonal work and contract work since the 1990s. Atypical, 'non-standard' or even 'marginal' are the words used to define or refer to new workers working, for example, for part-time, contractual, self-employed, temporary, fixed, seasonal, voluntary, part-time or staff supplied by employers, domestic workers and informal workers (Fourie, 2008: 111). According to Rees (1997:30), the government's decision to change policy from RDP to GEAR exacerbated this trend through processes such as privatization, deregulation and labour flexibility.

The resilience of the labor market is accomplished by businesses trying to compete to cut costs at worker's expense. It means that coverage and benefits are cut and a 'working poor' division has been created. Burrows (2013:5) maintains that mobility has become central to the increase in precarious employment, given the stability of social protection in organized work and the welfare state. Watson *et al*. (2003) argue that basic elements, including guaranteed sick leave and holiday leave, of the wage structure have slowly eroded and the right of these workers to have their time off is washed out. This raises also serious issues with wider economic and social participation, including adequate housing, jobs, job protection and the connection between welfare and work.

In South Africa, many non-standbard workers are the women and poor, non-skilled workers formerly oppressed by the apartheid regime. According to Mkhabela (2005:8), flexible employment has impacted negatively on workers and trade unions. Webster & Buhlungu

(2004:48) argue that trade unions have been unable to organise vulnerable workers and precarious work. The membership of trade unions itself has decreased, which means that the unions have been unable to mobilize and protect the increasing layers of mobile workers, that the trade unions have been weakened and that it ends up 'in the diminishing segment of the working class'. Mathekga (2009:27) added that stability in the labour market is difficult for workers by increasing their salaries. Most flexible staff–like casuals and contract workers–receive lower pay than permanent employees. In addition, the growth of insecure and low-wage noncore jobs has caused widespread poverty because of low wages and erratic employment. The wage loss due to uncontrolled practices would gradually remove assets such as cars, investments, mortgages and workers' insurance policies. The dramatic rise in flexible employment, Theron (2005:311) points out, has lowered workers' rights and significantly reduced trade union control.

Koelble therefore argues that since South Africa's transition to democracy and international capitalist policy there have been no socio-economic advantage (2004:61). Accordingly, almost 422 000 jobs were lost, and private-sector employment decreased by 2.7 per cent in 1996, as shown in Michie and Padayachee (1998:632). South Africa (2001) statistical information revealed that South Africa's official unemployment rate increased from 20 percent in 1994 to a record 29, 1 percent in 2001, while growth in unemployment rose to 41, 5 percent in 2001 from 28, 6 percent in 1994. The one way in which the South African welfare state regime has provided for unemployed, healthy adults is through public sector employment (Michie and Padayachee, 1998:470). Although the public sector employs the majority of the population, Pillay claim (2008a:50) that, after introducing the NPM strategy, almost 200000 jobs were lost in the public sector from 1995 to 2000 and that public service was decarbonized and state functions were outsourced.

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Another strategy for creating jobs is public works programs, which have been used in South Africa since the 1930s. The UP government sought to eliminate the poor white problem by launching an ambitious Public Works Programme to provide employment for unskilled whites who would otherwise not have been able to find employment (Khanyile, 2008:24). The ANC has also agreed since 2002 that the use of labour-intensive constructions for alleviating poverty and addressing infrastructure backlogs in historically disadvantaged areas should be extended to a wide range (Khanyile 2008:25). Building ladder between the second economy and the first financial, the government of the ANC agreed by 2003 to launch an extended public-work program (EPWP) to encourage exit strategies. Wages, infrastructure and training are common 'ladders' (McCord, 2005).

The EPWP has four major objectives. These include creating temporary employment and income opportunities for unemployed South Africans. Furthermore, the program was designed as a means of economic empowerment to provide educational and training for program participants. Furthermore, the project, through infrastructural growth, is structured to provide labor intensive public services and goods. Finally, the program includes equipping students with experience, career skills and information on job opportunities in their fields (Heradien, 2013:46). Nonetheless, for several reasons, this approach has been criticized. For example, McCord (2005) stressed that 'labour-based technology' was not implemented as expected. In contrast, the work and training experience of the workers received was not adequate to alleviate poverty. In other words, EPWP fell short of addressing the structural unemployment the country was facing.

In terms of skills development, the ANC started its new era with a huge crisis of skills shortage due to the legacy of craft unions (Horwitz, 1995) and notorious job reservation policies (Hirsch, 2005; Daniels, 2007). Historically, the combination of job reservation ensured that Africans

were not trained as artisans or professionals. From the 1920s, it was illegal to award apprenticeship to Africans in terms of the Apprenticeship Act of 1922 (Hirsch, 2005:185). Additionally, the Industrial Conciliation Act of 1924 confined blacks to only unskilled and semi-skilled work. In the mid-nineties, when blacks became politically independent, the majority of blacks remained behind because the education system was still fragmented, and the training system was decentralized and un-integrated. The result was an inadequate investment in the development of important skills and a narrow skills base.

In the labour market, the NP government policy combined aspects of Fordism and Keynesianism to regulate the market by applying a hierarchical division of labour with narrowly defined and single-tasked jobs (Kraak, 1992:405). Nonetheless, Kraak (1992) maintains that South African Fordist human resource was based on 'racial Fordism', based on the combination of apartheid and import substitution industrialization. Based on the logic of racial capitalism, the racial division of labour found under both Fordism and post-Fordism kept black wages low, served as the greatest obstacle to democratizing workplaces, and whites dominated the key skilled occupations and blacks occupied the unskilled positions. Blacks were denied access to skills development. Consequently, this led to an intense polarization of skills between high skill and low skill elements (McGrath and Akoojee, 2007).

As a result of racially determined access to training, vast racial and gender inequalities continued to characterize how wealth, income, employment and skills were distributed. The ANC government passed the *Skills Development Act* No. 97 of 1998, to redress the 'low skills regime' (McGrath, Badroodien, Kraak and Unwin, 2004). The 1998 law created a structure for developing skills in working environments, strengthening the capabilities of workers in South Africa and incorporating approaches for skill development into the National Qualifications Structure (Van Jaarsveld, 2005). The 1998 Act provided three incentives to employers who

train blacks, namely: an annual grant for each learner (this varies depending on the type of industry), wages to be paid to the trainees to be kept low, and employers to deduct the total cost of trainees' wages from taxable income. In addition, the Act established a National Skills Authority to promote the development of skills in the labour sector by liaising with Sector Education Training Authorities (SETAs) on skills development policies and learnerships. Learnership is an agreement between three parties, namely a learner, an employer and a training provider accredited in terms of the *South African Qualification Authority Act* No. 58 of 1995. The success of these policies depends on sound administrative capacity and quality of leadership in the SETA (Penxa, 2009:193).

Kraak (2008:10) argued that there was a lack of verification and/or validation of some of the SETAs within the Ministry of Labour, which led to skewed results. In addition, a number of SETAs are blamed for poor management and financial administration. Three factors are responsible for this poor performance. First, the lack of political will in the context of a number of government laws adopted since 1994 in order to establish conditions for the success of a new integrated education and training policy frameworks. For this reason, the SETAs, Further Education and Training (FET) colleges, higher schools and employers have not signed sectoral agreements, so that Southern Africa has failed to integrate education and training. Second, in the early' co-determinist' thinking, the NSDS was underpinned by the emergence of governance issues unexpected in the mid-1990s. After 1994, there have been several new bodies to the new training framework–including twelve National Standard Bodies (NSB), more than one hundred Standard Generating Bodies (SGBs) and many Quality Assurers for Education (ETQAs). The South African Qualifications Authority (SAQA) is responsible for managing the whole network of institutions (Kraak, 2008:14). Thirdly, a myriad of operational problems has bedeviled the SETA structure. There have been problems with learnerships, such as the

outsourcing of learnership and design and registration, which are all time-consuming (Kraak, 2008:15).

Ken Hartshorne (1986: 118) maintains that skills development initiatives are limited owing to the educational background of many workers. A large pool of educated and qualified Blacks, who can occupy key positions in the private or public sector, is hard to achieve with the poor quality of education provided by the public-school system (Sibalikhulu, 2012). In 2005 ASGISA was launched in the government to halve unemployment from 30 percent to 15 percent by way of Accredited and Sustainable Growth Initiative for South Africa (Mummenthey, 2010).

A year after the introduction of ASGISA, the government launched the *Joint Initiative for Priority Skills Acquisition* (JIPSA) to identify urgent skills needs, and to offer quick and effective solutions. The following key areas of skill shortages have been established by Mlambo-Ngculka in 2006: i) high-level engineering and planning skills for infrastructure development; ii) craftsmen and technicians, particularly for infrastructure construction; iii) social and local government management and planning skills; iv) teacher training for mathematics, science and English; v) skills for priority sectors, especially project management and finance; and vi) skills for local economic development. What this shows is that even though the government plan looks the same as the NP's skills development plan, the change in the economy now limits the government's authority to intervene on behalf of the poor.

While the above illustrates international influences on the evolution of skills development, two local issues inspired the government to consider skills development for black economic empowerment. Though access to social and industrial citizenship has extended to all citizens under the post-apartheid South Africa, accessing economic benefits is still a challenge for the blacks and working class. However, the implementation of GEAR has led to the

'commodification' of industrial and social citizenship, such that citizen's right to welfare services is curtailed by the state's minimum support and means-tested services. Consequently, this has led to perceptions that economic empowerment has benefited the elites, and favoured a small minority who are permanently employed, while excluding the majority who are unemployed and working in the informal sector.

4.4.5 Trade Unions

The post-apartheid trade unions initially played a leading role in the creation of a health and well-being agenda and helped shape the goals of a new democratic society with the provision of public goods. Since 1990, the Congress of South African Trade Unions (COSATU) formed an Alliance with the ANC and the Communist Party of South Africa (SACP), the So-called Tripartite Alliance, based upon a broad agreement on social welfare and security policy (Baskin, 1991:429). With the help of COSATU and the SACP the ANC won the 1994 elections, with the former canvassing support for the ANC and deploying its leaders to serve in various structures of government. Baskin (1991:432) maintains that the main objective of the Tripartite Alliance was to dismantle apartheid and build a non-racial, democratic and unitary South Africa. Of all three organizations, COSATU was the most organized part of the Tripartite Alliance and had the best capacity to mobilize people (Ehrenreich, 2018).

Similar to the AEE, trade unions played a vital role in transforming the country and winning the rights for workers. According to Ashman (2015:55), the Labour Federation played an influential role during the transition period, by mobilising a mass stay-away against value-added tax (VAT) and formulating policies for the new democratic order. Beyond this, COSATU, to some degree, shaped the RDP which was the ANC's election manifesto in 1994 and it also played an important part in establishing the new labour relations framework, as contained in the Labour Relations Act of 1995 and the Basic Conditions of Employment of

1997, which entrenched minimum labour rights. The RDP established new structures with the aim of creating a 'social partnership' and a 'voice regulation' between labour, big business and the state, similar to the post WWII social contract model. The unions became vocal supporters of progressive social welfare reforms according to Ehrenreich (2018). In its 1997 Social Welfare White Paper, the federal government proposed a deeper commitment to improving the coordination of a system of social security to provide people, people and those unemployed with knowledge that no South African would live in poverty if a government were to implement a system. Additionally, during the October 1998 Jobs Summit, organised labour urged the state to provide a universal, non-means tested Basic Income Grant (BIG) – set at R100 per month for poor, unemployed South Africans. COSATU (1998) emphasize that the BIG would improve people's economic activity by providing them with access to cash, improving their health and learning skills in schools (Barchiesi, 2007:569).

In addition to shaping labor market policy implementation, unions helped develop a new concept of social wage and social security to stimulate the labor market after Apartheid; including direct transfer of income (such as social security benefits, the UIF, the pensions for old age and retirement funds) and public support of labor costs (COSATU, 1998). Social insurance included the unemployment insurance, health insurance, and retirement funds. In the 1990s, when the ANC took over the government, the UIF benefitted less than 10 percent of the unemployed (COSATU, 1998). COSATU therefore proposed that UIF benefits should ensure that low-income workers receive more of their wages as benefits than well-paying workers who should receive a lesser share of salaries as benefits. The trade unions have accepted, as stated in the RDP and enshrined in the Constitution, the idea of access to free health care at the moment of delivery. COSATU (1998) supported the introduction of the single National Health Insurance Scheme, funded from the general taxation and supplemented by additional contributions from workers and employers.

However, since the implementation of GEAR, the ANC has since been drawn into orthodox economic policies, thus marginalizing COSATU and the SACP's redistributive programme (Webster & Buhlungu, 2004:236). As a result of trade liberalization, the structure of the labour market has changed, leading to growing divisions between workers and a decline in trade union membership (Ashman, 2015 and Kapp, 2013:103). COSATU (2018:318) attributed this decline to increased internal strife within affiliates which led to poor membership service and recruitment; the collapse in the capitalist economy which resulted in increased job losses; the mushroom of counter unions has led to a decline in some of its affiliates and this further contributed to a loss of membership; and finally, the weakening of job security and informalisation of work which adversely led to the replacement of the formerly employed workers with the 'new working poor', such as the those workers who are either outsourced into precarious and lower paid jobs or are retrenched and attempt to become self-employed.

Ashman (2015) pointed out that since the introduction of GEAR, the employers have adopted flexible employment practices, labour broking and outsourcing that produced massive casualisation and fragmentation of the working class. This has led to a rise in 'non-standard work', irregular working hours and workers receiving low pay (COSATU, 1998c). Its argument is that non-standard employees receive lower wages than stationaries and are unable to engage in union activity to demand higher wages, according to Wervey (2011), Anderson and Paton (2012) and Finnemore and Joubert (2013). Often they have very few or no benefits including retirement, medical help and, in severe conditions, work for long hours as well. According to Rees (1997:30), the growth of the labour broking industry is further evidence of the growth of flexible labour.

As Atkinson (1982) showed, under the flexible firm, workers are divided into the 'core' and 'non-core'. Core workers are insulated from fluctuations of the market, they have secure

employment and belong to trade unions, and the terms and conditions of employment are designed to promote functional flexibility. Interestingly, while private sector employment has declined, public sector employment has risen, and so has membership of public sector trade unions to the extent that they now dominate union membership in South Africa (Bhorat *et al.,* 2015:22). These shifting demographics have led to some concluding that the post-1994 period has generated new labour elite, namely the unionized public sector employee – turning COSATU into 'an organisation of a new middle class' (Gentle, 2014). This understanding demonstrates that in the new South Africa, public sector workers form the new elites while private sector employment has only benefited a small group of the elites and marginalised the poor and black working class as this will be shown in the case study.

4.4 Social Factors Facilitating Economic Empowerment

Besides the political-legal and economic empowerment, empowerment also depend on social empowerment. Wright (2010:110) notes that social empowerment refers to a system of policies that are not the specific interests of particular groups but a broad-based social program. Civil society organizations (CSOs) work outside state boundaries, have become the voice of the oppressed and have worked to advance government policy priorities in the poor and Black. This section considers the role of CSOs and cultural organisations in promoting social empowerment and recognises the influence these organisations have on society and their ability to influence politics, the law and the economy.

4.5.1 Civil Society Organisations (CSOs)

The ANC has not been able to formulate a comprehensive and coherent South African definition as a nation under post-apartheid South Africa. Instead, the ANC advocated for a non-racial society based on redress of the past, equal rights and a common culture. Unlike AEE where the *Helpmekaar* and the *Broederbond* mobilised Afrikaner cultural organisations under

the FAK to uplift the white Afrikaners as a class, under BEE, the CSOs focus on specific issues rather than the upliftment of a specific group. Asuelime (2017:55) argued that CSOs tackle a variety of issues like work conditions, agricultural productivity, deterioration of the environment, and urban services that clearly represent people's fundamental and civilian rights. Prior to 1994, there was a proliferation of mostly urban-based civic, labour, and community-based organisations mobilised under the United Democratic Front (UDF) to challenge the apartheid state, using the liberal language of rights, citizenship and democracy, alongside the radical rhetoric of the revolutionary struggle and national liberation (Robins, 2008:18). Founded in 1983, the UDF comprised a broad coalition of hundreds of organisations such as churches, civic associations, trade unions, student organizations, and sports bodies and became the 'internal wing' of the ANC. However, the UDF disbanded in August 1991 after the unbanning of anti-apartheid political parties (Spector, 2013).

The CSO sector had been thrown into turmoil after 1994, trying, among its newly established democratic structure and associated civil liberties, to redefine its positions, obligations, roles, strategies, identities and relations with the state (Weideman, 2015:2). Several members and organizations in civil society have moved from promoting grassroots groups, to shaping strategy for the new government. This contributed to a breakdown in the democracy of civil society (Leonard, 2014:380). Robins (2008:22) maintains that the declining influence of civil society organisations is due to a withdrawal of state subsidies and reduction of soft loans and grants for development programmes by the IMF and World Bank via Structural Adjustment Programmes (SAPs). Piroshaw Camay (2013) added that civil society has declined since 1994 owing to two main factors: the first factor is intellectual capacity. Several academics and civil society activists have joined the government as politicians or government officials creating a vacuum for leaders. The second factor is the decline in financial capacity that has led to the weakening of civil society, as donors turned their attention to the new government.

In addition, the ANC's embrace of neoliberalism has led to a process of policy-making that is 'relatively closed hierarchical and expert-driven' (Mandlingozi, 2007). Unlike the pre-1994 movement, the post-apartheid CSOs is linked with the promotion of democracy, good governance and development (Asuelime, 2017). The 'new' CSOs responded to 'bread and butter' issues and were more confrontational and critical of the government (Weideman, 2015:3). Such CSOs are in the vanguard of social change, which are battling "access to housing, health and education, provision of basic services, violence against women, gay and lesbian rights and the battle against xenophobia" (Naidoo 2012:18). Its capacity for innovation and public interest has expanded, pressing the state and providing services to society sectors that others cannot touch. Friedman (2002:14) believed that CSOs were' the intermediaries between the social policy framers and those for whom it was intended'. This understanding of civil society organisations is necessary to understand to what extent they are playing the same empowerment role as the *Helpmekaar* and *Broederbond* under AEE.

4.5.1.1 National Federated Chamber of Commerce (NAFCOC)

Besides the UDF, the National Federated Chamber of Commerce (NAFCOC) have consistently played an important role in terms of promoting the interests of blacks, especially black traders. Established in 1968, NAFCOC has campaigned for their trade privileges to be abolished in city councils and to persuade their restrictions to be lifted. This understanding is necessary to understand the history of black participation in the economy and the apartheid government's dilemma in building an African capitalist class (Southall, 1980).

Prior to 1994, NAFCOC promoted the growth of the African business class through the fight against legal restrictions on African private companies; the mobilization of black capital for advancing African businessmen through appeal of an ethnic attraction; and policy concessions through urban leadership and political stability through expansion of the African business

world (Southall, 1980:49). Earlier White governments passed the 1934 and 1963 proclamations restricting African traders to small goods and low-level trading, which mandated that the five-mile range of indigenous merchants, butchers, and bakers should be reduced to two miles.

The proclamation of 1963 imposed harsher restrictions on black businesspeople in the homelands, including the fact that i) blacks would not be allowed to trade in an urban area outside an urban black township. No further blacks would be given licenses to trade in such areas, as peddlers, hawkers or speculators in livestock or produce; ii) the running of more than one business, whether of the same type or not, by the same black person was not allowed, not even in different townships in the same urban areas; iii) no business, which did not confine itself to the provision of daily essential domestic necessities would be established and iv) the establishment of black companies or partnerships was not allowed in the urban areas (Maseko, 2000:84). To these ends, NAFCOC saw the winning of the rights of Africans to own property, the creation of black-owned companies and partnerships and obtaining capital loans for black traders as the beginning of black empowerment.

The president and founding member of NAFCOC, Dr. Sam Motsuenyane (1974 quoted in Southall, 1980), held that 'Black land ownership was a crucial element of capitalist development because Black people in South Africa were denied it, in this case [...] I cannot say how black people can develop capitalism's love without becoming bourgeois and seeking justice'. This quote echoed the view of another influential businessman, Richard Maponya, earlier that year, when he called for a diversification of black business opportunities to allow an African middle class to emerge (Southall, 1980:65).

These calls for development of black capitalists resulted in NAFCOC mobilising funds as a strategic goal for black economic empowerment. Similar to Afrikaner ethnic mobilization, NAFCOC appealed to black sentiment and advocated for the deracialisation of the commercial

sector by establishing the African Bank of South Africa, the NAFCOC insurance scheme, the Black Chain supermarket group, and the African Development and Construction Company. Buthelezi (1974) cited in Southall (1980:55) maintained that support for the establishment of black banks came from foreign banks and homeland governments through the buying of shares. The overall objective was to provide financing on concessionary terms to black businessmen. NAFCOC's success in creating an African bank culminated in the creation of a national Black Insurance Company, whose aims were to make long-term capital investment available for enterprise ventures in black areas (Southall, 1980:57). This success also encouraged NAFCOC to establish a wholesale and supermarket group – National Black Supermarket – to promote the interests of African businessmen.

Thanks to strategic partnerships with the opposition ANC, NAFCOC became central to the freedom movement in the 1990's. According to former ANC president, Oliver Tambo, the ANC and NAFCOC leaders met in Lusaka in 1986. Here, both leaders shared similarities in terms of the fight against economic exclusion and how the replacement of apartheid with a democratic government could benefit the rising black bourgeoisie (Macozoma, 2003:22). Unsurprisingly, after winning power, the ANC promised that it would support black business by expanding the market, while creating the possibility of free competition by ending monopoly capitalism. This alliance between the ANC and NAFCOC grew after 1994, when the former applied the Freedom Charter principle of deracializing the economy (Mbeki, 2002).

During their presidential address in 1990, NAFCOC presented its vision for a transformed economy. According to NAFCOC, by the end of 2000, 30 percent of equity of the companies on the Johannesburg Stock Exchange (JSE) were to be owned by blacks; 40 percent of all the managers in South Africa were to be black; 50 percent of all directors of the companies on the JSE were to be black; and 60 percent of the goods and services, which were bought by

businesses, were to be sourced from black business (NAFCOC, 1990). However, in 2000, *Fin24* (2017) revealed that white South Africans owned 71 percent of the value of JSE and that blacks owned 22 percent – 8 percent below NAFCOC's target. By 2015, black South Africans owned at least 23 percent of the shares of the JSE, and owned 3 percent of the JSE. Based on the logic of BEE, the government had changed its target to 25 percent black ownership by 2017 in line with the Code of Good Practice. Nonetheless, *Fin24* (2017) reported that foreign white ownership increased from 6 percent in 2000 to 31 percent in 2015, resulting in white ownership dropping from 71 percent to 45 percent. In addition, the *Mail & Guardian* (2016) reported that whites constituted 68 percent of all directors on the JSE.

Under the BBBEE's Code of Good Practice, the government relies on the non-governmental organisations as strategic role players in the implementation of empowerment legislation. Section 9 of the BBBEE Code of Good Ethics introduced a framework for measuring BBBEE and highlights specialised enterprises such as Non-Government Organisations, Section 21 Companies, Public Benefit Organisations and Higher Education Institutions as key to measuring BBBEE ownership (DTI, 2007:20). Civil society should play a role in monitoring democratic institutions and elected representatives, in protection of ordinary citizens ' democratic rights and, in many cases, in the provision of public and social services (Gumede, 2017). Clearly, NAFCOC's ideal has not materialized and ownership has become a political tool used to promote transformation agenda.

4.5.3 Cultural Organisations

There were also organisations linked to identity formations that played a key role in promoting blacks and providing support for black economic empowerment. Even though there has been a proliferation of CSOs in the post-apartheid South Africa, they are not as organized and coherent as the *Helpmekaar* and the *Broederbond* in promoting and developing social capital for black

economic empowerment. The former focused more on uplifting the white Afrikaners as a class and as a 'nation' while the post-1994 CSOs are all focusing on specific issues or needs rather than upliftment of blacks as a nation or class. Interestingly, the post-apartheid debate about culture and economy revolved around an old African social philosophy of *Ubuntu* (Migheli, 2011).

Ubuntu literally means 'humanity towards others' (Gianan, 2010), whilst the term 'Ubuntu' means 'I am simply because we are, and since we are, I am' (Shutte, 1993:46). For Tutu, it involves mutual interaction between individuals, which "render us human" (1999). This means "humanity towards others" (Shutte, 1993:46). Ubuntu implies that each entity exists because the other does so, and the necessary relationship between persons means mutuality and cooperation so much as other persons' lives are one's own life (Migheli, 2017:1213). This idea suggests that there exists a strong sense of community that each person can exist only in a community and that therefore the community's survival is its survival. The community's sense is created and maintained through the relationship among its members. This understanding of Ubuntu means Ubuntu is based upon the sense of community and is in close connection with the idea of social capital, which consists of interpersonal connections between people and individuals and social involvement (Migheli, 2017:1222).

Nonetheless, since 1994, the economy of South Africa has not followed this *Ubuntu* culture. The Archbishop Emeritus Desmond Tutu and Thabo Mbeki lamented lack of *Ubuntu* in the implementation of Black Economic Empowerment (BEE) legislation. Tutu (2004) argued that BEE has created and enriched a new clique of privileged people close to government officials. Ironically, former president Thabo Mbeki (2006) and an architect of GEAR added that the ties of kinship, community, career, religion have been broken by neoliberalism and substituted by the pursuit of personal riches by those people who, as he states, are "atomistic" and

"individualist". Mbeki warned African leaders and the masses not to adopt the psychosocial behaviour of their oppressors, where individual acquisition of material wealth, oppression and exploitation became the defining social value, but to reject this tendency and replace it with a good, moral, caring and humane culture that reflects *Ubuntu*.

Ubuntu is an ideology of community life and collective responsibility, according to Maluccio, Haddad and May 2007:57, and it invokes concepts of love, collaboration and mutual support. Chaplin (1995) maintains that Ubuntu offers the following structure for uplifting humanistic values of personal empowerment:

> 'There exists in every human being an enormous wellspring of potential. Within that wellspring of potential lie five fundamental sources of personal empowerment and social harmony: human consciousness, compassion, creativity, collaboration, and competence'.

Chaplin's assertion provides a useful framework to understand how *Ubuntu* can empower people economically through collaboration, partnerships and friendship. This understanding will show that *Ubuntu* has a close connection with the western notion of social capital which highlights networks, norms and trust relations that empower societies to respond to common concerns (Pronyk *et al*., 2008:1560).

Maluccio *et al*., (1999), argue that social capital has a positive return on personal income and a strong connection with Ubuntu in South Africa. Three different types of social capital can be found in the broad literature. These are bonding, bridging and linking social networks (Putnam, 1995 and Woolcock & Sweetser, 2002). Putnam (2000) argued that bridging social capital is characterized by generalised trust and charitable volunteering action such as being part of a community forum.

Under post-apartheid South Africa, organisations providing bridging capital included churches and CSOs. Compared to the AEE, there has been little scholarship on the role of churches in promoting BEE and development. The Government led by the ANC seeks to put the position of the South African Churches in nation-building instead of the role of watcher. This is problematic as some analysts, such as Khumalo (n.d:8), claimed that the high level of centralization in government made it difficult for other groups – be they civil society, opposition parties or faith communities – to engage with or even to participate in government.

Adam & Moodley (1987:49) hold that African leaders developed black theology as a crucial tool for mobilisation. During the 1980s, African Independent Churches (AIC) represented a high percentage of South Africa's black population, most of whom were very poor. These independent churches were not considered to be 'proper churches' but treated as sects. We are linked to the South African Council of Churches (SACC) multi-confessional members, but their voices are not always visible in the Council due to a lack of leadership and unity.

Since 1994 independent Churches have grown on theological as well as pragmatic levels by emphasizing the re-elaboration of African identities and by applying a transformative approach to the conditions of poverty and misery under shifting social and political circumstances, thanks to their ability to interpret and address the problems of the post-apartheid era (Bompani, 2010:309). The AICs draw their attention to their ability to establish strong links within the religious network and to participate fully in spiritual as well as on earth. In the poorest economic situation where there are few more aid agencies or organizations working on a broader scale, these churches play the powerful and sustaining role of the Black Africans. Bompani (2010:317) argues that social support networks and diverse community structures were one of the most important functions given to households to work together to meet their living needs in the homes. Such community support networks are made up of family and friends

networks that can provide food or money for struggling families or can add up a household's income to provide occasional jobs.

Within the AICs are various community-based networks promoting bridging social capital. One of them is called *stokvels*. Bompani (2010:307) notes that AICs have been active since 1994 in significant business activities such as cooperative mutual benefit organisations, saving clubs, lending firms, informal savings funds and funeral companies which manage millions of South African rands. Historically, Africans have used Rotating Savings and Credit Associations (ROSCAs) – locally referred to as *stokvels* – to exchange millions of Rands in the informal markets (Verhoef, 2001 and Moliea, 2007). Mfeti (2017:1) argues that *stokvels*, with more than 11 million members, are popular in most African communities, and the majority offer a range of services from traditional savings *stokvels* to the contemporary profit-driven clubs. Bompani (2010:318) argues that the money and investments collected is used to develop members' skills, fund education and find employment. Therefore, mutual trustworthiness and personal friendship arising from a shared culture form an important membership qualification to *stokvels*, which can help to broaden the benefits of empowerment.

Under post-apartheid, the SACC representing various denominations, including the AICs, advocated for economic justice during the debate about social welfare. During the People's Budget Campaign, The SACC stressed a people-centered, redistributive, economic vision, in contrast to the fiscally conservative, elitist-driven economic framework in South Africa (Kuperus, 2011:290).Because of its critical stance on many public policy issues, Kuperus (2011) claimed that the SACC has been side-lined by the government.

The linking social capital is characterized by relations among those with different power levels or social status, for example, the political and public elite or people of different social categories (Woolcock 2001). The relationships are usually formed through the framework of

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formal or institutional authorities, where rules of governance concerning initial participation and maintenance are defined (Jordan *et al*., 2010). The relationships are usually formed through the framework of formal or institutional authorities, where rules of governance concerning initial participation and maintenance are defined (Jones & Woolcock, 2007). To this end, the implementation of BBBEE is supported by a number of institutions providing various 'vertical relationships' with the poor, such as the BBBEE Advisory Council, chaired by a president and administered by the DTI, the BBBEE Commission, BBBEE Verification Professional Regulator, Sector Councils and various government ministers. However, critics of BBBEE legislation argue that real empowerment of people was not happening due to lack of meaningful relationships or connections between the poor and working class and the big companies, as well as government.

These civil society organisations played an important role in community development, and social transformation by mobilising communities at grassroots level and linking them directly to the government and business. However, under BEE, they are far more dispersed, fragmented and divided, the links are not as solid as they were under AEE, and this is why they have not been successful in their approach to promoting economic empowerment. With this understanding, the research will show that under apartheid, the macroeconomic policy was quite 'socialist' in terms of broad empowerment while under BEE it is more capitalist, benefiting only the elites, while marginalising the poor and the black working class.

4.6 Conclusion

This Chapter has argued that the increase of unemployment, poverty and inequality caused by racial discrimination in labor and social welfare policies in South Africa was the cause of empowerment under Post-Apartheid Africa. Unlike the NP, the ANC's theory of nationalism was not based on discrimination of any sort, rather it promoted equality and non-racialism with the aim of redressing the past inequities. Two of its founding policies, the RDP and the WPSP,

ushered in a developmental welfare state, promising to devise appropriate and integrated strategies to address unemployment and poverty causing economic and social marginalization of vast sectors of the population.

As the legislator, the ANC passed various legislations to redress the imbalances of the past that affected the economy, politics and cultural spheres. Economically, the government somersaulted between two macroeconomic policies, the RDP and GEAR. One affirming and allowing the state to intervene in the economy on behalf of the poor, working class and the most vulnerable; the other based on market fundamentalism. The latter failed to grow the economy at a level high enough to promote job creation, instead it produced a huge job loss accompanied by the growth of 'atypical' employment such as casuals, part-time and contract work, with few chances of skills development, employment benefits and trade union memberships.

Socially, various organisations – including civil society groups that supported the AEE – collapsed under the new macroeconomic policy leaving the unemployed and working class vulnerable to poverty and unemployment. African blacks remained divided in terms of language and culture and this made social empowerment impossible. The next chapter describes the research method used to understand how these macro processes were implemented at Iscor.

CHAPTER 5: RESEARCH METHODOLOGY AND THE REFLECTIONS

5.1 Introduction

The previous chapters have outlined the historic roots and development of empowerment policy for the white Afrikaners under apartheid and the blacks under post-apartheid. The chapter explains how I selected participants to this study, the research methods used to collect and analyse data, and finally reflect on the ethics, limitations and research process itself that shaped this research. The analysis for this study was qualitative and included a variety of methods, including detailed interviews, focus groups and impressions of participants. However, a key methodological challenge faced by the study was how to select the appropriate participants to establish how empowerment was implemented, what political, economic, legal and social benefits accrue from empowerment and the factors that influence the success of such project.

The chapter begins by describing how the cases were selected and compared. Thereafter, the state of archives is explained, while noting their variety and challenges I faced in accessing them. Access to the research site for interviewing management and company documents are explained. The selection of participants made use of non-probability purposive sampling to ensure that a full variety of participants was well-represented in terms of employment, gender, race and affiliation. It then includes data collection and analysis, before drawing conclusions on the research ethics, limitations and generality as well as the validity of the results. The chapter concludes with a reflection on the research design, research ethics and limitations of the study.

5.2 Background to ISCOR / AMSA

The study used a case study approach, where Iscor, now AMSA was selected, to understand how the macro analysis of empowerment is applied at a micro level in depth and within its real-life context, especially when the boundaries between empowerment and context are not clearly evident (Yin, 2009:18). According to Yin (2009), a case study approach is an empirical research method applied commonly in qualitative research in order to answer questions regarding how or why a phenomenon occurs. Thus, the aim of case study research is to understand a phenomenon through the study of an individual or small number of 'real life' cases (for example, location, community, organisation, or issue) (Yin, 2009 and Bryman, 2012).

Iscor was founded in 1928 after the Pact government adopted the *South African Iron and Steel Act* No. 11 of that year, to produce iron and a range of steel products, as well as to create employment opportunities for whites. The South African iron and steel industry developed largely through state intervention. Lack of funding for the old steel corporation known as Union Steel Corporation of South Africa (USCO), which was responsible for processing scrap metal, led to the enactment of an Iron and Steel Industrial Corporation Act (henceforth referred to as ISCOR) in 1928 (Iscor, 1989: 4). It was on the basis of this aforementioned Act that the first Iscor plant was established in Pretoria in 1934. The government developed the iron and steel industry in lieu of preparing South Africa's government-led industrialisation, in order to meet the economic and political demands post-World War I and to create a semi-state industry in government control that would allow 'public' participation (Iscor, 1989:4).

However, in March 1940, Dr. Hendrik van der Bijl announced that Iscor would expand and would now include the construction of a new steelworks. According to Prinsloo (2013), these extensions became necessary because local production provided only a third of the Union's

steel needs. As such, the *Iron and Steel Industry Act* No. 11 of 1928 was amended in 1941 and Vereeniging, which had already been developed as a heavy industry centre, was regarded as the designated area for these new steelworks.

Between 1943 and 1971, two new plants were established. According to Iscor (1989), the establishment of a new plant was commissioned for the Vanderbijlpark Works in 1943. This was primarily for the manufacture of heavy plates for the repair of ships and the production of armoured cars for the war effort in South Africa. The company chose to build a completely integrated stainless steel plant at Vanderbijlpark shortly after World War II. Therefore, another integrated Newcastle steelworks opened in 1971. In 1996, after the privatisation of Iscor, a new steel plant in Saldanha was formed as a joint venture between Iscor and the Industrial Development Corporation. This brought the number of iron and steel works to four, nationally.

Between the 1980s and 1990s, Iscor went through a series of changes ranging from economic policies to new owners. First, in 1989, Iscor was involved in a process of privatisation as part of the government's change in economic policy (SACN, 2014:16). This privatisation resulted in significant job losses both nationally and in Vanderbijlpark specifically. Secondly, between 1996 and 1999, Iscor, with Vanderbijlpark acting as the head office, underwent a change programme to ensure world class competitiveness and to add value for all its shareholders. Thirdly, in 2001, Iscor implemented a seven-year restructuring programme which included full scale re-engineering, business restructuring and the unbundling of its steel-making from its coal-mining operations (Iscor, 2001). Following this unbundling, Iscor has struggled nationally and internationally to survive. The first agreement of international cooperation between Iscor and the Dutch LNV Holdings was reached (SACN 2014:17). In 2004, LNV obtained a 35 percent share in Iscor, and was renamed ArcelorMittal South Africa in 2006.

To this end, Iscor Vanderbijlpark was chosen as a case study to understand how these macro processes (restructuring, empowerment, retrenchments, and privatisation) affect the micro level, especially the workers. Besides this, there were other reasons for selecting Iscor. First, my research interest was triggered by the content of a letter from the company informing my father of the impending restructuring and the possible retrenchment. My father was a semi-illiterate former migrant worker who worked for Iscor as a crane driver for 20 years (1979-1999). The restructuring and retrenchment coincided with my first year at university and cast doubt on the future viability of my academic studies. This led to the question of how many children had been affected by this corporate decision and what became of the illiterate and semi-illiterate employees, both black and white, that depended on Iscor for employment and many other benefits.

The letter carefully outlined the economic problems the company was facing, such as an unskilled workforce, ageing technology as well as the costs of steel production, and outlined legal steps to be followed (refer to figure 3) when retrenching workers as per section 189 of the *Labour Relations Act* No. 66 of 1995. My father was informed that during the next six months he would lose his job and hence was given several options. This included receiving psychological counselling, financial advice on how to spend his severance package as well as undergoing business training to assist him in starting or managing a business at an Opportunity Centre or a possible re-deployment within the organisation (refer to figure 4). The effect of retrenchments cannot be underestimated, as it affected both black and white employees, and was the first to happen since 1994.

Figure 3: Selection Criteria for Redeployment

IDENTIFY REDUNDANT POSITIONS	SELECT SURPLUS INDIVIDUALS	ASSIST INDIVIDUALS DURING TRANSITION	REDEPLOY INDIVIDUALS
CORE BELIEFS • FOCUS ON POSITIONS, NOT PEOPLE	• SELECTION ACCORDING TO CRITERIA AND POLICIES • NO INDIVIDUALISED PROCEDURES • EVERYBODY IS TREATED THE SAME WAY	• COMMITMENT TO SUPPORT AND ASISTANCE DURING TRANSITION • EACH FREED-UP EMPLOYEE HAS OPTION TO UTILISE SERVICES AT THE OPPPORTUNITY CENTRE • EMPOWERMENT OF FREED-UP EMPLOYEES, NO PATERNALISTIC APPROACH	• ENDEAVOUR TO OFFER ISCOR/ VBPRK JOB OPPORTUNITIES FOR COMPETENT INDIVIDUALS IN SURPLUS • SUPPORT EXTERNAL JOB SEARCH • WIN-WIN SITUATION FOR BOTH FREED-UP EMPLOYEES AND ISCOR

Source: Iscor, n.d: Redeployment Scope

Figure 4: Structure of Opportunity Centre
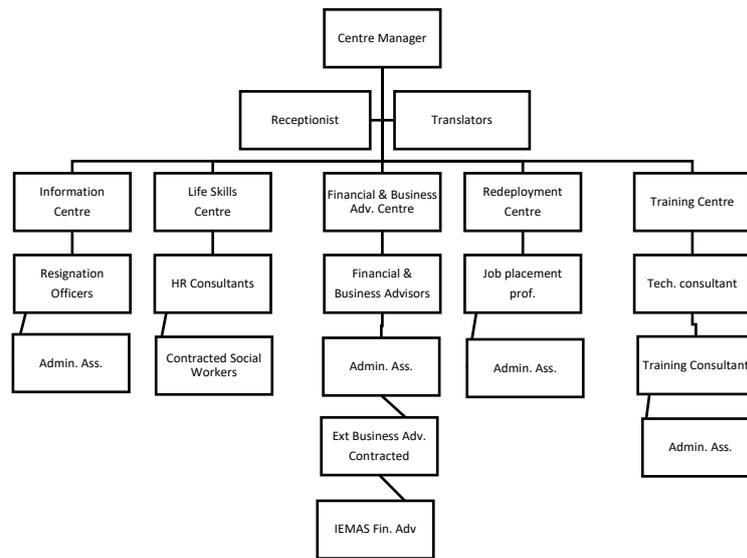
Source: Iscor: Redeployment Scope

The second reason had to do with the government programme of social upliftment, how it was designed and implemented during the reign of the NP to benefit whites, and how, under post-apartheid South Africa, it was implemented to empower blacks. Thus, the study was not so much interested in how BEE legislation was being applied in terms of scorecards but more on how workers and management experienced the implementation of the legislation and how they reacted.

Linked to the second reason was the third reason, which is to understand what had happened to institutions such as the parastatals that were central to the upliftment of poor whites during the National Party era. How were these former parastatals reinventing themselves to meet the demands of the new BEE legislation that sought to uplift blacks? What informed these changes, what the targets of these changes were and how policies which had been made during AEE were being applied to meet the current BEE objectives? Based on what happened at Iscor and in Vanderbijlpark, the study chose Iscor to analyse how these changes were implemented at

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the micro level. Before answering these questions, permission had to be obtained from the management of the organisation.

5.3 Research Access

The most critical part of the study was gaining permission from AMSA to interview current workers, and managers and to access company documents which were not in the public domain. One of the challenges with regards to access, was the need to interview Human Resource and BEE managers about how empowerment had been planned and implemented at AMSA. According to Van Maanen & Kolb (1985), it is not easy to gain access to most organisations but a combination of strategic planning, hard work and dumb luck is needed. Though the University Research Ethics Policy ranked the study as a low risk in terms of discomfort for the participants, there were many challenges in getting access from the management of AMSA.

Between 27 November 2014 and March 2015, I wrote letters to the Human Resource Manager and the Chief Executive Officer (CEO) to request permission to do the study and provided a clear explanation of my research aims and methods. In March 2015, I followed up with the view of convincing management that the study would only be interviewing one manager who was responsible for implementing BEE policy and would use the existing company records, which were in the public domain. The response I got was that AMSA was undergoing another round of retrenchments likely to affect some of the managers, and that my request would be considered after the retrenchments.

Owing to limited time to complete my research and faced with the possibility of losing my SSRC scholarship, I subsequently approached the Employment Equity Commission in Pretoria to ask permission to access AMSA's Employment Equity annual reports. Legally, Section 21(2) of the *Employment Equity Act* No. 55 of 1998 provides that all designated employers who employ 150 or more employees must submit their first report to the Director-General once

every year on the first working day of October. My contact at the Department of Labour (DoL) was a former Masters' student at Stellenbosch University, Mrs Kholeka Mputa, who gladly assisted me by sending me the *Employment Equity Act* (EEA 11) form 11, which I used to request the EE Reports for the years 2000, 2004, 2010 and 2014. The forms were couriered to the Department and within a week, I received reports for 2008, 2010 and 2014, with the exception of 2000 and 2004. According to the official at the DoL, the first report by AMSA that appeared on the records of the department was submitted in 2008. The reports from 2000 to 2006 did not appear on the departmental records, which meant that the company had been declared 'non-compliant'. This could be owing to new owners taking over, changes in company names or failure to submit the report, or insufficient reporting (DoL, 2017). The reports provided useful information in the form of workforce profiles showing occupational categories, occupational levels, promotions, terminations, skills development and occupational levels between the core operation functions and support functions. Towards the end of each report, are the records of interviews with key managers about the EEA targets, steps taken to meet the targets and why they had not been achieved.

Reflecting on the interaction with AMSA management and their response, I attempted to locate the meaning and implication of the interaction within a broader context of apartheid legacy and black scholarship. Research has consistently showed that past racial discrimination did not only divide people and organisations along racial lines, it went further to make it difficult for black researchers to conduct research into the affairs of predominantly white organisations (Mosoetsa, 2001: 5 and Hlatshwayo, 2011:116). The impact of apartheid as raised in the abovementioned can be seen in the number of black researchers or academics who have conducted research at AMSA. With the exception of Hlatshwayo (2013) and Xaba (2004), all the other researchers who have conducted studies at Iscor /AMSA since 1994 are white (Langley, 1997; Myburg, 2000; Hinsaw, 2001; Steyn, 2010; Peens, 2011; and Prinsloo, 2013).

The problem of race in the research and scholarship was more evident from the management side rather than the unions. Gaining access from the unions to interview union officials and their members was easier than AMSA management. On 3 October 2014, I phoned the Solidarity Head Office in Pretoria to introduce myself and the study and I asked for a contact person at AMSA in Vanderbijlpark who I could interview. I was put in touch with Mr. Johan Venter, also known as 'Vaartjie', who accepted the request for an interview and put me in touch with other shop stewards at AMSA. Similarly, when I phoned NUMSA head office to request the name and contact details of the union organiser at AMSA, I was put in touch with Comrade Ace Manana who provided a gateway to the shop stewards working at AMSA. The study was appreciated by both union officials, as it provided them with an opportunity to engage on important issues around empowerment and how it affects their members. The interviews with unionists helped to identify 'key informants' who eventually helped to identify participants for the study.

5.4 Research Approach

The study adopted a structural-functionalist approach to understand how ontologically the economic, political and cultural systems work at the macro-level. However, to understand how these systems were implemented at a micro-level – that is within the organisation – the study adopted a social construction approach. Structural functionalism emphasises the interconnectivity of components of society, arguing that we cannot understand its nuances and complexities without examining the interrelationships between components (Potts, 2015:30).

The study considered how different systems worked together to conceptualise and implement empowerment at Iscor (now AMSA) and used social constructivism at micro level to understand, objectively, how empowerment was implemented by management and how workers (current and former) and management experienced it. As the review of literature

showed, there has not been real in-depth study about how empowerment, whether BEE or AEE, was implemented, and how workers in organisations viewed and experienced empowerment.

Social constructionism is a viewpoint that our culture and society teaches the substance of our consciousness-and the way we relate to others; we learn from others around us all the metaphysical amounts we take for granted (Van Niekerk, 2005:66). Social constructionists are particularly interested in the normative narratives or great narratives that are created, that influence people and measure themselves against them. A social construction researcher understands the universal nature of human life when empowering people to share their own experiences. In other words, the researcher can use social constructionism to understand the drivers of empowerment.

A case study methodology was then utilized to develop an understanding of a phenomenon in a particular context (Bryman, 2012). In this regard, this basis for the present study established the basic assumptions of social constructionism. As Denzin and Lincoln (2000:157 cited in Van Niekerk, 2005) argued:

> 'Epistemology asks, how do I know the world? What is the relationship between the Inquirer and the known? Every epistemology […] implies an ethical – moral stance towards the world and the self of the researcher'.

Epistemology represents the laws that people use to make sense of the world (Van Niekerk, 2005:51). This research used the social constructivist approach epistemologically to make sense of or perceive empowerment in terms of the meanings people bring to it.

5.5 Research Method

The research followed a qualitative approach to improve the understanding of the social environment by analysing its participants' understanding of the world (Bryman, 2012:380). Qualitative work is supported by several different research methodologies that, according to

Bryman (2012:383), can differ significantly from each other. In other words, the study can apply multiple methods of data collection, which enables triangulation of results, increasing the validity of the research conclusions (Potts, 2005:34). For this study, research used documentary research, interviews and focus groups as well as participant observation as part of research design.

5.5.1 Documentary Research

Most data used in the dissertation was obtained through primary sources. Primary sources included newspaper reports and articles, union documents, company letters, presentation materials and the company bulletins as well as interviews, which have not been analysed or interpreted by other scholars. For a long time, Iscor was required by law to have its own library and archives where it kept its records, including reports written by experts in the field and the media. Following the closure of the Head Office in Pretoria in 1997, most of the information was transferred to the Vanderbijlpark plant where the current Head Office is. During this process many records went missing, including an unpublished report titled the *History of Iscor* by E. Rosenthal written in 1969. Secondary sources included dissertations written on various topics about Iscor and AMSA, books, research reports and journal articles that provided rich theoretical and analytical context to the topic. During the review of the above-mentioned documents, the research found that the majority of reports focused on subjects of labour relations, the environment, history of AMSA, as well as the restructuring that took place in the mid-1990s. Very few of them approached the subject from a comparative perspective except for the study by J.H Hinshaw (2001) entitled *The Politics of Steel in the United States and South Africa*, where he compared the role of state policy in the development of the steel industry in South Africa to a similar development in the United States of America.

The search for archival material about Iscor (1954-2004) and AMSA (2005-2016) took place between January 2009 and November 2011. The documents used in the study were classified in terms of personal documents (diaries and letters); official documents (annual reports dating from 1954 to 2014); minutes of the meetings, labour policies, presentations and copies of collective agreements (between unions and the company); and virtual outputs (internet sources), as well as newspapers and journal articles. Most of the above-listed documents were already available in the public domain. Some documents were obtained from archival repositories: namely, National Archives of South Africa in Pretoria and the Cape Town Archive Repository. The search for archival documents was guided by political questions of the context within which Iscor was found, economic questions around how Iscor empowered the poor whites and blacks economically, the various organisations that were created in the communities to promote social empowerment and the legal framework used to promote white empowerment. The documents, including memoranda and correspondence, official publications, letters, legislations and annual reports of AMSA (1955-2016), biographies of prominent leaders (Hendrik van der Bijl and Frederick Meyer) and political speeches of political party leaders were gathered from the two state archives.

The visits to state archives were complemented by a number of visits to Vanderbijlpark town library, where most of the research material, books, municipal records and databases created and published by academics, researchers, government employees are recorded and stored. The town library provided rich material in terms of the history of Iscor and AMSA, the history of Vanderbijlpark, and various academic and non-academic publications about the economy, politics, population and town itself. Some of the challenges faced with town library material was the incomplete records; missing documents owing to poor management of the library as well as the costs of photocopying (more details follow under section 10). Without adequate financial support, it would have been difficult to access these documents.

5.5.2 Data Collection

Data collection took place in Vanderbijlpark, in all the surrounding townships and nearby farms. The townships of Tshepiso, Sharpeville and Sebokeng, as well as the nearby farms called Louisrus and Mullersteuner, were visited. The socio-demographics of these areas differ in terms of race and gender composition, language spoken and community assets. On both farms, there lived mostly former white AMSA employees who had been retrenched in the mid-1990s. The NG church and Afrikaans-medium schools were the only two permanent institutions found on the farms, the rest were mobile services provided for by the provincial and local governments, such as mobile clinics and social services. Accessing these communities proved difficult as plots were not clearly marked and people spoke mostly Afrikaans. This, however, did not pose any problems as I am competent in Afrikaans and I managed to interview participants with ease.

In the town of Vanderbijlpark, most whites live in suburbs protected by security. Getting access to these communities was very difficult. I had to apply a snowball sampling technique to identify participants (Bryman, 2004:424). The townships were easy to access, as was finding the participants, owing to my familiarity with the language spoken by most of the people living there and the ease with which addresses could be found. Each time I visited the farms and black townships, I was confronted with the socio-economic challenges of poverty, unemployment, environmental issues, and complaints about lack of or poor service delivery. However, for most of the white participants I visited in Vanderbijlpark, I saw contrasting images of white privilege and squalor where some whites appeared to enjoy the material benefits of the town's economic success, enjoy shopping at the malls in town, gamble at the casino, play golf, talk about travelling overseas, live in expensive houses which were protected by high walls, razor wire, alarm systems and 24-hour security personnel, while other whites lived in informal housing, begged at street corners and some were working as parking assistants at the shopping malls.

This raised the question in my mind as to why some whites were poor, while others were rich, even though they lived in the same town which depended on Iscor /AMSA for empowerment.

In-depth interviews with former and current staff, trade union leaders and NPO members were the primary instruments used during the investigation because I wanted interviews to be a more talkative one that allowed the respondents to respond openly to important events, trends and modes of behaviour (Bryman, 2012:471). In-depth interviews were chosen because the respondent concentrated on how the problems and events are developed and understood; that is, what he considered important to understand and explain events, patterns, and modes of action (Bryman, 2012:471).

However, when circumstances did not allow me to have one on one interviews with participants, I grouped them according to their characteristics and conducted a focus group, such as with the former black workers, trade union officials and NAFCOC representatives. As with in-depth interviews, interview groups allow participants to highlight problems relating to a topic they find to be significant and important and to support the answers by allowing individuals to debate and question each other's views (Bryman, 2012:503).

I also applied participant observation to gain a close and intimate familiarity with leaders and members of the BJO and their practices through an intensive involvement in the discussions during the one-day Jobs Summit held in Vanderbijlpark (November 2014). The summit was organised by Business and Job Opportunity (BJO), and was attended by members of AMSA management, black entrepreneurs and job-seekers in and around Vanderbijlpark. The delegates at the summit consisted of small business representatives, unemployed graduates, local government officials and three representatives from AMSA. During the summit, AMSA officials presented the company's position around empowerment and various opportunities

available to empower small, medium and micro companies, blacks and engendered companies. Delegates also had an opportunity to ask questions and so did I.

These instruments were chosen because they allowed for free discussion on selected topics. During the interviews, I asked open-ended questions in a manner that encouraged informal conversation with the participants to allow workers, trade union officials, plant managers and representatives of organisations to speak in detail about their personal experiences, understanding of empowerment and how it had been implemented. The length of the interviews ranged from 45 minutes to 1 hour. The purpose of interviewing former workers and former managers was to determine the nature and philosophy of empowerment, its objectives, how it had been implemented and what the outcomes were.

The interview schedule covering the broad themes that emerged from the literature review was developed (See appendix A). The discussion with the NPO representatives and trade unions dealt with how they mobilised people, different strategies they used to promote empowerment, as well as issues affecting empowerment. The data produced provided rich descriptions, usually narratives of people's opinions about the objectives of empowerment, its implementation and benefits, as well as the challenges experienced during the implementation of empowerment.

Fieldwork began with a pilot study in the first week of October 2014. The pilot study tested the interview schedule for former Iscor employees and trade union leaders of NUMSA and Solidarity. Prior to the pilot study, only one draft interview schedule was compiled for workers and managers. It was found during the pilot study that such an approach would be impractical as the participants were divided between former workers and managers, current workers and managers, trade union leaders, and representatives of NPOs.

Subsequently, empirical research began and lasted until January 2016. The speech was recorded and transcribed in all interviews and focus groups. After each interview, field notes are written to document findings, activities, dates and research reflection. This was later used to supplement the data with details about the exact dates on which arrangements for interviews, field tours and other forms of communication with the union and the company had occurred. During the interviews, open-ended questions were asked in a manner that encouraged informal conversations with the participants to allow workers, trade union officials, managers and representatives of organisations speak in detail about their personal experience and understanding of empowerment as well as how empowerment had been implemented. Most of the former white employees and managers seemed knowledgeable about the empowerment processes and only few were guarded in their responses, especially when discussing the legal aspects of empowerment and how it affected them individually.

The language used during interviews varied between English, Afrikaans, as well as Sesotho, isiZulu and IsiXhosa. Since I am capable of speaking all the languages mentioned above, I conducted the interviews myself. My ability to speak five languages helped me to gain rapport with the participants I interviewed and to enter their space and win their trust. I hired a Masters' student in the Department of Sociology, Mr. Neil Kramm, to transcribe and translate the Afrikaans interviews to ensure that I did not miss any nuances from the interviews and to save time.

During the fieldwork, four focus groups were conducted with seven (7) former black workers, three (3) leaders of Solidarity union, three (3) leaders of NUMSA and three (3) members of NAFCOC. The first focus group with former black workers took place in Sebokeng Township, Zone 17. The participants discussed various topics ranging from their employment experience, fringe benefits, skills development, outsourcing, empowerment, culture and politics in the

workplace. The participants were able to transcend time and space during discussions, agreed and sometimes disagreed on certain points. This process helped to validate the responses of some former workers and verify the content of various reports as well as avoid any bias in the answers. For instance, during the focus group with the former black workers, there were disagreements about the dates when the retrenchments happened, events such as restructuring and the names of the people. Similarly, during the focus group with Solidarity shop stewards, they agreed with each other most of the time and asked each other the questions they did not have immediate answers to.

In addition to in-depth interviews and focus groups, the study also applied participant observation during the summit called by BJO. Bryman (2012) maintains that the advantage of using participant observation is 'sensitivity to the context' – in other words, the researcher can interact with people in variety of situations and roles. Participant observation provided rich and detailed information as a result of the rapport that developed from the meeting with the leaders of BJO. For example, during the jobs summit held in November 2014, I attended AMSA's presentation and made notes about issues they raised regarding empowerment. I also participated in the discussions that took place after the presentation. Participant observation revealed the gaps that existed between AMSA's empowerment vision and the participation of the community. There were also ideological differences within BJO itself in terms of how they viewed the participation of non-South African blacks and the strategies that they had put in place to empower their members.

5.5.3 Selection of Participants

One of the main challenges facing the study was selecting a representative sample of former Iscor/AMSA employees and managers, as many had left the services of AMSA and others had possibly died because of their age. Another issue that further complicated this situation was the

delay by AMSA management in terms of granting permission to conduct the study. This could have helped in terms of negotiating access into official documents which were not available in the public domain and to identify suitable workers and managers for interviews. Selecting suitable cases was also difficult as there was no means to develop a standardised selection method. For example, some former workers lived on the farms around Vanderbijlpark, some lived in the old-age homes and others were scattered all over the town, province and the country.

Eventually, a non-probability purposive sampling method was adopted with the aim of selecting former white employees and managers who had been actively involved at Iscor and who could reflect on the empowerment process at Iscor from 1954 to 1994 and how it benefited the people, as well as current workers and community representatives. As Bryman (2012:418) argues, the goal of purposive sampling is not to select a representative sample, but to select cases or participants because of their relevance to the research questions. Thus, one way of selecting the cases was through the connection with the unionists from NUMSA and Solidarity, as well as former black employees from the near township, called Sebokeng, as my key informants. Regarding former white employees and white managers, Mr. David du Toit, a former student in the Department of Sociology and Social Anthropology at Stellenbosch University whose parents live in Vanderbijlpark, served as another contact point. Another postgraduate student in the department, Mr. Neil Kramm, also had relatives who had worked at Iscor during apartheid and he put me in touch with them. Once participants were identified and agreed to take part in the interview, to reduce any form of bias when recommending suitable candidates, I would ask if they had photos of their colleagues and would ask them to talk about them and introduce people in the photos. This exercise was done to determine the criteria my participants would normally use to select who they thought were suitable for the research. Instead of relying on the participants' judgement, I would also intervene and ask to

be introduced to other employees who they did not favour or prefer. I also approached two academics at North-West University, Vaal Campus, Professors Piet Prinsloo and Johann Templehoff, who had both written extensively about the history of Iscor and the development of Vanderbijlpark to identify former white employees and managers, as well as influential members of community whom I could interview.

Figure 5: Profile of Participants

Participants	Race		Gender		Place(s) of interview	Language of interview
	White	Black	Male	Female		
Former Iscor Employees	23	7	27	3	Vanderbijlpark, Sebokeng	English, Afrikaans, Sotho, Zulu & Xhosa
Former Iscor managers	5	0	5	0	Vanderbijlpark	English
Current AMSA managers	2	0	2	0	AMSA, Vanderbijlpark	English
Current AMSA employees	3	10	12	1	Vanderbijlpark, Bophelong & Sharpeville	English
Solidarity officials	6				Vanderbijlpark	English
NUMSA officials		7	12		AMSA	English
VESCO	2		2		Vanderbijlpark	English
NAFCOC		3	3		Vanderbijlpark	English
Sedibeng Samekamer	1		1		Sasolburg	English
BJO		3	3		Vanderbijlpark	English
Community experts	3		3		North-West University & Stellenbosch	English
Total	74					

The non-probability purposive sampling made it possible to ensure that all former employees and current employees were represented, although men and not women were in the majority. To this end, a complete list of participants was drawn ranging between race, gender, and employment status and tenure as well as organisation affiliation. In total, I managed to

interview twenty three (23) former white employees including five (5) white managers as opposed to seven (7) former black employees including three (3) black women; two (2) current plant managers; three (3) current white employees and ten (10) current black employees with one (1) being a woman; thirteen (13) union officials – six (6) from Solidarity and seven (7) from NUMSA; one (1) representative from the *Sakekamer*, two (2) officials from VESCO; three (3) representatives from NAFCOC and three (3) officials from Business and Job Opportunity-Seekers (BJO) were interviewed (see Figure 5). Of the seventy-four (74) participants, 90 percent were male and 10 percent female, one of the females was a current black employee. Regarding trade union representation, all officials were males in their late forties. The same could be said about the NPO representatives I interviewed.

5.5.4 Data Analysis

Data consisting of interviews and focus groups was transcribed using Microsoft Word 2007. The exercise of data analysis started during data collection to identify any gaps, determine if questions needed to be changed and to identify themes that were emerging from data. All the data from the interviews and focus groups conducted in Afrikaans and vernacular were transcribed and translated from Afrikaans to English by Mr. Neil Kramm. The transcriptions, field notes and documents collected during the archival search were coded according to themes that emerged from the literature review chapters. To these ends, thematic analysis was employed in order to identify patterns and relationships, as well as issues that emerged from the data.

Bryman (2012:580) defines theme as a category identified by the analyst through data that relates to his research focus, or question which build on codes identified in transcripts and/or field notes and provides the researcher with the basis for a theoretical understanding of his data. When searching for themes, the following steps were followed. After completing the

transcriptions, I began the labour-intensive exercise of reading each transcript to find topics which recur. This was followed by a process of categorisation. I searched for words, expressions and metaphors that seemed to be of potential theoretical significance, or which appeared to be particularly important in relation to issues of empowerment. I then proceeded to look for similarities and differences – looking at how participants discussed a topic in different ways. Lastly, I grouped data into four broad themes defined in the literature, namely: politics, legal, economic and social.

The indicators for each of these dimensions were drawn from the literature. For example, data grouped within the political empowerment section looked at legal and ideological issues pertaining to racial discrimination in the workplace, welfare services and patronage. Data grouped in the economic empowerment section included issues such as job-reservation, fringe-benefits, skills-development, entrepreneurship/outsourcing, and mutual aid. The social and cultural dimensions were so closely related in this context that these themes were dealt with simultaneously by addressing different organisations and their role in promoting various forms of social capital; bridging social capital – Iscor Club and the Dutch Reformed Church – and linking social capital – the *Broederbond*, Federation of Afrikaans Cultural Movement, the *Sakekamer* and Trade Union. By adopting these four dimensions and operationalising these with indicators drawn from the literature on white and black empowerment, it was possible to determine the way empowerment had been implemented at AMSA, while also unpacking the key areas of success and challenges.

5.5.5 Limitations and Considerations

Like any good piece of scholarly work, the dissertation cannot claim to have covered all relevant issues. It was originally set out to cover issues pertaining to the implementation of empowerment at Iscor under the National Party and now AMSA under the ANC-led

government. While the sample selection for this study was enough to answer the research question, it is important to explain why the current management sample is small. The broader literature on empowerment indicates that decision-making within the company is key to realising the goals of the company. The same was found at AMSA where decisions were handled centrally by senior executive management.

To this end, before 1994, strategic human resource decisions at Iscor were handled by the Human Resource division, including the provision of employment benefits. However, after the *Employment Equity Act* No. 55 of 1998 and subsequently after Black Economic Empowerment was legalised in 2004, the new owners at AMSA appointed a BEE manager and a manager for the HR Centre of Expertise. This presented a major challenge in terms of communication and decision-making regarding requests for interviews with the current management. On 27 November 2014, I wrote a letter to the Human Resource Manager and the Chief Executive Officer (CEO) to request permission to do the study and provided a clear explanation of my research aims and methods. The request was accompanied by a motivation from my supervisor indicating her willingness to deal with any concerns regarding the study. There were also telephone exchanges between the secretaries of the managers mentioned above and myself.

I received a confirmation of the receipt of my request from the secretary for the CEO and notification that my request was being considered by the Manager for Human Resource Centre of Expertise. I was asked via email to submit additional information about the research such as list of questions I was going to ask, a copy of an institutional letter, supporting the study and a consent form. Two months later, however, I received an email from the Manager for the Human Resource Centre of Expertise indicating that 'he will not be able to consent to the research at the time'. However, he provided me with a copy of a report titled *ArcelorMittal South Africa*

Factor Report (AMSA, 2014) which he said will provide me with much of the information I may be looking for in my study. The response called for serious reflection on the research.

My first guess was that management interpreted empowerment as a politically sensitive topic. This was different from my previous experience of conducting research at this institution. In the past when I applied for permission to do a study on how the programme called Operation Excellence assisted those retrenched through the Opportunity Centre, the HR manager requested information on the study and invited me to a meeting to explain why I wanted to do the study. My study leader was also asked to motivate how the study was to be conducted and the results were to be used. Similarly, Hlatshwayo (2013) maintains that when he applied for access to documents relating to his study on labour response to the introduction of technology, the Human Resource manager refused to grant him access to the documents (2013:120). Mr. Mondli Hlatshwayo, a former MA student at University of Witwatersrand, had to resort to the court of law to force AMSA to grant him access to AMSA documents and to interview management. In 2006, the Supreme Court of Appeal ruled that Hlatshwayo was entitled to access the documents after it considered the constitution of AMSA as a former state organ as well as various sections of legislation such as the *Constitution of the Republic of South Africa* Act No. 108 of 1996 and the *Promotion of Access to Information Act* No. 2 of 2002.

I was therefore obliged to use the official document received from management as the 'official voice' of the company and to use information that is in the public domain to corroborate the content of reports and verify some of the claims from the reports. As a result, the dissertation relied on official reports written by and published by AMSA, as well as the views of three plant managers, with the exception of HR and BEE managers.

The role of management in this instance provided an opportunity to evaluate their position as gatekeepers of access to information critically. Gatekeepers are the people who hold formal

positions and are like keys that open doors of access to interviewees. Broadhead and Rist (1976) argue in their article titled 'Gatekeepers and their Social Control of Social Research' that

> Gatekeeping influences the research endeavour […] by limiting conditions of entry, by defining the problem area of study, by limiting access to data and respondents, by restricting the scope of analysis, and by retaining prerogatives with respect to publication (1976:325).

In other words, the unfettered right of management to decide the timing of the research and restrict my participation through the report illustrates the point made by Broadhead and Rist above. The gatekeeping role of management became evident recently during their legal battle with former University of Witwatersrand, researcher Mondli Hlatshwayo, for refusing him access to the reports or minutes of meetings that took place between 1965 and 1973 (Hlatshwayo, 2011). In the end, the court ruled that AMSA must disclose the requested records in terms of section 32 of the *Constitution of the Republic of South Africa* Act No. 108 of 1996, and section 9(a) of the *Promotion of Access to Information Act* No. of 2002, which provides the right of access to state-held information.

Ultimately, the study relied on the voices of the former workers and managers who provided valuable insights as to how empowerment was planned and implemented before 1994, and those of workers and union leaders (as well as two plant managers) for empowerment under the post-apartheid context. In addition, the research drew on the insights from the workers, trade union officials and plant managers who were nominated by the unions as persons that should be interviewed. This helped me to obtain a balanced picture of how empowerment was implemented before 1994 and how it has been implemented since 2004.

5.5.6 Ethical Issues

The present study aimed at understanding how white empowerment compares to black empowerment, how they were implemented at Iscor /AMSA and how poor whites and poor blacks benefited from empowerment. The research was conducted in accordance with the standard ethical principles of the Stellenbosch University Research Ethics policy, which, upon approval, was found to have a low level of risk in terms of discomfort for the participants (See Appendix B). The information used was directly collected from persons and also obtained by studying existing records. The subject matter was not personally and politically sensitive and did not cause any personal harm or victimise the participants. During the whole data collection procedure, the researcher maintained a high level of sensitivity as to how participants felt about the subject matter. All data, as stipulated in the Research Ethics Committee letter of approval, was treated as confidential. Participation in the research was voluntary and written consent was obtained before interviews were conducted. Prior to interviews, the researcher made sure that participants were informed of their rights in terms of their participation in the research and their right to withdraw at any time during the interview (See Appendix C). Anonymity was awarded to all participants and both the supervisor and Research Ethics Committee's contact details were made available to the participants prior to interview in case they wanted to raise concerns about the way the interview had been conducted or how they were treated during the interview.

5.6 Reflection on the Research Process

One of the main concerns for this study was that the focus on empowerment had been generic and quantitative, and not many have focused on how empowerment has actually been implemented. The study had to manage the tension between institutional transformation and the micro processes of empowerment implementation. After I looked at the root cause and historic development of empowerment in the literature review chapters, the study was situated at Iscor /AMSA as a former parastatal, to understand what has happened since the end of

apartheid and how it has reinvented itself as a catalyst for bringing about the empowerment of blacks who are experiencing economic marginalisation.

Another concern faced by the study was the difficulty in accessing white participants (both former and current employees), as well as current managers at AMSA. The heart of this challenge is described by Rabe (2003) as an 'insider versus outsider' debate in social research. Rabe (2003:149) stressed that an outsider viewpoint on the one hand means that exposure to objective information can be made more possible by the objectivity and validity of the study as a non-group participant. An insider's viewpoint means, however, that membership offers a special insight into issues based on language knowledge and emotional tolerance, empathy and understanding of culture and people. In other words, my racial appearance and ability to speak Afrikaans as a second language allowed made me to have an outsider's point of view about many of my white participants, especially those who spoke Afrikaans as a mother tongue. However, this did not pose a problem for the study.

A similar observation was made by an anthropologist, Francis Nyamnjoh (2012) who used the metaphor of 'privilege of belonging' to address 'a significant gap in scholarship'. Nyamnjoh insists that 'we [researchers] study poor and powerless people but never study the privileged'. Therefore, scholars in South Africa tend to study horizontally or upward (2012:70). This tendency by the majority of the Black, Coloured and Indian anthropologists not to research racial hierarchies reflects the uncritical continuation of the institutional status quo by anthropologists (and, I would say, sociologists). The privilege of belonging manifested itself in the research where differences in race and class between the former white workers and managers and I affected how I was viewed by my subjects and hindered my access to certain areas, especially those highly securitised. During the fieldwork, eight white employees and managers turned down the request to participate in the research, and a few refused to be

interviewed in their homes. Some mentioned work commitments, some cited 'no time' and some said they did not want to talk about what had happened in the past. To minimise rejection, I would start my interviews by mentioning the name of the last person I had interviewed who had in turn recommended him/her for the interview and talked about past experiences, hoping this would earn me their trust and convince them to participate in the interview.

In the article, *Organisational Memory*, Walsh and Ungson (1991) maintain that

> Past events, promises, goals, assumptions and behaviours are stored in memory', […] 'organisations exhibit memory that is similar in function to the memory of individuals, and may preserve knowledge of the past even when key organisational members leave (1991:61).

According to Walsh and Ungson (1991), organisational memory applies to information development, preservation and recovery. They claim that organizational memory relies entirely on the past and can create blinding enveloped knowledge, and that careful awareness of the past can improve a perception of the present decision-making situation (Walsh and Ungson, 1991:73). But memory helps monitor and organize the execution of decisions, as well as improving the ability to take a sound decision. Decisions that are objectively taken into account in the context of an organization are likely to be more successful than decisions made on a vacuum within organisations. This could help to overcome resistance to change.

The argument above provided enough insight into understanding why the former employees appeared to be more knowledgeable about the process of empowerment, compared to the current employees, who regarded the unions and management as more knowledgeable than themselves. Some workers could not explain how the organisational identity and culture had changed, or the factors that had led to the success of white empowerment. However, during interviews with former white workers and managers, I was struck by their detailed knowledge

of the processes which had been followed to bring about white empowerment, the extent of worker involvement in the various programmes and management's contribution during the implementation of empowerment. This lack of information and understanding by current workers left me thinking of ways in which they could influence the nature, content and direction of empowerment to their benefit at this time.

The other concern about the study was the cost of collecting documents for the study. Since the closure of Iscor Head Office in Pretoria in 1982, many documents – including company reports, minutes of the meetings and policies – were transferred to various libraries and universities in Gauteng. During this transition, many crucial documents were lost and some cannot be accounted for. This presented a serious challenge. For instance, I travelled to Pretoria and Vanderbijlpark to search for some of the missing documents. Upon visiting the repositories, I had to pay for using computer facilities and for photocopying. Prices differed depending on the nature of request. For instance, photocopying cost 80 cents per A4 page and microfilm copy, while a computer printout costs 20 cents. Some of the documents were only available in Afrikaans which then had to be translated by Neil Kramm and by a Masters' student in the History Department, Esté Kotzé. This discovery reflects a comment made earlier by Mbembe (2002:20) who found that archives were inherently biased and selective, which ultimately resulted in certain authors being given privileged status and others being denied equal status. In other words, our state of archives and reports being published in no languages other than English, disadvantages other researchers who cannot speak the language, and sometimes it becomes too expensive to translate.

A key methodological concern for the study was the use of comparative method for the study. Rose (1991) argued that its emphasis and process were better defined in comparative analysis. More than one case relies on the use of definitions that are applicable in more than one

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situation; methodically, similarities are separated. For instance, the research focused on white and black empowerment as cases and methodologically, the study used four dimensions of empowerment as concepts to highlight the similarities and dissimilarities between cases. In order to show how the unique characteristics of each particular case affect the development of general social processes and to compare two or more cases in order to demonstrate how they are different, many researchers use a comparative method to determine how parallel processes of change are introduced in different ways (Skocpol and Somers, 1980). This was the also the case in this study as the research sought to highlight how empowerment was used to benefit both whites and blacks and compare the features of each case, as well as to establish a theoretical framework to interpret the findings.

The most common strategy used in comparative studies is a case study method. Yin (1994) defined a case study as an intensive investigation of a single unit. The unit of study was Iscor, and now AMSA, where the focus was on the implementation of white empowerment (1948-1994 when it was called Iscor) and black empowerment (1994-2014). In other words, to understand case studies, researchers need to describe the context in detail. Another advantage of using case studies is that the researcher can use multiple sources of data as explained in the paragraphs above. Cook and Campbell (1979) maintain that although the findings are not generalised, case studies have a great potential for theory development. It is important to consider, in retrospect, whether another form of study would have better conditions.

Quantitative research would not have been applicable, as the focus was more on the context and process of implementing empowerment than on quantifying any aspects of the experience (Bryman, 2012). While the strength of this work is the wealth of data it gathers, the scope is much too limited. Thus, a case study approach has been introduced, since a case could be intensively and thoroughly examined but also inductive. The research faced a risk of not finding

suitable participants owing to death or relocations, but found that though the majority had left Iscor, some lived in the old age homes, some in the suburbs and some on the farms. Throughout the interviews, I found that the whites were quite truthful and straightforward in their answers. They could narrate their experiences with ease, remembering details of their employment and important changes that happened during their lifetimes while working for Iscor.

In fact, due to the wide range of data collection methods used, the accuracy of the findings was assured. This method of triangulation is documented in different internal Iscor publications and AMSA has now been verified by interviews and vice versa or in dialog during observations or discussions with other actors. Thereby, during the analysis from several sources, the data used in the study was checked many times and these answers were presented as the principal results of my thesis in the next chapter.

CHAPTER 6: AFRIKANER ECONOMIC EMPOWERMENT: FINDINGS

> The Iscor workers' child was born in an Iscor clinic, he was nourished from the Iscor shops, he was educated in an Iscor school, he lived in an Iscor house, he was eventually trained or employed in an Iscor shop and he was finally buried in an Iscor grave (Langley, 1997:106).

6.1 Introduction

As previously argued in Chapter 3, the opening of the Iscor plant in Vanderbijlpark during the 1940s coincided with the implementation of the welfare policy by the NP government to address white poverty. Based on the Keynesian philosophy, the NP used parastatals such as Iscor and others to provide protected employment and to develop skills for unemployed and uneducated whites, especially white Afrikaners. This chapter looks at how state welfare policies were implemented at Iscor and how they were used to protect and promote the interests of white Afrikaners and their communities.

The chapter uses evidence from various sources, such as in-depth interviews with former managers and employees of Iscor, current employees, union representatives and community representatives as well as evidence from company newsletters, minutes of meetings and annual reports. The findings are discussed thematically in relation to various dimensions used in the empowerment literature. The first section reports on how white Afrikaner leaders used political ideology and legislation to mobilise other white Afrikaners and to influence government decisions to favour the white working class. The second section examines how racial policies promoted economic empowerment at Iscor. Lastly, before drawing conclusion, the chapter looks at how language, culture, education and religion helped to develop organisations and foster cooperation, trust and social networks to promote social empowerment.

6.2 A Developmental 'Welfare' State with a Nationalist Agenda

In the aftermath of the 1920s labour conflict, the South African state under the Pact government, developed a state based on welfare principles to solve white poverty, but more specifically to protect and promote the interests of the white Afrikaners. As in many countries after the 1930 Depression, the NP-led government applied Keynesian ideas by providing social services like education, health, housing, and transport, and other measures, to maintain 'full employment' (Kethineni, 1991:2429). Typically for South Africa, this was also a period when many unskilled Afrikaner men migrated in large numbers to cities in search of work opportunity. The situation drew attention of Afrikaner leaders who used the nationalist ideology to find a solution to the poor white problem.

In 1920, General J.C Smuts, in his role as Prime Minister, recruited Dr. Hendrik van der Bijl as a scientific and technical adviser to the Union government and became the first chairman of Iscor. Dr. Hendrik van der Bijl became the Keynes of South Africa. In 1934 he became director general of war supplies, and later in 1943, he became director general of supplies with the power to establish factors or buy machinery for existing factors without submitting his purchases to the Tender Board for approval (*Financial Mail*, 1984:30). Based on the logic of Keynesianism, Van der Bijl pointed out that the war had placed a demand on Iscor for products it had not been designed to make, such as producing munitions, vehicles, hangars and camps for the war. The *Financial Mail* (1984:31) maintained that, by the end of the WWII, 35000 war vehicles had been made in South Africa, all with Iscor steel.

Under the NP, Iscor opened another plant in Vanderbjilpark with the support of the government. The NP ensured that it was to be used to meet its nationalist objectives, including the need to address the poor white problem. The establishment of Vanderbijlpark crystallised the idea of a welfare state that was evolving under the idea of state-led industrialisation. After

World War II, Van der Bijl directed the expansion of the steel industry into a new industrial area known as Vanderbijlpark (near Vaal River). This new ideal town was planned along welfare principles to house the white workers, especially poor Afrikaners, with access to all modern welfare facilities, such as hospitals, schools, parks, and in typical Van der Bijl fashion this was achieved as perfectly as humanly possible.

During the interviews, several participants spoke highly about the role of Iscor in empowering the poor whites during this period. According to a professor at North-West University, Vaal Campus, 'Vanderbijlpark was an Afrikaner town'[1]. The participant went on to describe Iscor as literally a parastatal built along the lines of Keynesian policy to produce iron and steel not necessarily for profit; 'they [the state and Iscor] were looking at keeping people employed, as long as they could produce sufficient steel for South Africa, for its heavy industries'. After 1948 Iscor became a nationalist project. 'Under the NP, Iscor managed to absorb these poor whites coming from the rural areas'.[2] Additionally, the participant revealed that as a nationalist project, Vanderbjilpark was a state-run project. The state provided good housing for the people and the government invested heavily in this.

In addition to running Iscor as a non-profit organisation, interviews revealed that the state ensured that management looked after white employees. For instance, another professor at North-West University, Vaal Campus explained that 'because steel manufacturing was a highly dangerous area, Iscor built a very good 'hospital' for its white employees called the Johan Heyns Clinic. It was a very good hospital and later, Iscor had its own medical service, medical scheme as well as a private hospital with very good doctors on their payroll'.[3]

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[1] Templehof, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[2] Templehof, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[3] *ibid.*

6.3 Political-Legal Factors Influencing Economic Empowerment

After the Rand strike in 1922, the Pact government applied a nationalist ideology strongly influenced by anti-British sentiments; using Afrikaans, religion and historical myths as symbols of empowerment (Webb and Kriel, 2000:27). Central to the nationalist framework was the implementation of empowerment policies to eradicate the growing poverty amongst whites and to provide the basis for white Afrikaner empowerment at Iscor. Afrikaner nationalism was a political ideology that came at the end of the nineteeth century to ensure their political, economic and cultural survival (Karolewski and Suszycki, 2011). At the time, the welfare state supported state intervention in the economy to promote the idea of a welfare state and the use of state enterprises as a means of job creation, employment and social upliftment. State parastatals that fell within the ambit of the public sector were subsidised by the state and used for this purpose.

Apartheid government used parastatals in South Africa to uplift poor white people (Sadie, 2002:39). Iscor was one such parastatal that provided employment for many poor whites from the former Transvaal and Orange Free State, who descended on Vanderbijlpark in search of permanent employment. Many came from rural areas and from farming communities and, in the words of the history professor from the North-West University, they were 'pioneers who turned the grass land into factory land and opened the way for South Africa'.[4] The Nationalist Party (NP) used Iscor as a tool to empower and uplift whites through a network of political, economic and social support networks intertwined within the workplace and the community.

6.3.1 Political Ideology: Nationalism and Politics of Patronage

While Afrikaner nationalism inspired Iscor's formation, Iscor was dominated from the outset by English-speakers and the NP-affiliated Moderate Afrikaners (IDCH, 2004). As part of the

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[4] Templehof, J. Professor at North-West University, Vaal Campus, interview 18.01.2016

ISCOR Act of 1928, Iscor was originally required to keep a white workforce, according to the International Directory of Company History (2004). The NP has thus consistently supported Afrikaner power and economic ownership through patronage on appointments within public administrations and government-own companies–including Iscor–and the allocation of national contracts to Afrikaners, together with the *Broederbond* (Sadie, 2002:42). O'Meara (1996:44) maintained that the primary goal of the *Broederbond* was to secure more or better jobs or contracts for its members, by using its network of covert connections. Through these networks of patronage members were deployed to positions of authority and influence, with the specific aim to channel jobs to Afrikaners, as cited above. It provided members of the *Broederbond* with an exclusive and effective means to gain advantage over non-members and 'non-Afrikaans' South Africans when it came to appointments, contracts, commissions and promotions. The existence and function of these networks were confirmed during the interviews with former Iscor workers who indicated that until the 1990s Afrikaners closely aligned to the National Party were more likely to be appointed to senior posts at Iscor.

Several participants pointed to the involvement of the *Broederbond* in promoting white Afrikaner interests. One of the main objects of the *Broederbond* was to diminish English domination in government and parastatals by deploying whites to senior management posts at state enterprises. This explains why after the death of Dr. Hendrik van der Bijl in 1948, Dr. Meyer, who succeeded him was not considered as dynamic and talented by some officials at Iscor, but was preferred by many Afrikaners because he allegedly belonged to the *Broederbond* (Langley, 1997:58). The *Broederbond* also served to unite the white working class into trade unions that were bound by closed shop agreements to protect white workers

Another strategy used by the *Broederbond* to empower whites was the establishment of a finance company was known as the *Reddingsdaadbond* that financed and established Afrikaner

commercial and industrial undertakings. This became evident several times during the interviews where, for instance, Prinsloo recalled that Hertzog once spoke about Africa for Afrikaners, so all those organizations (such as the *Reddingsdaadbond* and *Volkskas*) supported the Afrikaner nationalist ideology.[5] Traces of the *Reddingsdaadbond* were found in the Vanderbijlpark where numerous subsidiaries and a number of secondary manufacturing industries – such as Vanderbijlpark Engineering Corp (Vecor) and Clottan Steel – were established under the control of Iscor. These findings illustrate the importance of the NP's exclusive ethnic base and how the NP policies strengthened Afrikaner participation in the economy.

6.3.2 Racial Discrimination in the Workplace

After 1948, Afrikaner Nationalism became a powerful political force that had serious ramifications in the structure of the country's policies on employment, skills development, education and entrepreneurship. Under this policy, many whites came to live and work in Vanderbijlpark and were the main beneficiaries of the NP attempts to empower whites through various strategies that favoured their employment. Iscor used the NP ideology of 'white first' in the workplace to ensure that its policies reflected its white workers and Afrikaner base. Analysis of the company's 1954-1994 annual reports revealed racial discrimination at the workplace, where the overwhelming majority of executive posiations were kept by white people (Iscor, 1993).

Some of the participants were able to draw connections between the overall political ideology of the NP and the identity of Afrikaner people living in Vanderbijlpark. Prinsloo recalled that 'part of the whole idea of apartheid, gave them a sort of a leverage to go forward, based on the idea of *volkskapitalisme*, you will see the Afrikaners, at that stage supported the Afrikaner

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[5] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014

organisations. Hertzorg at one stage said, 'Africa for Afrikaners'. So, I think the national movement provided them with an ideology. Due to this Afrikaner nationalism […] poor whites flourished under the umbrella of apartheid'.[6]

During the interviews, some workers spoke about the way the occupational hierarchy at Iscor functioned and how this favoured whites. According to a professor at North-West University, 'the whole apartheid ideology was affirmative action of the NP to provide jobs to poor whites after the Great Depression'[7]. This finding confirmed Von Holdt's (2000) observation about the pervasive influence of apartheid in the workplace and the various legislative provisions that restricted the advancement of blacks. As shown in Chapter 3, the NP had used job reservation policies to give better protection to the unskilled and semi-skilled white workers by giving them preferential treatment (Phillips, 1984:110). Legally, the NP used the *Job Reservation Act* of 1926 to protect the semi-skilled white workers. The NP used the *Amended Industrial Conciliation Act* No. 28 of 1956, to enable the Minister of Labour to reserve jobs for whites in any industry, trade or occupation.

According to legislation, blacks could not legally belong to trade unions to advance their interests. Job reservation and closed shop agreements sanctioned by the State, ensured that whites maintained the monopoly over artisan training and employment. This created the institutional framework for regulating access to their skills and relations with employers. In addition to this, Iscor used the "Afrikaner first" policy and job reservation measures to appoint and promote Afrikaans-speaking males. Further, given the rise in competition from cheap black labour, many white workers turned to unions, like ISTA, to force Iscor to implement job reservation and to protect them against the old craft unions (Lewis, 1983:46).

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[6] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014
[7] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014

The *Broederbond* used its influence to promote white Afrikaner empowerment through the control of the Afrikaner workers. This strategy had been adopted at the 1939 Economic National Congress where several leaders of the NP and the *Broederbond* expressed an interest in organizing white workers into trade unions. Former workers at Iscor referred to the Iron and Steel Trades Association (ISTA) as one of the unions that represented semi-skilled and unskilled white workers. According to Hinsaw (2001), ISTA won a variety of benefits for its Iscor members, including subsidized housing, company-paid medical insurance and pensions. The International Directory of Company Histories (2004) emphasizes that in the 1960s, Iscor was dominated by Afrikaner people, many of whom belonged to the *Broederbond*. Finally, the African nationalist sentiment was closely associated with the Apartheid government. In other words, Iscor had become a part of the government's effort to reduce wealth gaps between Afrikaners and English-speaking communities.

In addition to this, within the parastatal there was not only a division of labour between whites and blacks – the former being employed mainly in managerial and skilled positions, the latter as semi- and unskilled labour – but there was also a social division within the workplace. For example, one former employee of Iscor recalled that there were toilets and canteens for blacks and separate ones for whites. [8] This finding highlights the pervasive nature of racial discrimination not only in the occupational structure of Iscor, but in the organizational culture of the company which upheld the practices and ideology of apartheid. At the core of this was the need to unite, uplift, empower and care for the welfare of whites, the benefits of which did not extend to the blacks employed by Iscor.

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[8] Female white Participant & Inspector, interview 13.04.2015

6.3.3 Provision of Social Services

This section reports on the types of welfare services offered by Iscor to its employees to facilitate Afrikaner economic empowerment. Iscor (1953:95) maintained that its welfare services not only recognised the dignity of labour, but recognised that, for the nation's industrialisation to progress, where there was a strong partnership between the state and capital and labour. Hence, Iscor entered into many welfare activities which later became a feature of the organisation, such as paying an adequate wage; fostering good relationships; watching over workers' safety, and maintaining good working conditions (Iscor, 1953:95).

One of these benefits was medical benefits. Iscor secured its employees' health by subscribing to the NP's policy of white supremacy, by spending large sums of money in building hospitals and clinics for its white employees. The *Sunday Times* (1953:95) reported that Iscor provided benefits that included subsistence wages and salaries, pensions and medical benefits schemes, holiday and sick leave benefits, as well as bonuses that were determined by the general wage structure of the country. This was one of the dominant themes during the interviews where employees explained that the benefits provided included medical aid, pension, 27 days leave per year, sick leave and medical fund.[9]

Iscor (1953:101) stressed that its concern for the welfare of its employees was most striking to the extent that it made services available to assist employees and their families. One of the services provided by the organisation was the Iscor Medical Benefit Fund, which had been introduced in 1934, long before creation of the Vanderbijlpark plant. The Fund was opened to enable the establishment of clinics and hospitals, as well as dental facilities. The Fund covered all costs in connection with medical attendance by general practitioners, specialist medical and surgical services, hospitalisation and nursing. According to Iscor (1953:101), membership of

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[9] Former White Technician, interview 13.04.2015

this Fund was a condition of employment for European employees and contribution amounts of less than a Pound per month were determined by salary and marital status. This was confirmed by workers during the interviews who pointed to the existence of racial segregation in the Fund. Legally, this was achieved by affirming the provisions of the *Industrial Conciliation Act* of 1924 that excluded the 'pass-carrying natives' from the definition of employee.

In 1948, a Vanderbijlpark Medical Benefit Fund was introduced for Iscor employees to provide a fully comprehensive medical service that included a full dental service for its 12 379 members and their dependents. Additionally, in April 1950, a new hospital at Vanderbijlpark was opened. The Vanderbijlpark Town Council (1973:36) maintained that initially the Fund was open to all white residents of the town as per the provisions of the *Natives Urban Areas Act* of 1952 that imposed separation between black townships and white townships. In total, 60 percent of the European population of Vanderbijlpark belonged to the Fund, the remaining 40 percent had their own doctors.

The study found that various hospitals, such as Andrew McColm Hospital in Pretoria in 1942 and General Hospital in Vanderbijlpark in 1950 were built. During the interviews, a former Dental Nurse at Vanderbijlpark Dental Clinic explained that only white people had access to these medical benefits.[10] Based on this finding, it is evident that the medical benefits served as an important ingredient for empowerment to foster the NP ideology of white supremacy.

Regarding housing development, the provision of housing was one of the pillars of the NP Welfare State and a drawcard for a large number of employees whose housing needs could not be met by the NP government. The *Financial Mail* (1984:118) reported that Iscor's housing

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[10] Former white female employee & Clerk, interview 15.04.2015

programme for whites alone was a massive undertaking with some 15 645 housing units let to employees and 6 145 houses in a house-ownership scheme. Following the recommendations of the Carnegie Commission of Enquiry into the poor white problem and the post-World War II reform program, the NP government demanded that state owned enterprises, including Iscor, provide, welfare services – such as housing subsidies, education and medical services – to whites. This was confirmed during the address by Dr. H.J. van der Bijl (1937) delivered at the eighth ordinary general meeting of shareholders, where Van der Bijl held that 'in order to augment the provision of suitable housing accommodation for employees, Iscor had found it necessary to sponsor itself the erection of some houses and quarters' (Iscor, 1937:6).

Steps were taken to satisfy the need for housing by establishing a company called the Iscor Housing Utility in 1936 as a non-profit making utility company, registered to undertake the control and management of this Housing Scheme (Iscor, 1953:104). Iscor Housing Utility was limited by guarantees in terms of the *South African Companies Act* No. 61 of 1944. The Company's letting policy, as laid down by Iscor, prescribed a formula which only recovered the annual costs. Consequently, the Company's rentals were appreciably lower than the rentals determined by the Rent Boards. In addition to lower rents, Iscor employees living in the company's dwellings, enjoyed a rental subsidy subject to certain conditions. Rents were subsidised by Iscor to the extent by which an individual's rent exceed a certain percentage of his earnings. Like other welfare services, the company provided housing accommodation to its European employees only (Iscor, 1953:1015).

To assist its employees to acquire their own houses, Iscor made certain facilities available in the form of the Home Ownership Loan Scheme, which allowed employees to build or buy their own houses. According to the Vanderbijlpark Town Council (1973:52), a 75 percent bond was

made available immediately after joining the corporation but the employee was able to obtain a 100 percent bond when he had five years' service to his credit. He could buy a property to the maximum value of R26 000 with an annual rate of interest as low as 4 percent. In Vanderbijlpark, the Iscor Utility Company provided nearly 1800 dwellings for all those Iscor's employees who did not build or buy their own houses.

Since the NP provided subsidized housing as part of its welfare policy, at the micro level, state owned enterprises like Iscor were used to extend this benefit to thousands of white employees. Subject to the provision of the Group Areas Act of 1950, Iscor founder, Dr. Hendrik van der Bijl used the idea of 'garden cities' to promote social upliftment through provision of employment, finance and housing. Dr. van der Bijl himself once argued that:

> I visualized a town with people living in surroundings and under conditions which would be conducive to a healthy, happy and productive life. For this reason, I was determined to make ample provisions for parks, playing grounds, health clinics, hospitals and schools. A town, like a flower or a tree, should at each stage of its growth possess symmetry and completeness and the effect of growth should never be to destroy that unity but to give it greater purpose, not to mar that symmetry, which at all stages makes it a comprehensive whole (Van der Bijl, 1944).

However, when a new plant in Vanderbijlpark was opened, the garden city idea was entrusted to the Vanderbijlpark Estate Company (VESCO) – a section 21 company set up in terms of the *Companies Act* of 1944. The study found that during the development of the town planning, layout and development of townships by VESCO, the garden city idea was fused with racist policies to produce separate amenities, facilities and benefits for the general welfare and well-being of the inhabitants (Day, 1973:17). Some of the main garden city principles used in planning Vanderbijlpark included a limited population (almost 200 000); public ownership of land; a park-like ecosystem restricted to a green belt; and improved standards of living.The

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review of founding documents of VESCO showed that like Iscor, the all-white, male, board of directors managed VESCO; signalling a link to the ideology of Afrikaner nationalism. This was also confirmed by interviews with former workers and community experts who indicated that the garden city model was infused with social segregation in which separate white and black townships were erected along the NP ideology of racial division.

Another subsidiary corporation called Iscor *Landgoed* was formed in 1952 to take away from VESCO the functions of maintenance, valuation, and building inspection. The difference between the two subsidiaries was that, VESCO was responsible for the 9,940 hectares of land owned by Iscor, while *Landgoed* was responsible for all houses built by Iscor for its employees. A unique feature of the Iscor housing benefit was a loan scheme provided at the rate of 4.5 percent annum to enable its white employees to purchase and erect homes. During the conversation with former employees, many recalled that when they bought the three-bedroom houses, they paid 4 percent interest on the loan for houses worth £2700 pounds (in Rand estimate it was almost R54 000, 00). However, the housing subsidy strategy changed in the 1980s:

> We [Iscor] gave everybody that applied a loan, they did not have to go to the bank. We kept the loans small by ensuring that they were limited to 25 percent of salary income and applied to everybody. We told them [applicants] that repayment should not be above 25 percent and even today the bank still uses that system.[11]

This quote illustrates the challenge that many white workers experienced in terms of housing and the extent to which the state, through its parastatals, provided social protection to white workers. However, this benefit was limited to white employees only, until the late 1980s when black employees were allowed to apply for a housing subsidy.

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[11] Former white employee & Manager at *Landgoed*, interview 13.04.2015

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This racist welfare system placed an enormous financial burden on the state-owned enterprises, which meant that few were profitable and many depended on state subsidies in order to provide these extensive benefits. As Lipton (1985:282) points out, the state as employer was to create jobs and to uplift whites, not necessarily to make a profit. Some of those interviewed spoke of the pre-1994 period with a deep sense of nostalgia. Templehoff explained that:

> After the WWII, Vanderbijlpark literally became a magnet for the poor whites […] most of them were half-educated Afrikaners who never had lots of opportunities and they were taken into the system. In Vanderbijlpark, Iscor was state run project; they provided good housing, education and training, pension, health and transport to the people, the government put out a lot of money into this […] But the wonderful thing is that you had a caring society that was developed along […] I would say almost a socialist type.**[12]**

This quote illustrates the political connection between the NP philosophy and the provision of welfare services by Iscor and how these state-owned companies came to serve as a vehicle for white Afrikaner empowerment.

In terms of education, the development of human capital was at the heart of government welfare programme and was one of Iscor's empowerment policies. According to Iscor (1953:96), 'a prerequisite for a good relationship was that each man should have a thorough knowledge of his own job, and the opportunity of acquiring the knowledge necessary to progress to higher jobs'. For this reason, education and training played a vital role in the organisation of Iscor.The systematic review of Iscor newsletter shows that Iscor's training of apprentices was impeccable and enjoyed a considerable reputation in the country. Each year Iscor offered several bursaries to junior employees to study part-time at technical colleges. Further, Iscor started a Technical Cadet Training Scheme under which matriculated youths were given academic and practical

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[12] Templehof, J. Professor at North-West University, Vaal Campus, interview 18.01.2016

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training over a period of years to qualify for admission to the Technical Training Scheme (Iscor, 1953:98).

During the interviews, another professor at North-West University, Vaal Campus (2014), who did extensive research on Iscor recalled that the majority of people in Vanderbijlpark were Afrikaans speaking and so where the schools. A report compiled by the Town Council, revealed that in the 1990s there were 15 primary schools of which 12 were Afrikaans and three were English-medium schools, seven high schools (five Afrikaans- and two English-medium), and one technical school. Adding to the diversity of the population, two private schools were built in the late 1970s to accommodate German and Portuguese-speakers.

A report compiled by the Vanderbijlpark Town Council in 1990, revealed that 41 percent of the town's population had education up to Standard 8 or lower, followed by 33 percent with Standard 10 and only 7.5 percent had technical diploma while 10 percent had diplomas, 6.10 percent had university degrees, and only 2.40 percent had post-graduate qualifications. This means that despite the government intervention through welfare services and Iscor's support, the majority of the population remained under-qualified and vulnerable to poverty and unemployment. Additionally, Vanderbijlpark also had a Technical College, a Technikon and a university campus called the Vaal Triangle, a campus of the Potchefstroom University for Christian Higher Education.

6.4 Economic Factors Influencing Economic Empowerment

As previously shown in Chapter 3, the Afrikaner state relied on nationalist ideology and legislation to provide protected employment, skills development and employment benefits, and assisted by white trade unions to promote and protect the interests of whites. This section looks at how Iscor applied the macroeconomic policy to benefit whites.

6.4.1 Macroeconomic Policy

The opening in Vanderbijlpark in Iscor coincided with the establishment of South Africa's social welfare state according to Keynesian ideals for alleviating unemployment and poverty. As previously argued in Chapter 3, from 1924, South Africa had started providing welfare benefits but to whites only, which became a fully-fledged state policy in 1948. The NP seized the opportunity to implement welfare services to satisfy white labour's needs and aspirations, as guided by its Afrikaner nationalist ideology. According to Iscor (1953:95), 'it was not pure philanthropy which prompted the organisation to provide many welfare activities but also the sound macro-economic policy'. The NP used international practice to expand its position as an employer to include state-owned companies, including the opening in Vanderbijlpark of its plant called Iscor, in order to provide its workers with welfare services. Iscor maintained that its overriding aim was to ensure security in illness and old age and adequate recreational facilities for its employees, and give assistance in connection with housing and in dealing with financial and other problems (Iscor, 1953:95).

The organisation maintained that its version of an industrial revolution was not based on the 'enslavement and degradation' of working man as the European version was. According to Iscor (n.d:95), it fully recognised the dignity of labour and its partnership with management and capital. The most important aspects of the economic policy applied at Iscor to empower whites were job reservation, supplemented by employment benefits, skills development, as well as entrepreneurship and later outsourcing. These economic mechanisms were imprinted in Iscor and had a marked effect on white workers and their communities.

6.4.2 Public Sector and SOEs

Since the start of the 1920s, the South African Government was focused on recruiting whites on the broader public and public services. Afrikaners were over-represented when the

government of the Pact took power in the two fields under jurisdiction, Public Service and Railroads (Sadie, 2002:53). Government service – including public administration, teaching and the public service, and specifically the state-owned enterprises became visible symbols of Afrikaner empowerment. When the Nationalist Party came into power, it set about to Afrikanerise the public service.

One participant (2016) recalled during the interviews that after 1948, Vanderbijlpark became a nationalist project to employ and uplift Afrikaners. He said that this was when they could really absorb these poor whites coming from the rural areas'.[13] Van der Byl (2014:10) explains that the government has appointed Afrikaners since 1948 for the public sector and especially in senior offices [...] the transformation of public service by the 1980s has been nearly complete and more than 80 percent of the public service being Afrikaners. Similarly, South Africa Synthetic Oil Liquid (SASOL), ISCOR, DENEL and ARMSCOR, employed mainly Afrikaners. These industries expanded during the period of sanctions, where attempts were made to be more self-sufficient but also to promote Afrikaner Capital (Parliamentary Monitoring Group, 2015:4). By 1980, over 40 percent of all Afrikaners working in the public service and in parastatals in South Africa were employed. The Afrikaner then controlled the public service, having a direct interest in preserving the status quo of apartheid.

After 1994, the ANC's new economic policy, GEAR, prohibited the state from playing a strong interventionist role which sought to improve the quality of the lives of its citizens and assumed a different role of maintaining law and order and the provision of basic public goods and infrastructure. This role of producing and providing goods and services was transferred to the private sector (Stiglitz, 2008). To this end, with an unreal sense of urgency, the South African

White male Professor at North-West University, Vaal Campus, Interview 18.01.2016.

government embarked on the privatisation of some industries, including SASOL, ISCOR, and FOSKOR.

6.4.4 Employment Creation and Skills Development

As indicated in Chapter 3, one of the reasons Iscor was found was to provide employment to whites, particularly Afrikaans-speakers who were affected by poverty. In its annual report, Iscor (1967:43) reported that following the establishment of Iscor:

> Many fine young South Africans from the 'platteland' found their way to Iscor, one of the most complicated industrial undertakings, which had hitherto been attempted in South Africa. The employment of unskilled people in a highly complicated industry was no easy task. Management had to face the heavy responsibility of committing to a costly plant of great technical complexity to the care of young, relatively inexperienced, operatives.

The study found that since the adoption of the 'civilised labour policy' in 1924, most trade jobs at Iscor, especially those at foreman level – such as engineers, technicians and foremen – were reserved for whites (see figure 6, below). Below the foreman level, top job categories and artisanal positions – such as electrical, boiler making, fitters and turners, hydraulics, mechanical as well as millwrights – were also reserved for whites. However, the unskilled positions – such as general labourer, operators and crane drivers – were left for blacks[14] . Artisans were restricted to maintenance work, whilst actual production was performed by the operatives. This finding confirms Morris and Kaplan's (1976:11) observation about the racial organization of the labour process at Iscor and is reflected in the figure below. In 1994, senior management, middle management, supervisory and skilled positions were occupied by whites, while blacks filled the majority of unskilled and semi-skilled position in the same period.

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[14] Moolman, Professor at North-West University, Vaal Campus, interview 20.05.2016

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Figure 6: Racial Profile of Employees at Iscor (1994)
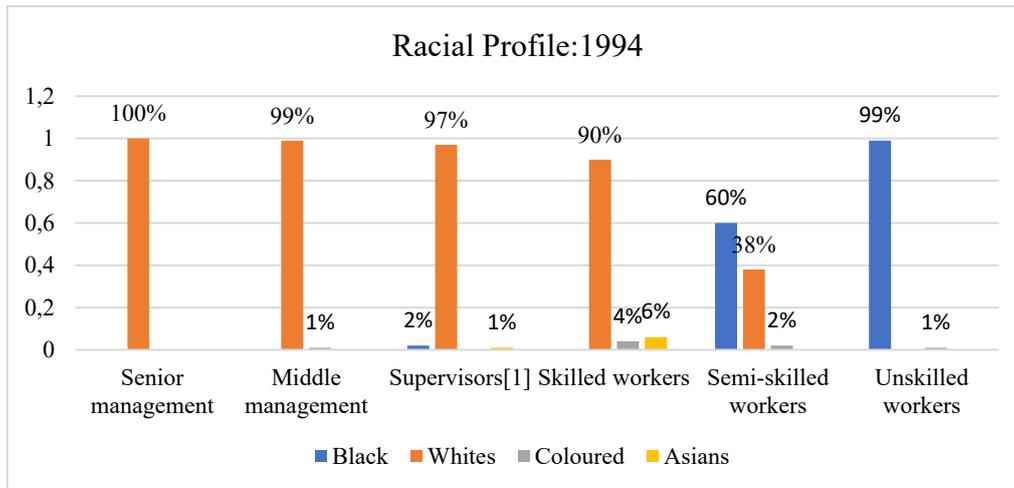
Source: ILO (1997); Iscor, 1994

This figure illustrates the perpetuation of the old pattern where race influenced employment status and occupational structures at Iscor as was the case during apartheid. As this figure show, most senior and middle management positions are still white dominated as compared to unskilled and semi-skilled positions which were occupied by blacks. Likewise, the number of whites occupying skilled positions is high as compared to the number of blacks and Asians.

The interviews with workers and various annual reports from Iscor, including newspaper reports and published materials confirmed that Iscor's jobs were racially classified between maintenance and production. Whites were assured higher skill grades and supervisory positions and an additional pay structure was used to favour white workers (Morris and Kaplan, 1976:5-6). Iscor's annual reports from 1953-1960 also show that some 25,000 men and women were employed at Iscor, which meant that around 100,000 men, women and children depended on Iscor for their livelihoods (Iscor, 1960:95). While the precise number of jobs created at Iscor seems unanimous, it is clear that white people's high volume of jobs was a good sign of their empowerment. This surfaced during the discussions with former employees who indicated that job creation was the primary reason they came to work at Iscor. One participant recalled that:

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> Ek het van die Spoorweg gekom hierna toe. Sekere mense het gesê Iscor betaal goed, toe bedank ek daar toe kom hierna toe. Dan kry ek die werk, en ek elke keer bedank ek en gaan terug by Spoorweg toe. Toe sê iets ek moet hierso bly, en ek het vir 31 jaar hier gebly (I came from the Railway, some people told me that Iscor's pay was good, so I resigned and came here. Then I found a job. Now and then people resigned and went back to the Railways, but something said I must stay, so I stayed for 31 years) [own translation].[15]

This conversation with a worker helped to illuminate why employment happened at such a huge scale. The findings indicate that besides the job colour bar, jobs were provided without merit. The job entry requirements were lowered to accommodate 'poor whites'. The lowest educational qualification amongst white workers was Standard Six, now Grade 8. Apart from lower qualifications, most employees reported that having military experience helped them as they also picked up valuable skills during their training. This claim was verified by the *Financial Mail* (1984:120) which reported that Iscor recruited school-leavers before they completed their military service, thus they had on average 1800 employees on call-up and very few of them had post-matric qualifications.

Linked to employment was access to the development of skills. Greenberg (1980) identified two distinct approaches to skills development that were used to empower whites during AEE: the use of parastatals like Iscor as the training ground for businesses and managerial skills and the establishment of the monopoly of skills by white trade unions; and the institution of racial barriers that legitimized and facilitated the exclusion of subordinate, unskilled workers. These same practices were found at Iscor in terms of white workers receiving job training and employment. There were three categories of training at Iscor: apprenticeship, bursaries to university, and learnerships.

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[15] Former White Employee & Train Driver, interview 13.04.2015

At the beginning, apprenticeship at Iscor was regulated by the *Apprenticeship Act* of 1922, and later by the *Manpower Training Act* No. 56 of 1981. According to the *Financial Mail* (1984:118), Iscor ran one of the country's biggest apprenticeship programmes. The corporation had approximately 700 internal training courses registered with the Department of Manpower (now the Department of Labour). Further, the corporation was heavily involved in university training for advanced technical skills. Each year, Iscor provided students with bursaries to undergo engineering training. Upon the completion of the training, students were obliged to work for the corporation for a stipulated period (*Financial Mail*, 1984:118).

Apart from on - the-job training and associated classroom practice, the apprenticeship required learning from the practical and theoretical aspects of the specified profession. According to former workers the training period lasted seven years, and was divided into actual operational work, production work and maintenance artisans. Jack described training as follows:

> Iscor had the best apprentice training centre in the whole of South Africa. You worked 6 months in the training centre, and they taught you […] motors, cable adjoining, cable tunnel wiring, amateur wiring, and then you move out after 3 months, to another section, 3 months to another section. The experience that you pick up during those 3 months across all of Iscor was enormous. There is not a bloke in South Africa who got that type of education. After I completed my training, I got my red certificate as an Artisan and signed a contract for 5 years as required by the Apprenticeship Act. What the certificate did was to allow the apprentices to apply for any work anywhere as qualified electricians.[16]

This training empowered whites by enabling them to get qualifications that not only secured their employment but enabled career advancement both inside and outside of Iscor. This was crucial for social mobility. Additionally, Iscor offered bursaries to promising white candidates,

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[16] Former White Employee & Fitter & Turner, interview 05.05.2015

children of white employers and employees, which afforded them the opportunity to study a technical and engineering courses approved by Iscor (Iscor, 1993:22). Many of the former Iscor employees interviewed spoke of how they and their children received bursaries, or educational support from Iscor to further their studies.

6.4.5 Trade Unions

Historically, trade unions representing white workers played an important role in promoting white empowerment at Iscor and other SOEs in general. Under the Pact government, Iscor was run with a 'civilised labour' policy. A primary feature of Keynesianism was the social contract between trade unions and business and the state to help grow the economy. The result was more standard work, regular hours, pensions and service benefits to workers. The interviews showed that trade unions amongst Afrikaners were as a rule, conservative and tended to be right-wing[17].The oldest trade unions, the Mine Workers Union (MWU) and the *Yster en Staal Unie*, maintained a broad consensus on apartheid on the application of job reservations and the suppression of African political and trade organizations. As Steenberg (1980:303) showed, these unions established job monopolies and the institutional frameworks for regulating access to their skills and relations with employers. Thus, in addition to receiving standard employment benefits, white workers belonged to trade unions, such as ISTA and MWU; both unions ensured the employment of unskilled and semi-skilled white workers in terms of the government policy of 'civilised labour'.

Typically, for South Africa from the 1930s until the 1970s, leaders of MWU, loyal to the Afrikaner nationalist movement, campaigned for 'capture the control of white trade unions' or to 'wean the Afrikaners into exclusively Afrikaans Christian national unions' (Lipton, 1985:270). The study found that MWU (today called Solidarity Union) used Afrikaner

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[17] Templehof, J. Professor at North-West University, Vaal Campus, interview 18.01.2016

nationalism to generate various forms of capital – political, cultural, economic and social – to empower its members. In his recently published study, Visser (2006:30) referred to this model as the Histadrut model. This model was used in the 1920s by an Israeli trade union and labour federation to solve an unemployment crisis in Palestine. Its founder David Ben-Gurion became involved in education, job creation and general services; such as medical and pension schemes, hospitals, sporting facilities, assurance companies and chain stores managed by the union's affiliated divisions.

Following the adoption of neoliberal socio-economic policies and the employer's demands for flexibility in the 1970s, the trade union's influence in defending worker's interests through traditional collective bargaining and political activities had declined. Jarley (2005:3) found that unions facing this difficult challenge had resorted to the generation of social capital through their formation of dense networks and greater solidarity amongst members in order to survive. The evidence of this model was found during the interviews with the former Iscor workers and Solidarity union officials. In addition, the review of the content of union publications revealed that it has championed empowerment of its members by altering the definition of union activism to include not just confrontation but acts of community service that Visser (2006) refers to as the Histadrut model.

In terms of economic capital, Solidarity benefitted from the efforts by the *Broederbond* to empower whites, especially Afrikaners using the *Reddingsdaadbond* principles of centralizing money-capital in financial institutions and converting it into productive capital. The first of these includes financial services. In 2006 Solidarity launched Unifonds with the goal of providing its members with affordable short-term insurance, a retirement and health aid plan, family plans, death benefits, micro-credits and insurance and investment services. In light of the new *Employment Equity Act* No. 55 of 1998, affirmative actions and retrenchments became

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a necessity for the financial group to raise resources from income earned and promote job creation. In case members lose their jobs, the Union has provided their members with affordable living, disability cover and income protection (*Permanent Medical Disability Benefit* – available online)[18].

Secondly, the union established and mobilized relations between its various units, as well as between external organizations to gain access to a variety of resources in terms of social capital. These relationships are believed to be crucial if common values, confidence and mutual understanding are to be established, which allow group cooperation and coordination. As regards internal documents, Solidarity has increased its authoritative and moral appeal for membership, using a deliberate brokerage approach aimed at building bridges between employers and employees and other organisations. Included legal aid for affirmative leaders, BEE initiatives and other legal challenges[19].

Linked to social capital, the study found that Solidarity provides various community services to members of the public such as Support Centres for Schools (SCS), recreation and well-being related benefits. Solidarity is committed to empowering its members to be autonomous and to mobilizing the resources of its members to establish independent institutions to strengthen their rights. SCS entails various services such as MS Office training, a schoolbag project (which gives stationary to underprivileged Grade 1 pupils), a lunchbox project (which feeds thousands of needy toddlers affected by poverty), mathematics courses, a reading app, as well as subject choice for Grade 9 pupils[20].

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[18] http://www.solidaritysa.co.za
[19] http://www.solidaritysa.co.za
[20] http://www.solidaritysa.co.za

In addition, for recreation purposes, the union reported six issues on its online magazine pertaining to labour and development of its members. This included well-being related benefits such as advice on medical aids, a lifestyle coach and a relationship expert, as well as an athletic club. Members received discounted tariffs on consultations with a lifestyle coach and a relationship expert[21].

The interviews with former white workers and Solidarity officials revealed that Solidarity was the only white union responsible for continued contacts based on friendship, work relationships and participation in civic or leisure activities between the current and former Iscor workers. More than 14 institutions, namely: Helping Hand, Afri-forum, Afri-forum Youth, FAK and Sol-tech to name but a few, were used for empowering whites. Venter (Interview, 2016) explained during the interviews:

> We no longer see our member as just an employee, we look at our member as a human being who has needs [some beyond the workplace], […] especially if the government and the employer don't cater for them as they did previously […] In the past, we did not have to because the state looked after and catered for our people but today that does not happen anymore. We look at job creation, education, welfare, job security, fair labour practice, decent work and conditions of employment'.[22]

The above quote illustrates the point that Jarley (2005) made about social capital unionism, where there is a realization that some of these interests extended beyond the workplace to include community problems. The interviews also revealed that Solidarity promotes linking capital for its 6000 members by maintaining strong ties with the *Broederbond*. In its constitution, Solidarity describes itself as 'the only Christian-driven union' intent on protecting

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[21] http://www.solidaritysa.co.za
[22] White male employee & Solidarity shop steward, Focus Group 1: 16.10.2014

minorities and democracy. During the conversation with Solidarity union officials, one official explained that Christian-Nationalism means that:

> We believe in the Lord, we always open our meetings with prayers and close with prayers. We believe that what we do is the truth, is the right way, there are no hidden agendas, there is no discrimination, there is no misuse of things and we feel that as long as we keep our eyes focused on the Lord, He is going to drive us to where we need to be.[23]

This confirms Bloomberg's (1990:xxii) observation that Christian-nationalism ideology entails the notion of the chosen people with a religious mission, and their emphasis on the right to rule, hierarchy, order, elitism and the glorification of God that was so deeply embedded in the *Broederbond* organizations such as NGK and FAK.

In terms of cultural capital, the interviews found that current and former white employees inside Iscor and in Vanderbijlpark at large received various services, such as: study benefits; financial services; death benefits and community services. In terms of study benefits, members can enrol at '*Akademia*' and Sol-Tech institutions. Through these institutions, Solidarity provides financial assistance to deserving students for tertiary training – many of whom are children of workers who belong to Solidarity. '*Akademia'* is a private university that provides expertise for preparing people to enter the job market. This is a private institution. The Higher Education Performance Committee of the Higher Education Council accredits it program. Members of the public receive 20 percent discount at '*Akademia*' and interest-free study loans[24]. The Sol-tech University provides formal training in the following trades: electrician, motorcycle designer, auto mechanic, fitter and turner, welder, fitter and instrument makers and die manufacturers. To ensure that it benefits the whites, the medium of instruction is Afrikaans. According to Solidarity's website, Sol-tech was founded to address the challenge of an ever-

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[23] White male employee & Solidarity shop steward, interview 16.10.2014
[24] http://www.solidaritysa.co.za

changing educational environment in South Africa and skills shortages caused by existing empowerment legislation, as well as transformation and affirmative action[25]. Solidarity maintains that Afrikaans- speaking people cannot access better jobs, thus they have to adjust or become impoverished. To ensure that Afrikaners benefit, Sol-tech follows Christian values. This means a system of values aimed at ensuring that young people are employable through training in crucial and scarce skills. Members receive a three-year training, after which they undergo a final trade test for the coveted red-seal qualification. Thereafter they receive the National N1 and N2 certificates.

This shows that the NP pursued its Afrikaner nationalist ideology by creating a legal framework for state intervention in the economy. This ideology was pushed through legislation and supported by organisations such as the NP nationally, and within parastatals by the *Broederbond* and the trade unions to uplift the whites.

6.4.6 Crisis of Keynesianism and the Rise of Neoliberalism

As previously argued in section 3.3.6, the post-World War II Keynesian solution was in crisis in the late 1960s. The state could no longer continue to play a key role in welfare provision, labour markets and economic regulation (ILRIG, 1999:25). In many countries, employers wanted to compete, but could not afford to continue to raise wages and spend money on employment benefits. Questions were raised in South Africa regarding the traditional model of public administration. Too big, too bulky and too inflexible parastatals like Iscor were being formed to meet the ever more complex, rapidly changing needs of contemporary social and economic structures. We have been susceptibly static, inefficient and, worse, dishonest (Alexandre, 2007). The crisis hit Iscor with the fall in local demand for steel, owing to a

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[25] http://www.solidaritysa.co.za

recession in the 1970s and early 1980s, a high debt ratio, poor market conditions, inadequate price adjustments and raw material, and labour difficulties (Iscor, 1979:4).

After the market for domestic steel products shrank, Iscor was forced to curtail its production capacity, and owing to its failure to produce quality steel at low cost, management decided to close two of its oldest blast furnaces at Pretoria Works in 1982, as well as the so-called South Works at Newcastle (Iscor, 1982:4). This put pressure on the state and Iscor to continue to provide jobs and welfare services to white citizens. In addition, the government decided to abolish price control on primary steel products in July 1985. Effectively, this meant that the government introduced deregulation – one of the free-market policies. According to Iscor (1986:9), this policy shift was a great concern, as the corporation's financial position could be affected by a flood of artificially cheap and subsidized products.

In addition to the deregulation policy, the government decided to privatise Iscor in February 1989 (Iscor, 1989:11). The ILO added that the Iscor strategy (1997:38) was successful, involving the constant improvement and enhancement of technologies, equipment and processes, lower costs and higher returns using a well-trained, productive workforce that acknowledged its position as a stakeholder in the business. This increased competition caused profit rates of steel producers to fall. One participant recalled that:

> You need to understand the steel making process over the world, what was happening in Europe, we couldn't have a primary production facility […] many years ago Margaret Thatcher closed down some of the manufacturing companies because of pollution. In the whole of Europe you will see the situation where they import flat products (that's where Iscor comes in), and then they just roll and mould it down. This has advantages; i.e., there is less pollution, no blast furnace or COREX, like in Pretoria, where there was massive pollution. They are not allowed to build primary steel production companies in those areas

of the world. In the US you find the situation where they erect and implement completely new companies with state of the art technology.[26]

During the interviews, one former HR manager at Iscor argued that 'you needed to keep an eye on what was happening in China'[27]. According to the former manager, 'one of AMSA's problems today is that Chinese steel producers are importing steel at much lower prices. In the past, Pretoria Works was the only steel making company producing railroads in South Africa. That part of heavy mills was closed down […] then they started to import steel railroad from China – that's a complete loss of market'. In addition, the participants explained that another problem was the fact that Iscor was using outdated technology:

> In terms of the layout, Vanderbijlpark alone has over 200 kilometres of railway track alone. Now understand the following, you need to have locomotives, drivers, maintain railroads, and state of the art manufacturing companies have various means of transporting systems, one control centralized system where they can operate the whole factory.[28]

6.4.6.1 New Public Management Approach

In the late 1980s, the NP government adopted a nation-wide program of privatization, which had significant impact on employee relations and service conditions at Iscor. Based on the neoliberal ideology, the state applied NPM principles to ensure greater cost-effectiveness and efficiency. This resulted in mass retrenchments, the adoption of private sector managerial practices, as well as the contracting out of services or non-core tasks to private organizations. The result was that many white employees lost their jobs through retrenchments. To cushion the effect of restructuring, Iscor issued 200 shares for free to its white managers (Iscor, 1989:20). In addition, employees were offered shares at a 20 percent discount on the price at which shares were offered to the public and to institutions. Although Iscor had planned to assist

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[26] White Male, former Iscor Human Resource Manager at Opportunity Centre, interview 10.11.2014
[27] White Male, former Iscor Human Resource Manager at Opportunity Centre, interview 10.11.2014
[28] White Male, former Iscor Human Resource Manager at Opportunity Centre, interview 10.11.2014

its employees, it turned out that only a small number of very powerful whites benefited from this. One such organization with unrivalled economic power and control was VESCO. VESCO is the one organization amongst many that was founded by Dr. van der Bijl, which emerged as the biggest beneficiary of privatization. The interviews identified several ways in which VESCO continued to benefit former white Iscor employees.

The main topic of the debate was outsourcing. Outsourcing is often known to include an external contractor in contracting out of previously implemented business functions. The *White Paper on Privatisation and Deregulation* (1987:8) permits the systemic transition from the government to the private sector for suitable services, operations or assets where market and price structure can control service production and consumption more efficiently. Although privatization of Iscor was legitimate from the economic perspective, the irony is that it encouraged the outsourcing of various Iscor departments and functions to VESCO.

As a Section 21 company, VESCO was responsible for buying, acquiring or hiring immovable property and to sell, let or dispose of said immovable property; to carry on the business of town planners, township owners and estate agents; to erect buildings for residential or any other purpose; to provide or contract for the provision of services; to carry out any undertaking which in its opinion would stand to the social welfare and enjoyment of the inhabitants; to carry on any farming, agricultural or horticultural pursuits; and to establish and carry on social, welfare, health, educational work (VESCO, 2015). To meet its expenses, VESCO received a 5 percent contribution from its five business units (listed below). The contributions were made in terms of the tax legislation that allowed for not more than 10 percent of taxable earning to be paid into section 21 companies like VESCO.[29]

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[29] White male, former Iscor manager and Manager at VESCO, interview 17.11.2014

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Through its partnership with Iscor, VESCO derived most of its business from Iscor through outsourcing, and then allocated work to its five business units. These were: Real Tree Trading (PTY) Ltd (100 percent owned by VESCO), Monyetla (PTY) Ltd (60 percent owned by VESCO and the other 40 percent is divided into 26 percent from the Black Employee Trust and 14 percent belong to the Employees Trust), VESCO - Eko Contracts (PTY) Ltd (similar structure to Monyetla), Tjokkerland (PTY) Ltd (100 percent owned by VESCO) and VESCO Community Enterprises (PTY) Ltd (100 percent owned by VESCO) (VESCO, 2015). One of the union leaders argued that:

> All the contractors inside Iscor belong to VESCO. They [VESCO] do not only control land. Strangely enough, none of them is owned by a black person – they all belong to whites and to some extent VESCO is run by some of the white managers who are currently working for Iscor.[30]

This quote illustrates the monopolistic tendency wielded by VESCO on Iscor operations, making it less likely that small businesses could enter the market for competition. For instance, the study also found that over 50 percent of workers at AMSA were supplied by contractors, a fact never mentioned by management that even labour was outsourced as part of a cost-cutting strategy. AMSA (2017:21) reported that lack of critical skills as the reason for using contractors. The study found that labour at AMSA is supplied by Monyetla Labour Broking, a VESCO subsidiary.

In addition, each of these business units were managed by whites, fuelling the speculation that it was an instrument of white empowerment. This was confirmed in a previous study by Hlatshwayo (2013) which showed that whites were the main beneficiaries of privatization and that the service contracts had been allocated to whites. These listed companies took over the

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[30] Black employee & NUMSA shop steward, interview 16.04.2015

empowerment role performed by Iscor in Vanderbijlpark after privatization. A VESCO manager reported during the interview that their biggest client was Iscor. The interviews revealed that many of these subsidiaries not only enjoyed a special relationship with Iscor, but also instances of "fronting". For example, VESCO claimed that there were black shareholders for each business unit (See Addendum 1). However, during the interviews, they could not identify any black person for an interview and neither current workers nor their trade union leaders knew about their existence.

The study found that in terms of outsourcing, Iscor applied the NP's economic policy to 'contract out' services such as cleaning and labour (ILO, 1997). This practice continued under post-apartheid when under the new owners, AMSA implemented flexible labour practice to divide the workforce into core and non-core services. Although AMSA (2002:67) stressed that this strategy was aimed at empowering the previously disadvantaged individuals, most of these departments were sold to former white employees and managers. In the end, outsourcing benefited the whites most and prevented blacks from accessing economic opportunities in terms of confining them to non-core business and lack of participation in the ownership, management and control of business.

The other strategy used by VESCO to empower whites, is that of interlocking directorates. The power-elite theory defines a system of interlocking directorates as when people in elite circles sit on the boards of directors of a number of different corporations, major companies, universities and foundations simultaneously (Andersen and Taylor, 2006:517). This was the case between VESCO and Iscor. All seven board of directors' members of VESCO were appointed by Iscor. During the interviews, one participant described this situation as 'an elephant in the house […] often senior managers or senior engineers at Iscor were responsible for VESCO projects. They often resigned from their current employment but continued the

same work under contract with management'[31]. This points to the unrivalled power of a few white managers who worked for both Iscor (now AMSA) and VESCO. This raises a political question about where the power lies in terms of implementing empowerment.

Reflecting on the impact of outsourcing and privatisation, Hlatshwayo (2013:175) argues that for white workers at Iscor, the 1990s were a period of uncertainty because apartheid, which gave them protection and privileges in relation to their black counterparts was abolished. At Iscor, privatisation was followed by work reorganisation and affirmative action. All these factors were seen by white workers and their organisations as an encroachment on privileged position. Clearly, these macroeconomic policies which supported the welfare state, were reflected at the micro level in terms of provision of standard jobs that were accompanied by a variety of social benefits.

6.5 Social Factors Influencing Economic Empowerment

As explained in Chapter 3, past political and legal contexts supported Afrikaner empowerment. Initially, the white Afrikaners established the *Helpmekaar* movement in the 1920s to mobilise funds and provide the poor whites with necessary support in the form of training, bursaries and support for the establishment of Afrikaans-owned enterprises. This had a huge impact on white Afrikaners. In 1948, the NP adopted apartheid as an official policy, applying racial classification to its welfare policy to empower whites and this was pushed through by means of various laws, such as the *Reservation of Separate Amenities Act* of 1953. The 1953 Act provided for the unequal facilities, such as schools, post-offices and telephone services, police stations, white hospitals and parks and public places for different races. This philosophy was also imprinted in Vanderbijlpark and at Iscor in terms of various organizations used to promote Afrikaner empowerment. In Vanderbijlpark, strong civil society organisations, like the

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[31] Black employee & NUMSA shop steward, interview, 20.01.2016

Helpmekaarvereniging, the Afrikaner *Broederbond* and the *Afrikaanse Christelike Vroue Vereeniging* played important roles in terms of empowering Afrikaans-speaking whites. The influence of these organisations straddled society by influencing politics, legislation and the economy.

6.5.1 Civil Society Organisations

Civic societies help organize and express different interests in society, as Dippell (2000) rightly pointed out. Rowland (1995:102) added that civil society is a valuable instrument to achieve 'power with', which is about gaining power through collective action. Thus, during the study, the participants spoke about various groups which mobilised for Afrikaner empowerment in Vanderbijlpark. The key Afrikaner organisations mentioned were the ACVV and various organisations such as the RoundTable and the Rotary Club. One participant argued that these organisations were indispensable in building and promoting the 'spirit of Afrikaner nationalism' in Vanderbijlpark:

> It was from that movement – the way in which they looked at the Great Trek and the influence of the Voortrekker in 1938 […] I think that was the birth place of Afrikaner nationalism in its purest form but after that, the stronghold in every town was the FAK […] it was the driving force behind the establishment of all the Afrikaner organizations.[32]

As far as the ACVV is concerned, a Professor at North-West University explained that 'apartheid acted as an umbrella to the Afrikaner organizations and business people […] the whole movement between church, political, social organizations was sort of they were united and run like the ACVV and agriculture organizations for women. They were very strong, prepared some, developed funds for social work for instance'.[33] As section 3.4.2 showed,

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[32] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014
[33] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014

various NGOs became important in the delivery of services, most essential to the poor, the elderly and the marginalised (Khamba, 2006:12).

In 1904, the white *Afrikaanse Christelike Vroue Vereeniging* (ACVV, Afrikaans Christian Woman's Association) was founded following the end of the South African War (1899–1902) in 190. This organisation was founded by women who performed a lot of charitable activities for the poor whites through the establishment of welfare practices (Ehlers, 2015:91). However, the study found that there was duplication between the work done by the ACVV and that of Solidarity's Helping Hand.

According to Solidarity, Helping Hand was founded in 1949 as a response to the white poverty crisis after World War II[34]. During the interviews with both former and current white employees, Solidarity's Helping Hand featured. According to Solidarity, Helping Hand is a welfare organization based on the values of the *Helpmekaar* movement of 1949[35]. Its main focus is to solve the Afrikaner poverty crisis through a variety of projects such as providing relief to poverty through projects such as Lunchbox, Schoolbag and the #HelpHanna project for children. They also focus on training – that is training children and young people to prevent them from ending up in the cycle of poverty – as well as strengthening Afrikaans education, and job creation. As an organisation relying on volunteers and present in almost 160 towns, Helping Hand formed WerkNet – a simple, user-friendly website where job seekers can upload their CVs and employers can advertise jobs.

During the focus group with Solidarity shop stewards, one explained the work of Solidarity Helping Hand as follows:

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[34] http://www.solidaritysa.co.za
[35] http://www.solidaritysa.co.za

Ja (yes) we do have a Helping Hand; we go and dish out food to places such as the Marikana. During the famous strike, we went there to dish out food every single day […] we were the only union that went there. We helped everybody, it does not matter whether its NUMSA or UWASA – that's the helping hand.[36]

Another official from Solidarity recalled that:

We got 17 institutions that look at community Helping Hand, whether it is training, schooling, or a feeding scheme. Our mandate goes beyond feeding schemes. Every year, we give Grade 1 Learners school bags, we call that the 'skooltassieprojek' (Schoolbag Project) it is for only children who do not have […] Our motto is that 'if you want grade 1 to start on an equal footing, you must ensure you don't have children not having basic stationary'. We supplied about 3000 bags. This year we provided bursaries, over R100m worth of bursaries. From the poor guy to the trainee.[37]

Analysing the historical materials of the town reveals that as the population is more settled, many organisations have been set up, to promote social empowerment, both by building capacity or by improving community capacities such as mobilization capability, skills and knowledge, prepare and assess the initiation of the community.

Other organisations included the Vanderbijlpark RoundTable and the Rotary Club. The RoundTable was formed in 1954 by a group of 28 young professional and businessmen to 'sponsor and organise Vanderbijlpark's industrial and commercial show' (Iscor, 1979:42). Money raised by the RoundTable was used to provide bursaries for students at local schools. During the interviews with the participants, one recalled that organisations such as the RoundTable 'consisted of smart guys who ran the political circle and were doing all types of cultural things, like promoting the Afrikaans language, working for people in difficult things,

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[36] White male employee & Solidarity shop steward, Focus Group 1: 16.10.2014
[37] White male & Solidarity organizer, Interview, 16.10.2014

and doing good services'[38]. One participant added that this was probably a good way to have some diversity and create cohesion within the community[39]. Within the business sector, there were organizational structures that enabled one to get a foothold into the system.

Another organisation formed by men from Vanderbijlpark's professional and commercial community is the Rotary Club, founded in 1956. The primary goal of the Club was to help members to deal with the problem of alcoholism. According to Iscor (1979:43), as a service club, the Rotary Club contributed within the terms of its charter to the social and community needs of Vanderbijlpark. During the interviews, both current and former workers mentioned other organisations except the Rotary Club. It was only during an interview with community leaders that the name came up. A social worker in Vanderbijlpark recalled that she still attends the Rotary Club meetings and continues to receive a lot of support projects from them.[40]

6.5.3 Religious Organisations

Another organization that promoted social empowerment in Vanderbijlpark was the church, particularly, the Gereformeerde Kerk, Hervormde Kerk and Nederduitse Gereformeerde Kerk. Before the establishment of the DRC in 1949, religious services were held in a private house in Marconi Street by the DRC, members of other churches had to attend services in Vereeniging (Vanderbijlpark, 1972:39). The role of the church in promoting the empowerment of whites was long realized even before the NP came into power in 1948. The DRC's role in eliminating the poor white problem through its race-based policies was extended when Vanderbijlpark was founded to promote the empowerment of whites. One of the founding documents of Vanderbijlpark revealed that the Dutch Reformed Church (DRC) was the first church to be built in Vanderbijlpark in 1949 (Vanderbijlpark, 1972:41). During the interviews several

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[38] Templehoff, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[39] Templehoff, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[40] White Female Social Worker, interview 17.11.2014

participants acknowledged the association between the church and poverty in Vanderbijlpark. The following quote by Templehoff (2016) explains how the poor sections of the whites in Vanderbijlpark were assisted by the DRC:

> A significant number of ex-Iscor employees live on a piece of land outside Vanderbijlpark, they share the same history of Vanderbijlpark and that of Iscor. Some are affluent, they are not [clearly] very poor but the Dominee told me we also have poor people here, poor whites. Many of them don't have it very good […] but fortunately the church tends to help the people, they take care of them. Looking at these people, what struck me was they built their lives around the church, which is a typical thing with Afrikaners.[41]

Religion also played an important role regarding identity formation. For instance, some participants spoke about the association between whiteness and religion. During the interviews, one professor from North-West University, Vaal Campus, recalled that, 'Looking at these people, what struck me was they had reached a level of affluence, not absolute wealth but they made it, they could live and the very close work […] church built their lives around the church, which is a typical thing with Afrikaners'.[42]

The discussions with the community leaders revealed that the DRC in Vanderbijlpark had adopted and practiced Christian-National ideology to promote the empowerment of whites, particularly the Afrikaners. Templehoff (2016) explained that the Afrikaners were 'very religious people, they are Calvinist, and they are real Reformed people - the same strain of Protestantism that made Paul Kruger to be a very conservative, dogmatic Protestant'. According to one participant, many people who had come from the former Western Transvaal (now North-West province) were oriented in this way. 'I think that sort of shaped this community. You had

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[41] Templehoff, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[42] *ibid.*

a well-organized Afrikaner cultural fabric built into the system'[43]. The impact of Calvinism on whites could be seen in terms of the principles they shared, such as hard work, respect for the authorities and an intolerant attitude towards dishonesty. The participant explained:

> Their Christian training held them in abeyance and both at school and in the community they had leaders who the people looked up to. So, I think, as they were always respectable people and if any of those people made a mistake, for example had extra-marital relations, there would be lot of trouble, they would be ostracized, so, they kept a very good […] so I think for the purpose of Afrikaner society they had very rigid rules and you had to be compliant with that.[44]

This quote shows how Afrikaners nationally behaved when it came to religion. In Vanderbijlpark the church also played a uniting, socializing and integrative role. In its dealings with the people, the church did not encourage class divisions. Instead, it fostered the development of cohesion and a sense of belonging as illustrated by the following quote:

> Most of your interaction between the people will take place at church and also the way they planned the town, the residents would go to the same NG church, and that is how they would get them to socialize and the children go to the same school, the working class children mixed easily with middle-class children like those of managers and there was a very nice integration.[45]

Nonetheless, since the 1990 transition and liberalisation of the economy, the church's role and influence seem to have waned. Reflecting on the social ills that the community of Vanderbijlpark has faced since the dawn of democracy, a Social Worker at Iscor explained that:

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[43] Templehoff, J. Professor at North-West University, Vaal Campus, interview 18.01.2016
[44] *ibid.*
[45] Templehoff, J. Professor at North-West University, Vaal Campus interview 18.01.2016

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> Culturally we have organizations like *Sakekamer*, the Rotary and *Broederbond*, but they operate at a much higher level. On average, most people belonged to the church but nowadays there is no real cultural organization that can stand out. What is so sad is that people are bored, churches are closing down. There is no more […] they go to charismatic churches, they are not interested in the DRCs (your NG), there is a church which has been broken down, and they built the Spur there. Churches are no longer relevant, people are no longer going to church anymore. At that stage, I think 10-15 years ago, people were more inclined to go to church and may stick together in the church.[46]

This quote illustrates the decline in the church's influence that helped Afrikaner empowerment. This shows that, like other themes such as language, racial and cultural purity, religion was central to the identity construction of Afrikanerdom and has provided an important thrust to the development of common identity and affinity to help those in distress. It is clear that religion not only gave Afrikaner leaders a great sense of social responsibility towards fellow Afrikaners, but it instilled values that supported AEE and promoted cohesion, unity and a sense of belonging for all.

6.5.4 The Role of Culture

The importance of culture as an enabler of empowerment has long been recognised by sociologists. One of the drivers of Afrikaner empowerment was the need to empower the language – Afrikaans – which many felt was being destroyed by the English through policies of Anglicisation resulting in a feeling of inferiority (Sadie, 2002:12). To this end, the single most important contribution of culture to empowerment was the protection of Afrikaans by the NP government. From the beginning, the leaders of the NP, including Dr D.F Malan, recognized in the 1913 proclaimed that, "Raise the language of Afrikaans into a written language, let it become a medium for our culture, history and national ideals, and you will bring

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[46] White female participant, Social Worker, interview 17.11.2014

up the people who speak it' (Sadie, 2002:34). Language became an important factor in Afrikaner empowerment especially in terms of employment and building social relationships.

After 1948, public administration started to be Afrikanerised, enabling the NP to extend to professional and senior officers the concept of hiring bilingual people and to alter the top structure of the public service. Similarly, during the interviews, the majority of participants came from Afrikaans backgrounds and recalled their first experience when they arrived at Iscor. Some recalled that though there were English speakers, the majority at the plant level spoke Afrikaans. One employee described the cultural politics at Iscor as follows:

> You could not pick up as it is, we knew that it was there, but it was swept under the blanket, kept away from our eyes. They had to cover it to keep sort of control and maintain peace but the inner peace is not there. All you could see was many groups – one on the side and the other on the other side, whether it was a function, private function, an office function, what you saw was […]you saw black people in a group, coloured people in a group, Indians […] English and Afrikaans in groups and you ask why? It's because of the culture.[47]

Further interviews with the participants revealed that not only was Afrikaans a spoken language between employees and management, it was also an official language of the company. One of the participants recalled that 'every published material, including letters and newsletters were in Afrikaans […] when I left [in 1999] it [the language spoken inside the company] was still Afrikaans'[48]. One participant added that Afrikaans also played an important role in fostering identity. He recalled that 'I think that sort of shaped this community. You had a very firm well-organized Afrikaner cultural fabric built into the system. You dealt with *Volkskas* bank, you belonged to Afrikaner cultural organizations, you went to the Afrikaans school, Afrikaner

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[47] White male employee & Solidarity official, interview 18.03.2015
[48] White male former employee & Fitter, interview 17.03.2015

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church, you became a Voortrekker, part of the Afrikaner youth movement […] it was a typical Afrikaner environment'.[49]

6.5.5 Social Capital

The Afrikaner leaders translated the Afrikaner nationalist philosophy into cultural organisations which sought to mobilise individuals, families and communities around Dr. van der Bijl's philosophy: 'we must, at all times, recognize that a city's greatness is not to be found alone in steel and concrete and stone, but rather in the bodies and minds of its citizens [...] only by providing the fullest possible measure of cultural and recreational activities can we change mere existence into happy living' (Day, 1973:26). To this end, several Clubs, recreational and cultural facilities were established in Vanderbijlpark to provide bonding, linking and bridging capital to many white South Africans. The main influential organisations were the Iscor Club, religious associations, charitable organisations, trade and professional organisations, cultural organisations, women's associations and service organisations (Vanderbijlpark, 1993:13). The study considered the Iscor Club, Mutual aid and the *Sakekamer* which facilitated economic, financial and cultural networks and interactions amongst white employees and residents to develop social capital.

6.5.5.1 Iscor Club

The most talked about organization that facilitated bridging social capital amongst whites was the Iscor Club. This was formed in 1944 before the Vanderbijlpark plant was opened. The Iscor Club opened up opportunities to build facilities such as a clubhouse and playing fields, which then triggered a sense of community similar to what Putnam had found in the United States in the 1960s. According to Iscor (1973:42), Club membership grew to 5645 in 1957. The membership consisted of many sporting codes, including athletics, rugby, soccer, tennis,

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[49] Templehoff, J. Professor at North-West University, Vaal Campus interview 18.01.2016

wrestling, boxing, bowling, cricket, boating, choirs, hunting, rifle club, as well as drama and theatrical societies. Iscor supported the Club by providing funds for buildings and equipment partly by way of grants, and loans. Subscriptions and trading profits covered the running expenses. Even though membership was open to both employees of the corporation and all residents, only whites were allowed to belong to the Club.

Iscor Club contributed immensely to the building and maintenance of Afrikaner exclusive identity and unity amongst workers. Recounting the role of Iscor Club, an ex-Iscor manager remembered one thing that the Club symbolised was 'group identity'[50]. Accordingly, the participant, 'in both the production and maintenance departments whites worked as a group […] we formed very close relations […] we were really proud of our groups. Usually on Fridays we would go out to the Clubs and everybody had a beer'.[51] Other employees spoke about the team-building exercises and functions that were conducted at the Club by various departments.

The Iscor Club was not the only organization in Vanderbijlpark. During the 1980s, membership and interest in joining civic and fraternal organizations was inspired by the formation of various organizations such as the South African Women's Institute and St. John's Ambulance Brigade, Vanderbijlpark Nursery School Association, the South African Red Cross Society as well as the Rotary Club (Iscor, 1973:43). However, as part of its commercialization and outsourcing, when new owners took over in 2005, the Iscor Club was sold to North-West University, bringing the social life of the community to an abrupt end. Most participants expressed disappointment and a deep sense of loss at the sale of the Iscor Club. In the process of coming

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[50] Former white male employee – Human Resource Manager, interview 14.04.2015
[51] *ibid*

together, friends, colleagues and associates were able to build social capital, which ultimately enabled them to rely on each other for support in various activities.

This demonstrates the important role in facilitating bridging social capital that the Iscor Club and churches played, especially between the white workers of all ranks and poor people affected by wider political and economic changes. Iscor Club played an essential role of encouraging the formation of informal and formal networks of friendships, associations and relationships.

6.5.5.2 The Sakekamer

One of the organisations formed by the *Broederbond* after the 1929 People's Congress was the *Afrikaanse Handelinstituut* (AHI), which acted in the interests of Afrikaner small traders, and sought to insulate these groups from the influence of large organisations (O'Meara, 1983:144). The influence of the AHI grew in the 1940s when a variety of local business chambers (industrial, commercial and financial) were established as subsidiaries of the AHI. Following the establishment of Iscor, the Vanderbijlpark *Sakekamer* (Chamber of Commerce) was formed in 1949 to provide linking social capital to Afrikaner businessmen in Vanderbijlpark (Iscor, 1973:43). The Vanderbijlpark *Sakekamer* made its presence known during the early stages of town development by agitating successfully for the development of the new civic centre in Vanderbijlpark along the ideology of social apartheid. The historic records of the town's development show that the *Sakekamer* contributed to white empowerment by suggesting the establishment of the Vanderbijlpark Publicity Association (VPA) in 1955 to encourage industrialists and entrepreneurs to open factories and business houses in Vanderbijlpark, and share in the economic prosperity that was attending the town's growth into a city (Iscor, 1973:43).

Added to this, the *Sakekamer* connected entrepreneurs to local businesses (Prinsloo, 2014). Prinsloo maintained during the interviews that the business chamber in Vanderbijlpark was the first sort of organization to do this. He described it as 'the best business chamber in the country and the most active one',[52] the only group that worked passionately and energetically to develop local business and entrepreneurship. This shows that in order for small business to develop and succeed, they needed the endorsement and support from big established businesses.

This sentiment was also expressed by the chairman of the *Sakekamer* in Sedibeng as follows:

> The *Sakekamer* is crucial for business because it is through them that businesspeople organize themselves; through that organization, they start to network; through networking, they start to cooperate with each other and through cooperation, and they discover mutual benefits. These mutual benefits empower the community by keeping money in the community.[53]

This quote shows that, through this kind of support coming from national networks, the *Sakekamer* helped to promote empowerment by ensuring that the benefits accrued from its local investment benefitted whites. The chairman of Sedibeng *Sakekamer* identified several strategies used by the *Sakekamer* to assist Afrikaner entrepreneurs in Vanderbijlpark. Firstly, it is an official voice of the small business community. During the interview, the chairman explained that their main aim was to benefit business. 'Ours is to create an environment for business to prosper, when business prospers, they will employ people'.[54] Secondly, the *Sakekamer* would lobby the municipal government to come up with projects which have economic, instead of political and cultural impact. Other strategies include mobilizing business

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[52] Prinsloo, P. Professor at North-West University, Vaal Campus, interview 24.11.2014
[53] White male, Sakekamer Chairman, interview 21.11.2014
[54] White male, Sakekamer Chairman, interview 21.11.2014

people, facilitating local economic development in collaboration with local municipalities; growing, defending and empowering businesses through mentoring, networking and business research; helping to support entrepreneurial development and start-up entrepreneurs; and promoting business to business interaction. [55] These are crucial ingredients for small businesses, and important outcomes of AEE.

Despite its role in providing networking opportunities to local business entrepreneurs, the *Sakekamer* faced challenges around language and race transformation. The Sedibeng *Sakekamer* chairman recalled that:

> For 54 years they [the *Sakekamer*] was white […] so I invited a black entrepreneur to our AGM and made one commitment towards him. I said, if someone mistreats you, I will resign with you. During the first membership meeting, Sibusiso Tshabalala showed us how to network, he was giving out gifts, and he was an example to all of us [...] This year I changed two things, I made the official language bilingual [it used to only be Afrikaans] and we took on black members. I did not have complaints about black members but I had kak (shitty) business with language. They said 'ons is Afrikaans' (we are Afrikaans). I think there was one person who resigned because of that.[56]

In other words, although the *Sakekamer* played a vital role in assisting Afrikaner entrepreneurs to grow and flourish, it also had a detrimental effect on blacks because of its rigid adherence to the ideology of Afrikaner nationalism.

6.6 Conclusion

This chapter identified a number of factors which have contributed to the success of Afrikaner Economic Empowerment. One of the main findings in this chapter is that the state, the private sector and organised labour worked together in synergy to uplift whites from poverty. In terms

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[55] *ibid*
[56] White male, Sakekamer Chairman, interview 21.11.2014

of political-legal factors, the study found that the state provided a legal framework to promote and protect the interests of white Afrikaners systematically. This included building a large public service to provide protected employment, standard employment benefits as well as skills development. These services were backed by welfare benefits and services, which were only meant for whites, specifically white Afrikaners.

Economically, the NP adopted a macroeconomic policy based on Keynesian principles, in which the state established a large public sector to provide employment to whites, while in fact promoting and protecting the interests of white Afrikaners. In addition to receiving standard employment benefits, white workers belonged to trade unions that ensured the employment of unskilled and semi-skilled white workers in terms of the government policy of 'civilised labour'. However, in the 1960s, the Keynesian policy was in crisis, with critics attacking the state as inefficient, too large and cumbersome and advocating a new macroeconomic policy that would allow private sector business practices to be used in the public sector. As a result, Iscor was privatised in 1989 and transformed into a profit-generating entity. As part of the neoliberal solution, the state adopted a conservative fiscal policy calling for cuts in state subsidies, restructuring of workplaces, instituting retrenchments to cut the costs and outsourcing of 'non-core' functions with serious consequences for both white and black workers.

In terms of social factors, the study found that organisations such as the *Broederbond*, the *Helpmekaarvereeniging* and the ACVV relied on language, nationalism and religion to promote the empowerment of white Afrikaners. The influence of these organisations straddled society and influenced how organisations like Iscor operated. Within Iscor, organisations such as the Iscor Club and the *Sakekamer* provided members of the white working class and their families with opportunities to develop bonding, bridging and linking capital. In addition,

culture in the form of language and religion helped to promote empowerment in two ways. Firstly, in terms of language – many whites felt that English destroyed Afrikaans. Therefore, Iscor promoted Afrikaans to a language of power by ensuring that all published material, including letters and newsletters were in Afrikaans. Secondly, regarding religion, research has shown consistently that historically the DRC played an important role in eliminating white poverty since the 1900s and continued to do so at Iscor and in Vanderbijlpark by promoting Calvinist values to promote Afrikaner empowerment. One participant recalled that Calvinism helped to organize the social lives of white Afrikaners and to connect them to the large system. This instilled principles such as hard work, respect for the authorities and an intolerant attitude towards dishonesty. Consequently, the interconnection between politics, business and civil society made Afrikaner economic empowerment successful. However, it created numerous problems for the black empowerment in the post-apartheid era.

CHAPTER 7: BLACK ECONOMIC EMPOWERMENT AT AMSA[57]: FINDINGS

> I get the impression that this town [Vanderbijlpark] must have been a very nice town […] it was one of the richest municipalities in South Africa, they [white Afrikaners] were well cared for and there was nothing wrong with that. So, again, Iscor's influence flowed from the top down to the factory and right to your house […] you formed a part of this large 'comprehensive family'. That is something that is a vanishing phenomenon[58].

7.1 Introduction

The previous chapter explained how the leaders of the *Broederbond* and the NP used a nationalist ideology to develop a welfare state to provide jobs, develop skills and social benefits to a small minority group of whites. As the excerpt above shows, many of these services have vanished since 1994. In comparison to the NP, the government of the ANC created a developmental state that is 'democratic and socially inclusive' and centred on the needs of citizens, protecting and fostering human rights, addressing social issues (Patel, 2015:29). Under the developmental state, the ANC focused on redressing the imbalances of the past.

The chapter used evidence from various sources such as in-depth interviews with former employees and managers from Iscor and current employees and managers, union officials and community representatives as well as evidence from company newsletters, presentations, and minutes of meetings, as well as annual reports of the corporation dating from 1994 until 2016. The findings are discussed thematically in relation to various dimensions used in empowerment literature. They deal primarily with the experiences of black workers and their union leaders,

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[57] From 2006 onwards, I will refer to Iscor as AMSA
[58] Templehoff, J. Professor at North-West University, Vaal Campus interviewed 18.01.2016

but a deeper understanding is provided about how black empowerment was implemented at Iscor after 1994.

7.2 A Welfare State with a Developmental Agenda

Section 4.2 revealed that Keynesianism fell out of favour in the 1970s, and the NP party succumbed to the ANC in 1994, thereby a new political and economic dispensation was introduced. Since 1994, the ANC adopted a new strategy called the 'developmental state' that combined social with economic goals. In comparison to the NP, the ANC didn't articulate a comprehensive philosophy of nationhood clearly. The ANC claimed, however, that nations need certain common values, such as equal rights, a shared land, a common economy, collective meaning, national sentiment, constitutional fidelity and a democratic state as well as a common culture (ANC, 2005). This policy became the blueprint of welfare provision in the country and in many organisations such as Iscor.

In its 1994 annual report, Iscor shared concerns about the role of welfare in meeting developmental challenges facing the country. Signalling its support for the 'developmental state', Iscor stressed that the uncertainty surrounding the economic policy of the ANC subsided when it became clear that 'economic growth and development' – two essential ingredients of developmental state – were to be the basic objectives of the company's new macroeconomic policy (Iscor, 1994:12). As a result, Iscor made significant investments in projects that benefited communities; including investment in education, support for low-cost housing programme; job creation and welfare projects (Iscor, 1994:25).

During the interviews, workers explained that Iscor implemented the ideas of the developmental state by creating incentives to lobby for favours, rather than to look for ways to build businesses and satisfy customers. Iscor also applied the ANC's policy of issuing licenses

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and providing regulations but this alienated the intended beneficiaries of BEE. Ironically, the whites continued to enjoy support of current management. One participant recalled that 'when we negotiated our wages with management, people who were not part of the plan ended up benefitting, such as supervisors, management and white workers, instead of the working class, especially blacks'.[59] This finding illustrates that whites, especially skilled and senior personnel benefited from the developmental state instead of the working class.

7.3 Political-Legal Factors Facilitating Economic Empowerment

Between 1994 and 1996, the ANC's approach to empowerment changed from the RDP to GEAR. These changes in macroeconomic policy were also observed at Iscor. In the 1995 annual report, Iscor (1995:22) reported that it wholeheartedly supported the objectives of the RDP, not just because they constituted a moral imperative, but because the development of a stable, equitable society made sound commercial sense. As a result, Iscor established the Iscor Foundation to 'coordinate corporate social investment activities on behalf of the Group' (Iscor, 1995). The Foundation became a catalyst for improving standards of living and uplifting the quality of life in the 'communities'. Despite its promises, Iscor expressed concern that 'the RDP would not generate a surge in demand for infrastructural materials because the realities of the South African economy simply could not support the country's dreams of large-scale development' (Iscor, 1996:10).

Under the new policy called GEAR, the state introduced major cuts in social expenditure, continued with privatisation of SOEs, organisations implemented 'lean production' or flat organisations, and the state partnered with the private sector to grow the economy. Neoliberalism was not new to Iscor. It first surfaced in the 1980s in the form of NPM and later through deregulation of the steel industry and privatisation and resulted in the withdrawal of

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[59] Black male employee & NUMSA shop steward, interview 03.02.2016

state subsidies. The pace of liberalisation increased after 1996 with the re-engineering process that sought to maximise the value of the business through decentralisation of management, organisational downsizing, product and process rationalisation and achievement of operational excellence (Iscor, 1997:9).

As a result of the trade liberalization, Iscor maintained that its resources were substantially undervalued, as mining and steel assets were merged in one listed company. Accordingly, Iscor unbundled the iron ore mining from steel operation in 2001. Iron ore mining was taken over by Kumba Resources Ltd, while the steel business remained with Iscor. According to Iscor (2002), the unbundling resulted in a long-term Business Assistance Agreement (BAA) between Iscor and Dutch-based LMN holdings to generate cost savings ideas, transfer knowledge and help to implement improved practices. In exchange for business advice and innovation assistance, LMN Holdings received 10 000 shares in Iscor. By 2004, LMN had obtained 35 percent share in Iscor, and the 2006, the company was renamed ArcelorMittal South Africa (Iscor, 2002). Thus, throughout the remainder of the study, from 2006 onwards, the company is referred to as AMSA instead of Iscor.

The new owners dedicated themselves to promoting the entry in a mainstream economy of formerly disadvantaged people like Iscor (Iscor, 2002:67). AMSA adopted an empowerment strategy that included finding opportunities in small-and medium-sized black-owned businesses to outsource and procure goods and services. Fire detection, catering, safety, facility management and cleaning services for BEE groups included other outsourcing services. These claims became the focus of the interviews with the workers and trade unions.

7.3.1 Political Ideology: Nationalism and Politics of Patronage

Since 1994, the ANC has adopted the same tactics after 1948 as that of the NP to nominate Afrikan businessmen to lead positions in the State Economic Boards and senior managers in

the government and state industries (Southall, 2004:6). Under the new dispensation, the ANC adopted affirmative action and black economic empowerment policies to promote the redress of past injustices instead of promoting a clear nationalist agenda like the NP. This strategy was also used by the NP to reform the public sector staffing policies to achieve demographic representation (Southall, 2007:210). Following the history of racial exclusion of blacks from certain jobs and employment, the study found that post-1994, racial networks between former white employees and management at Iscor were highly entrenched and continued to benefit whites.

These networks dated back to the late 1980s when the management contracted out various 'non-core' services to Vanderbijlpark Estate Company (VESCO) to cut costs, increase efficiency and increase labour productivity (ILO, 1997:58). Policy changes after 1994, particularly the introduction of the *Preferential Procurement Policy Framework Act* No. 5 of 2000, perpetuated this practice by allowing organizations to contract out various services such as cleaning, labour services, training and safety to outside companies. The study found that VESCO – the only remaining organization from the previous era and one that represents five business units – enjoys the power and benefits of most empowerment opportunities being offered at AMSA. For instance, none of the five business units belonging to VESCO are owned and controlled by blacks (see figure 7). The Memorandum of Understanding (MoU) between AMSA and VESCO states that there shall be not less than 3 and not more than 7 directors of the company. In other words, this company is run by between 3 and 7 directors all of whom are appointed by AMSA. During the interviews, a former white employee and manager at VESCO recalled that members are selected by AMSA.[60] This finding shows that AMSA does not abide by the BEE principles of inclusivity, broad-based and good governance as required

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[60] White former employee & Manager at VESCO, interview 20.11.2014

by the BEE legislation. This business monopoly makes it difficult for emerging black enterprises to receive work from AMSA.

As a Section 21 company, VESCO derived its income from 10 percent annual contribution from its five business units. Each donation made to VESCO is then distributed to various community enterprises. Each business unit has a managing director who reports to the board on above him, a finance officer, a human resource director and a business unit manager. During the interview, one participant explained that even though they [VESCO] supply labour to various enterprises in Sedibeng region, AMSA was their biggest client.[61] This connection at managerial level benefits whites by eliminating possible competition from black companies. This finding shows that black empowerment is lagging behind because of the existing networks of patronage between AMSA and VESCO management.

Figure 7: VESCO: Business Structure

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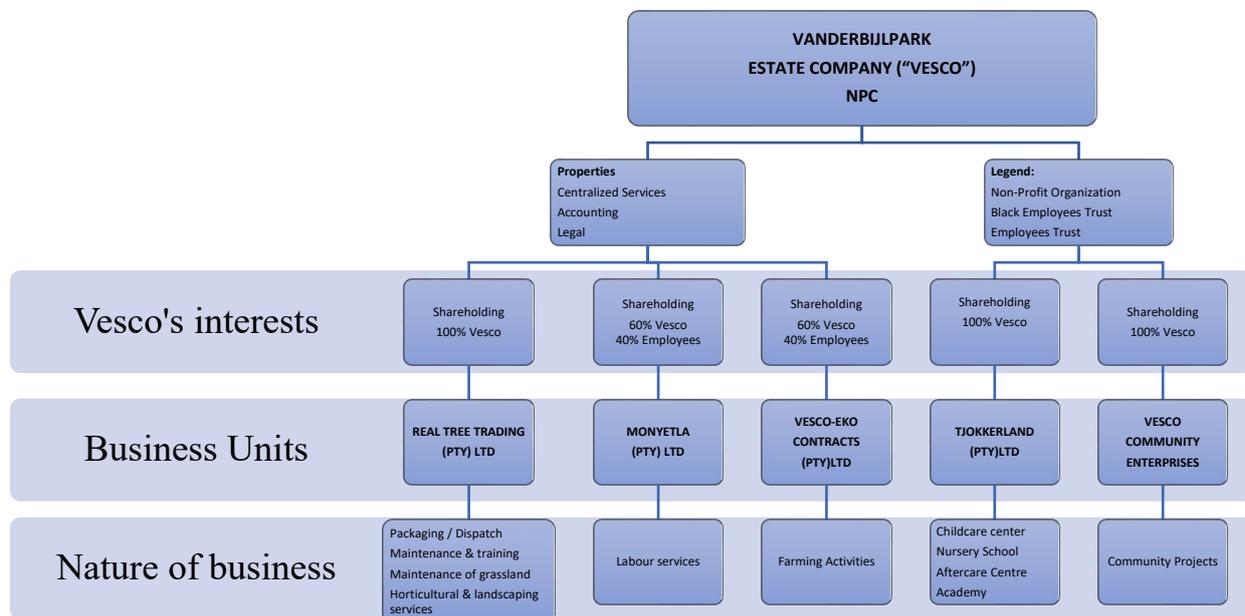
[61] *ibid.*

The study identified numerous ways in which blacks are discouraged from participating in empowerment at AMSA. The first one is that the company's preferential procurement – or it's purchasing of goods and supplies from BBBEE compliant suppliers – favour whites and their companies. According to AMSA (2007:18), many local suppliers fail to meet the high international standards required by AMSA and lack an understanding of the AMSA production, procurement and tender processes. To resolve this crisis, AMSA provided a networking platform for BBBEE suppliers in the form of vendor days and developed a BBBEE database. The graph below (figure 8) shows that in 2013 AMSA spent R13 billion on BBBEE Level 4 companies to promote local economic development.

Figure 8: AMSA Procurement Spending (2013)
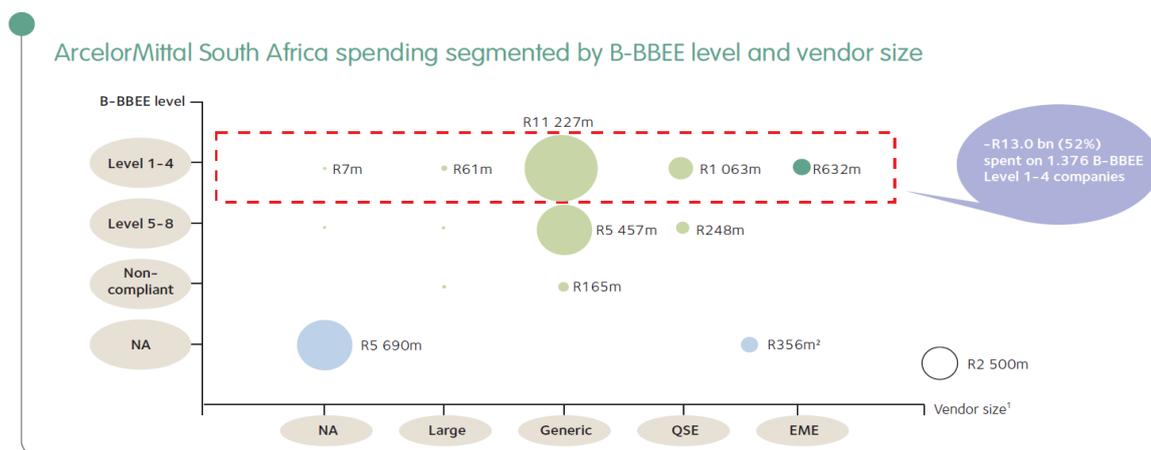
Source: AMSA Factor Report (2014)

However, the interviews with union officials show that workers were concerned about how the existing racial networks or patronage between AMSA and VESCO were undermining the implementation of black empowerment. Former NUMSA organiser explained that:

it is difficult for our people [black people] to make inroads. Many blacks cannot access empowerment because tenders are not advertised as the law states. We do not see any

empowerment of black entrepreneurs in Vanderbijlpark that have accessed opportunities within AMSA. The opportunities are blocked by certain white managers within AMSA, securing opportunities for their own white brothers.[62]

This means that ownership concentration and monopoly power inhibit the participation of the majority of the population from the rights of ownership and wealth.

Most contractors working with AMSA had the second challenge of fronting to overcome. Legally describes fronting as a deliberate circumvention or a bid to bypass the BBBEE Act in the *Broad-Based Black Economic Empowerment Amendment* No 46 of 2013. This requires relying on information or enforcement statements based on factual misrepresentations made either by the party alleging compliance or by any other person. As such, the Act considers fronting a criminal offence where offenders may be liable to a fine or a maximum prison sentence of ten years, or in the case of a juristic person, a fine of up to 10 percent of its annual turnover. A number of participants cited fronting as one of the reasons why blacks were not enjoying the benefits of empowerment at AMSA. A NUMSA shop steward blamed the white capitalists who were responsible for implementing empowerment for fronting.[63] According to the union official, 'they [white capitalists] take three black people and front them to help them to get a tender. Once they receive a tender they […] bought a black lady a BMW X5 and said now you can stay home; we will pay your salary'.[64] Another shop steward explained that some contractors linked to VESCO use African names in their branding to misrepresent their company credentials in order to qualify for government or business contracts: 'You find contractors like Monyetla Ltd; the latter is an African name meaning 'opportunity' - it's not owned by black people, its owners are whites'.[65]

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[62] Black employee & NUMSA Organiser, interview 13.10.2014
[63] Black employee & NUMSA shop steward, interview 28.01.2016
[64] *ibid*
[65] Black employee & NUMSA shop steward, interview 17.06.2015

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Another factor that impacts on the implementation of BBBEE is nepotism. During the conversation with workers and their leaders, some recalled that there were some AMSA managers who outsource jobs to their relatives. Lack of transparency in how contracts were handled compounded this further. As a NUMSA shop steward explained:

> 'Even Irvin Jim [National Secretary of NUMSA] himself found out that a lot of guys who are in top management of AMSA have a certain relationship with VESCO. The HR director for instance has shares in Real Tree Ltd. The other problem we found is that children of those white employees are working for various companies belonging to VESCO. Now they [AMSA] say all contractors must fall under Real Tree even though they know they are the beneficiaries.[66]

This finding shows that race and nationalism continues to be the biggest ingredients of patronage amongst whites at AMSA. Though AMSA management regard procurement as a vital tool to achieving empowerment, it is clear that it is only benefiting an elite few.

Linked to patronage is cadre deployment. Since 1994, the ANC has applied its cadre deployment strategy to effect changes in management and to control parastatals. The study found that AMSA followed the cadre deployment strategy at senior management positions. Likewise, AMSA has recruited a few blacks as non-executive directors to its board, the first being attorney Fikile Bam, appointed in 1993 and later Khotso Mokhele, appointed in 1998. Though non-executive directors are not employees of the company and act in an advisory capacity, they have a role to play in terms of providing creative contributions and improvements to the board by adding to the strategic direction of the company and appointing the board of directors amongst other things. The most significant appointments were that of Khaya Ngqula in 2001 as non-executive director and, in November 2002, as chairman of the

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[66] Black employee & NUMSA shop steward, interview 06.07.2015

board. In 2008, Ngqula was succeeded by Nonkululeko Nyembezi-Heita as the first black woman CEO of AMSA. These appointments revealed the ANC's commitment to transforming AMSA as a former white organization, by deploying black and women cadres to top management of parastatals and boards in order to bring change in those organizations. The Cadre strategy required cadres to serve as guardians of fundamental social change values with senior governments and business roles, earning respect for their peers and society at large through exemplary action.

Heita's appointment was seen as a good example of cadre deployment policy of increasing representation of women and blacks in the public and private sector. During interviews, some workers compared the ANC's cadre policy to that of the NP. One worker, in particular, explained that 'it [empowerment] is no longer a management issue, the ANC is involved now. There was this lady who was the CEO of AMSA; she was delegated by the ANC to run AMSA'.[67] According to one employee, Nyembezi's appointment was part of the ANC's strategy to transform the AMSA. Kubeka recalled that

> Nyembezi's involvement had to do with the broader transformation of AMSA led by the
> ANC. They [ANC] are rectifying the management profile on the side of blacks to a certain
> extent. I think Nonkululeko brought some changes in terms of appointing women to the
> management structures of the organization. That was the instruction from the ANC. There
> is an increase in as far as women are concerned. As far as disabled people are concerned, I
> have not seen change.[68]

Although cadre deployment is seen as contributing to poor service delivery and mediocrity (Democratic Alliance, 2014), the research found it useful in disrupting the white hegemony at

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[67] Black employee & Process Controller, interview 08.11.2014
[68] Black employee & Process Controller, interview 08.11.2014

AMSA. However, bringing about change and empowering blacks requires more than just disruption. The non-executive directors do not have significant power to influence the daily running of the organization and this is what made empowerment less beneficial to blacks at AMSA.

7.3.2 Workplace Restructuring

Following the liberalisation of trade in 1994, Iscor management embarked on a restructuring programme that included full scale re-engineering, business restructuring and the unbundling its steelmaking from coal-mining operations (Iscor, 2001). Under the new dispensation, Iscor applied the *Employment Equity Act* No. 55 of 1998 to promote the empowerment of African blacks during this restructuring. Under this Act, Iscor applied affirmative action to uplift blacks out of poverty.

The main goal of the EE Act was to eliminate all forms of discrimination, including employment within organizations by promoting the empowerment of blacks through affirmative action and equal opportunities. In order to ensure fair representation of workers at every occupational level, the Act sought to remedy the disadvantages to jobs of specified classes. The equity philosophy became evident at AMSA as more blacks were appointed to its board. The most prominent ones being Khaya Ngqula as the non-executive chairman in 2002 and Nonkululeko Heita-Nyembezi as the CEO in 2008 (as discussed in section 7.3.1).

Section 21 of EE Act requires the employers with a total workforce of 150 or more to submit Equity Reports to the Department of Labour on the implementation of EEA. The principal part of the report is the distribution of employees representing the integration over a specified period of time of the identified classes. The distribution of workforce provides the country's four major population groups with data on their races and genders on the total population and the

economically active populations (EAP) which are important for deciding the EAS numerical targets.

Figure 9: AMSA Employee Composition by Race and Gender (2014)
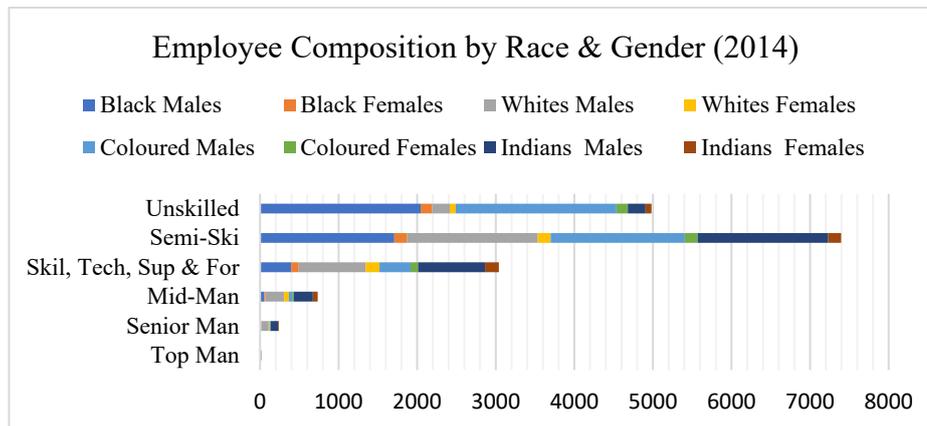
Source: Department of Labour: AMSA Equity Report, 2014

The graph above (figure 9) reveals the overrepresentation of white males in top management positions. This was also a major theme during the interviews with union officials where one unionist from NUMSA lamented the lack of representation by blacks in top management positions.[69] The NUMSA shop steward who has sat on the EE committee for the last ten years recalled that nothing had changed as far as transforming the management and occupational profiles was concerned. In particular, the shop steward pointed out that on the top executive structure 'there was only one black person, 99 percent remains white. The same trend applied to the senior management position; majority [80 percent] is still white, male and female-wise, only a few are black'.[70] This view was confirmed by another shop steward, who pointed to the four General Works Managers nationally as white males.[71] This finding illustrates that until

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[69] Black male employee & NUMSA shop steward, interview 07.07.2015
[70] *ibid.*
[71] Black male employee, & NUMSA shop steward, interview 03.02.2016

recently in 2016 black empowerment at AMSA was lagging behind owing to the co-option of a few black individuals in the ownership and management structures, but which has not resulted in a radical restructuring of the institution to shift power relations and create the same kind of empowerment for blacks as it did for whites.

Using a longitudinal approach to determine changes in the employment profile at Iscor/AMSA between 1994 and 2014 (see figure 10, below), the study found that senior management, middle management, supervisory and skilled positions were still dominated by whites, while blacks filled the majority of unskilled and semi-skilled positions in the same period. According to the ILO (1997:62) report, blacks, including Coloured and Asians, performed 60 percent of semi-skilled work while whites performed skilled and managerial work. This demonstrates the continuation of the old patterns where race continues to influence status and positions at AMSA as was the case during apartheid. This result shows that empowerment legislation has not benefited blacks as envisaged by the government.

Figure: 10 AMSA: Racial Profile of Employees
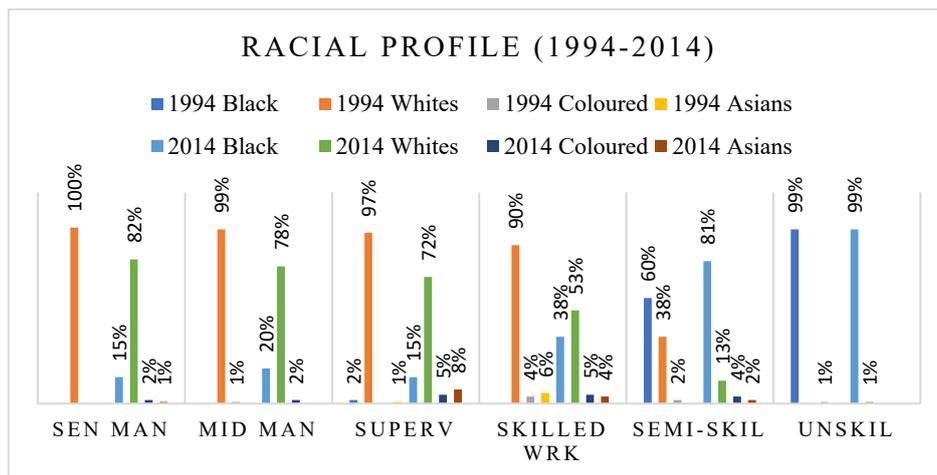
Source: ILO (1997); Iscor, 1994, AMSA, 2014

The study also found that since 2003, AMSA has changed the way it reported employment statistics in line with the EE legislation to indicate progress made in meeting EE targets. Figure 11, below, shows that in 2004 AMSA exceeded the 2003 target by 1 percent on senior and middle management posts, and registered an improvement in professionally qualified categories (AMSA, 2004:55).

Figure 11: EE Progress in 2004
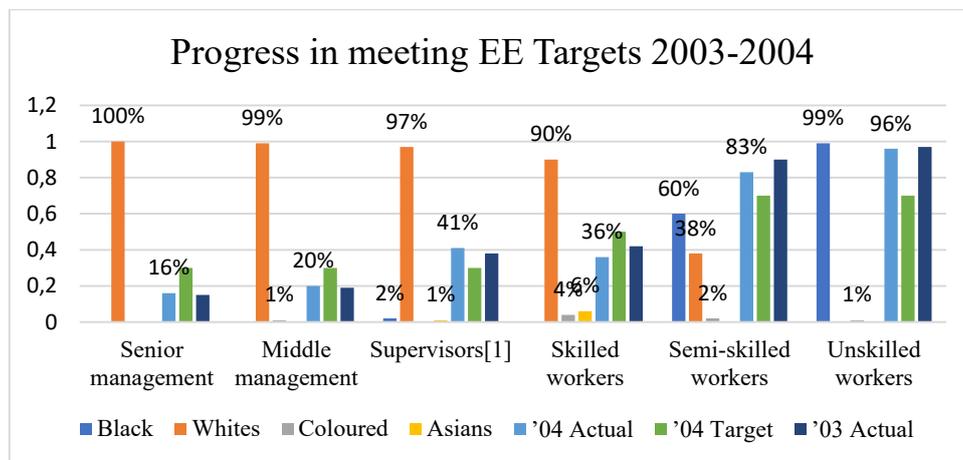
Source: Department of Labour, EE Report on Iscor, 2004

The 2004 AMSA report shows that blacks constituted between 83 and 96 percent of unskilled and semi-skilled positions even though AMSA claimed that it had planned to reduce this number to 70 percent. By the same token, while blacks dominated unskilled and semi-skilled job categories, white employees controlled top and senior management positions. The report shows that the AMSA has taken a pipeline approach to the application of the EE Act. A pipeline approach aims not just at raising the share of historically disadvantaged groups, particularly women and the black people (Mputa, 2015:11).

Another criterion for measuring empowerment on the BBBEE Scorecard is gender. The study found that even though AMSA recruited women to its senior management, black women were still a minority. As Figure 12, below, shows, between 2008 and 2010, only one black female

manager was appointed to top management compared to six white women. Additionally, there was an increase in the number of white women appointed as semi-skilled workers from 2005 and 2010, but the numbers for unskilled and skilled work remained stable for white women and increased for black women over time. However, unskilled workers were predominantly black males. The trend that emerged from 2004 until 2014 was that the lower and more unskilled the positions were, the blacker they became and the higher and more skilled the positions, the whiter they became.

Figure 12: AMSA Employees Profile (2008 and 2010)

Occupational level	2008[72]								2010							
	Black		Whites		Coloured		Indians		Black		Whites		Coloured		Indians	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Top management	1	0	8	0	0	0	0	0	1	1	5	6	0	0	0	0
Senior management	9	0	106	6	2	0	2	0	13	9	102	6	1	1	3	0
Middle management	88	34	529	125	30	2	35	11	95	33	494	127	24	7	42	14
Skilled, technical, supervisors & foremen	682	57	2016	273	67	16	165	12	1518	121	2562	287	204	41	223	10
Semi-skilled workers	1558	19	1001	0	189	31	98	113	1954	37	299	98	88	16	49	2
Unskilled workers	1627	8	100	7	5	1	18	0	2268	97	344	7	99	10	83	4

Source: Department of Labour: AMSA Employment Equity Report: 2008, 2010

The numbers of African and white women in higher positions, including senior and middle management, remained relatively small compared to that of white males. However, compared to African women, white women constituted a larger size of supervisory and middle-management categories. Therefore, there is a disjuncture between the policy (macro) and

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[72] The first report by AMSA that on the department of labour records came out in 2008 since the EEA imposed on companies to set EE targets and submit the reports and targets to the department of labour. The reports from 2004 to 2006 did not appear on the departmental records, which mean that the company was declared 'non-compliant'. This could be due to new owners taking over, changes in company names or failure to submit the report or insufficient reporting (Department of Labour, 2017). The 2008 report covered period from 1 January 2005 to 31 December 2007.

implementation (micro) as shown by the failure to meet the EE targets, hence extend benefits to the working class and blacks in particular.

During the interviews with the union officials the resistance to change by those who were responsible for the appointment and execution of reforms became obvious as one of the reasons BEE had been less effective at appointing people from historically disadvantaged communities to ownership and management roles. One black employee and union official recalled that:

> Almost 2 months into her job, she [black female engineer] did not get a computer in the office. Her white male colleagues said, "no do not worry, just sit there we will organize everything" they wanted to frustrate her. I remember she confided in me that every morning when they had planning meetings, she would be told it is not necessary for her to come, she could stay in her office and have coffee, and they [white male colleagues] would tell her when to go to the plant. Sometimes they will speak in Afrikaans deliberately, when she said she did not understand, they will say, "it is not important".[73]

This quote confirms Baker's (1989:53) observation about 'employee resistance to change' owing to perceptions about how the change will affect them, the relationship with other employees and other job factors. In addition, Monate (2000:77) argued that institutional changes can endanger major stakeholders such as senior management or staff and call into question past leaders' decisions. Some of the stakeholders might fear that their positions would be given to the employees who had been disadvantaged in the past.

The research found that resistance by management to change contributed to the failure to achieve EE targets. Both black workers and unionists blamed the attitude of their white colleagues on black managers' resignations. Another NUMSA shop steward recalled one incident where former AMSA CEO – Nonkululeko Nyembezi-Heita – asked trade union

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[73] Black employee & NUMSA shop steward, interview 28.01.2016

leaders why black engineers were resigning: 'They [NUMSA officials] answered that most of them lie when they say they have received "better offers elsewhere". She [Heita] quickly learned during exit interviews that bad treatment was the reason they left'.[74] In the 2008 EE report, AMSA attributed high turnover of designated employees to inter-company poaching owing to skills shortage in the country. Additionally, designated employees were resigning owing to restructuring. AMSA failed to attract suitably qualified EE candidates (AMSA, 2008:19). This shows that where empowerment does not enjoy the support of senior management, organizational culture remains resistant then it is difficult to achieve these goals.

7.3.3 Provision of Social Services

As section 3.4.3 stated, provision of welfare services during the AEE was limited to a small white minority. Since the adoption of the 1996 Constitution, social services formed part of the non-racial and non-sexist ideology of the ANC. Based on the Freedom Charter, the ANC adopted the RDP as a development plan to address fundamental human and public service needs, such as jobs, the land, housing, water, electricity, telecommunications, transport, a clean and healthy climate, food, health and social welfare. The RDP planned to increase state expenditure in service delivery to kick-start the economy through state-led projects like mass production of low-income housing. Following the adoption of the RDP in 1994, Iscor announced in its annual reports to shareholders that it was committed to meeting the objectives of the RDP.

Before 1994, the Vanderbijlpark Health Committee was formed in 1946 to oversee the provision of housing to the natives (Nell, 1952:14). Up 1948, there was no accommodation at Vanderbijlpark for native families, except on the farms in the area (Nell, 1952:15). The only form of accommodation available was in the form of compounds for single male natives.

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[74] Black male employee & NUMSA shop steward, interview 28.01.2016

Further, in accordance with the policy of 'separate development', VESCO was obliged to provide adequate areas of land for native housing and the company, therefore, set aside two areas for non-European residential townships within a close distance to the industrial areas. The first location was named Bophelong, meaning 'at the haven of health'.

Nell (1952) emphasized the policy of ensuring natives were kept as far as possible out of the European regions by the Vanderbijlpark Health Committee. In order to do so, stores, rehabilitation and community centres and a hospital at Bophelong have been built. Further, a segregation proclamation providing that all natives must live in a native location or hostel was promulgated in 1949, and regulations for the control of natives living in other approved accommodation were promulgated in May 1951 (Nell, 1952:16).

After the 1989 privatisation, Iscor stopped providing housing to its employees. According to the 1989 annual report, Iscor relinquished its interests in Iscor Landgoed (Pty) Ltd, which provided housing for employees 'as part of the run-up to privatisation'. The financing of housing for employees was thus no longer a part of Iscor's business and corporate reporting (Iscor, 1989:21). Though Iscor had always provided housing to its employees, in 1994, the organisation reported that it had developed a new housing strategy to meet the changing need of employees. This includes the allocation of housing units according to employee's job grading, the promotion of family housing and homeownership, and the incorporation of housing benefits as part of employees' remuneration packages (1994:23). Additionally, Iscor (1992:21) stressed that its hostels and other forms of housing were moved from the traditional rental scheme and hostel accommodation to home ownership. Hostels in the present form were converted into family units. This change in housing policy not only agreed with claims made by historians that hostels were effective mechanisms of control but also confirmed the

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participants' view that it was used by Iscor to discourage the development of African nationalism and unity amongst its black employees.

During the interviews, some workers agreed with this claim by arguing that hostel dwellers were divided in terms of language and ethnicity. One black employee explained that in Boipatong, people were divided in terms of language; that was the strategy of the apartheid regime to cause division and confusion among blacks to undermine their unity.[75] After 1994, hostels in their current form were converted into family units; accommodation increased from 1000 in 1990 to 6000 people in 1994. The new government has committed to developing stable, socially and economically integrated communities within the areas of convenience for access to economic opportunities as well as to health, education, and social services, through a *White Paper on New Housing Policy and Strategy for South Africa*. An important feature of the housing policy was the call for a culturally adequate and dignified environment, which supports familial and social networks, work and play, and the cultural needs of people and families. In other words, it was thought that housing policy would lead to socialization of residents, but after 1994 it was not so.

Nonetheless, since the adoption of the RDP, Iscor's modular steel building system subsidiary Balaton Holdings continued to concentrate on RDP building projects on a non-profit business principle and on the empowerment of emerging contractors and job creation in the building sector (Iscor, 1996:14). Consequently, Iscor had to streamline their home-ownership scheme by incorporating a housing subsidy as an integral part of employees' salary packages, whereby all discriminatory practices of the past were eliminated. Thus, rental houses were being offered

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[75] Black employee & Process Controller, interview 10.11.2014

for sale to employees. Various employees expressed different opinions about Iscor's housing policy. For instance, one black employee recalled that:

> In 2002 when he was looking to buy a house, Iscor was giving people houses which had been rented by former white employees. So, they decided to end renting and allowed people, including non-employees who wanted to buy the houses, to do so. If they saw that you did not qualify, they would open them to the Iscor employees. During that time, if you wanted a house, you had to have a deposit but if you were an employee of Iscor, they would give you an 8 percent deposit. To me it was like we were getting them for free. When I went to the bank, they told me that the deposit had already been paid by Landgoed.[76]

During a focus group discussion with seven former black employees residing in Zone 17, where between 80 and 90 percent of houses had been built by Iscor, some workers recalled that after the privatisation of Landgoed, the majority of workers lost the benefit of buying houses directly from Iscor, as banks were now offering them bonds. For instance, one worker recalled:

> Before 1994, Iscor provided white workers with subsidized housing. When they got married, they were given a flat at reduced price by Landgoed. After few years you qualified for a home loan and all that was based on your salary. They build a lot of houses in town, but nowadays there is nothing. They give you a salary only, housing subsidies are excluded, and they call it a "package". Nowadays it is not the company that gives you a bond, you will go to all the other banks, and there is nothing from the company anymore.[77]

Consequently, it was reported that many workers forfeited their bonds owing to high repayment charges: 'They could not afford the houses […] many people defaulted and lost their houses'.[78] This finding illustrates the fact that the 'desegregation' process that unfolded after the dismantling of the *Group Areas Act* in the 1990s did not benefit Iscor employees, as many

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[76] Black employee, interview 24.11.2014
[77] Male employee, Focus Group 2: 03.02.2016
[78] *ibid.*

reports suggested. These reports maintain that despite the lower housing prices, the majority of workers did not benefit owing to economic hardship and significant job losses at Iscor, and that, after Iscor was privatised, its property group Landgoed did not prioritise Iscor employees when they sold many houses that had been originally constructed for Iscor workers.

The study also found that under AMSA the housing policy was guided by its Human Rights Policy, which had been developed in 2010 to set out the principles for the company's actions and behaviour in relation to communities and individual human rights. Thus, through its corporate social investment projects, AMSA invested in projects that would make the most meaningful and sustainable difference to the lives of community members (AMSA, 2013:58). To these ends, AMSA reported that in 2013, they embarked on the replacement of asbestos roofs with galvanised steel roofs in 158 houses in the Bophelong and Boipatong communities. As a result, it has paved the way for Eskom to commit itself, as structures have free, sustainable roofs, to install solar geysers in these homes. However, many workers regarded this intervention as falling short of empowerment. For instance, a NUMSA shop steward and employee at AMSA recalled that:

> these guys [management] built houses for white people but for blacks, they talk about replacing roofs in Boipatong and they called that empowerment. What we need are sustainable projects that will give people skills, employ people in communities and teach them how to build the houses.[79]

Education was an essential part of the welfare service provided by Iscor during apartheid to hundreds of illiterate white Afrikaners who could not participate in the economy but, today, under developmental welfare, South Africa's focus is on educating blacks. As shown in section

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[79] Black employee & NUMSA shop steward, interview 06.07.2015

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3.2, the Carnegie Commission report described "poor white people" as people who could not adapt adequately due to poor education to economic changes (Seekings, 2006:6). In terms of education, the effects of Verwoed's *Bantu Education Act* were evident at AMSA in terms of the experience of skills shortage due to poor science and mathematics performances at the secondary education level and the unpopularity of science as a career path at the tertiary level. However, despite the post-apartheid government's high levels of expenditure on education, Africans have not benefitted from employment and promotions at AMSA.

A review of the annual report found that AMSA is devoted to education in the communities it represents as well as health and social upliftment and employee volunteering (AMSA, 2013:18). The *Joint Initiative for Priority Skills Acquisition* (JIPSA), which is aimed at raising the number of technical engineers to 2400 per year and raising the number of skilled artisans by 50 000 in the next four to five years, has been announced by the AMSA (2006:03). AMSA. AMSA carried out a series of learning and internship programs for this purpose.

The study found that during the interviews with current black employees that recruitment into AMSA was not as easy as it was for whites during apartheid. Participants described the three steps they followed to get employment at AMSA: first, they applied for learnership positions as advertised in the local newspapers; second, applicants were invited to write very strict and competitive tests, as well as undergo medical tests; third, and most importantly, participants must have passed Grade 12, especially in subjects such as Mathematics and English.[80] Describing what training entailed, one black employee explained that:

> the training involves how to operate machines […] it is mostly theoretical because in one module, they give you the papers about the machines, then you learn how operate the machines. From there we studied English and Mathematics, HIV/AIDS, Financials, then

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[80] Black employee & Operator, interview 29.06.2015

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after that we went to the plant to introduce us to the people we were going to work with. It depended on the person how fast you learn, then it was that practical part.[81]

The company reported that owing to poor science and maths performance at secondary educational level and the unpopularity of science as a career path at tertiary level, it had established the AMSA Science Centre in 2006 in one of the black townships, called Sebokeng. Through partnership with the Department of Education, AMSA serve learners and educators in the entire Vaal region providing them with classrooms, science laboratories and interactive science exhibitions which allow learners to experience the wonders of science and technology (AMSA, 2007:44). The AMSA maintains that the center offers teaching in DoE-related science and mathematics courses to secondary students from historically disadvantaged schools.

In the past, Iscor invested huge sums of money on their white workers during constructing clinics and hospitals. Within the AEE, Iscor has embraced the vision' to improve productivity, reduce health costs and create a spirit of comradeship between employees, not just at work, but also in the sports and social life for employees. AMSA has tried to involve local communities in various forums under the post-apartheid system of South Africa with a commitment to better social services, such as health, education and housing (AMSA, 2014:27).

Nonetheless, in 2006, AMSA reported that it was facing a number of challenges, including the HIV/AIDS pandemic. Part of the strategy was to recognise that the HIV/AIDS pandemic posed the greatest threat to the sustainability of its operations (AMSA, 2006:32). To achieve this goal, the company is committed to reducing the impact on workers of the disease by implementing a behavioural change policy driven on the three main thresholds: first, to encouraging employees' personal knowledge of the status of HIV; second, to enabling access to a

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[81] Black employee & Operator, interview 29.06.2015

counselling system for HIV-positive staff to track compliance with treatment procedures (AMSA, 2006:32).

To this end, this section has shown that the adoption of trade liberalisation in the 1990s has led to major cuts in social spending leaving the working class vulnerable to poverty and unemployment. Under BEE, social protection as a primary feature of welfare policy was reduced along with state subsidies, as well as the outsourcing of companies which had been used to uplift and empower whites. Since the withdrawal of the state from ownership of SOEs, the poor and working class had been left to depend on state grants and non-standard employment.

7.4 Economic Factors Facilitating Economic Empowerment

As previously illustrated, the NP government adopted a 'state interventionist' approach that saw the state building a large public service to provide standard employment with benefits, developed skills and provide various social services, and this supported by trade unions. This section looks at the type of economic policy adopted by the ANC to promote black empowerment.

7.4.1 Macroeconomic Policy

As stated earlier, two macroeconomic policies had been introduced by the ANC-led government since 1994. The first (RDP) updated social development spending and was focused on the basic needs, production of human resources, economic development and democratization of the state and society. Secondly (GEAR), the rapid fiscal consolidation (including an expedited plan to reduce the deficit and cover the commitments of debt services), the further reforming of the tax, the restructuring of the public sector (including non-strategic asset disposals).

The year 1994 signalled an important shift from import protection through tariff regime to greater openness through tariff liberalisation. To demonstrate its commitment to the GATT Uruguay Round, the ANC-led government instituted a process of tariff reform. In addition to the reform, several domestic policies were introduced including the 'Growth, Employment and Redistribution (GEAR)' (the new macroeconomic policy) which partly aimed at transforming South Africa into an 'independent, externally focused economy' (Republic of South Africa 1996). GEAR adopted a commercial policy marked by a reduction in input cost tariffs (RSA, 1996:4). Government trade policy sought to 'open the market and create growth and productivity opportunities [...] overall the trend was to lower and simplify tariffs' (DTI, 2002:12).

Formerly Iscor was shielded from high tariff barriers in the steel industry and served only the national market. With GEAR, both the reduction of tariff barriers and the ensuring that their companies competed in export markets were dedicated to the new Government. The result was a fall in the steel price from 30 percent to 5 percent in 1995. At the same time, AMSA has phased out its General Export Incentives Scheme (GEIS), which the NP has launched to grow, protect and cultivate domestic industries with relatively high tariff walls valued at R175 million per year (Iscor, 1995:9).

A major consequence of tariff reform was the flooding of the South African market by cheap Chinese steel products. According to one former manager of AMSA: 'that is why they [AMSA] are losing the market share. Consumers can buy cheaper steel from China than from Mittal – construction companies are satisfied with the quality'.[82] A North-West University Professor further stated that 'AMSA cannot compete with that kind of steel; what makes it cheap is that it is heavily subsidized by the state and their labour is also cheap'.[83] These low-priced imports

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[82] Former Iscor Manager and Founder of Opportunity Centre, interview 13.11.2015
[83] North-West University Professor, interview 22.11.2014

resulted in price disadvantages for the domestic firms. As a result, the domestic firm's market share declined, and the steel industry saw a reduction in sales volumes and production as well as a fall in its capacity utilization (ITAC).

The response of steel manufacturing companies to the neoliberal state policies has been very specific. Iscor embarked on a seven-year restructuring programme that entailed full scale re-engineering, business restructuring and 'unbundling' of its steel production from coal production (Iscor, 2001). According to Iscor (1995:14), this required a paradigm shift from the culture of a production-oriented parastatal to that of a market-driven business with a strong emphasis on entrepreneurial values – service commitment, product and process innovation, prudent cash and asset management and employee empowerment. The perusal of the company's presentations and interviews with former managers revealed that the re-engineering entailed a process called 'Operational Excellence' (OPEX), which was a turn-around strategy for the company to audit its resources. The process started in 1997 when Iscor embarked on the benchmarking exercise with the help of McKinsey Consultants. The benchmarking exercise revealed that SA steel prices were relatively high by international standards, that costs of operations could be lowered if Iscor embraced 'lean production' techniques, invested in technology and re-organised its work operations to meet the demands of international competition (Iscor, 1998).

This was a two-pronged exercise. The first challenge for Iscor was 'to shake off its parastatal shackle and transform it into a truly competitive global company' (Iscor 2001), according to then CEO Hans Smith. As one former manager recalled, 'we wanted to move from the' culture of job guarantee for the white workers to a culture of career protection for everyone'.[84] The second perspective involved strategies aimed at cutting costs, guided by several international

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[84] Former Iscor Manager and Founder of Opportunity Centre, interview 13.11.2015

benchmarking models. According to Iscor (2001:4), Iscor cut its costs of steel per ton and labour by 22 percent through the retrenchment of both managers and workers; introduction of technology, closing two departments at the Vanderbijlpark plant and engaging an international partner to develop new markets and meeting international standards on quality and prices.

Iscor (2001) argued that OPEX was established with the following related objectives:

> The first of objectives had to do with the organisation itself. This includes cutting costs by 22 percent and to retrench 'surplus labour' within 2 years, in order to establish a centre known as the Opportunity Centre and to redeploy employees to customers and suppliers of raw material to Iscor around the Vaal Triangle. The second objective was to empower workers who were affected by retrenchment with skills, either to find employment after they had been retrenched, and/or to establish business start-ups as an employment measure and thereby generate an income for themselves.

During the interviews one union official explained that one of the recommendations from McKinsey was that Iscor had to reduce the number of workers. More than 30 000 workers were retrenched. Accordingly, the particular obstacle that the AMSA faced in tackling the legacy of the apartheid– 'the apartheid workplace system' (Von Holdt, 2000) was how to increase productivity. The competitive strategy of AMSA generally involved an ongoing improvement and upgrading of technology, equipment and processes, cost reduction and growing production using a well-trained and productive workforce that accepts its position as a stakeholder in the business.

These changes in macroeconomic policy had a marked effect on both the black and white workers and were more pronounced in black communities. During the interviews, one black participant explained that the restructuring led to the decline of full-time employment in the 1990s, from almost 20 000 to 6000 in 2016. This was owing to the introduction of new

machinery and the new system of engineering.[85] The McKinsey consultants provided a number of recommendations in terms of how to deal with the retrenchments.

One of them was to establish a body called the Opportunity Centre (OC) to ensure that the process ran smoothly and in a dignified manner. OC employed professional social workers, psychologists, financial brokers and business experts to facilitate the services offered to the retrenched workers (Iscor, 2001: 23). A former Human Resource Manager and founder of the Opportunity Centre explained that to become a world class company, Iscor had to accept 'adaptability' as its core value. This required a new mind-set, attitudes and skills from employees to absorb high levels of change. Thus, OC assisted freed-up employees to manage the transition by providing them with technical and practical retraining services, information about severance packages, pensions and social issues; counselling for those who could not cope with the emotional impact of retrenchments, advice regarding financial and business opportunities; and retraining services for those who could still be redeployed inside or outside the company (Iscor, 2001:23-24).

Another aspect of the macroeconomic policy was changes in the extension of micro-credit, micro-finance and micro-insurance to employees by AMSA. Microcredit originated from the post 1929 *volkskapitalisme* drive by the *Broederbond* to form cooperatives to promote the development of Afrikaner capital. Iscor was one of the founding members of IEMAS, a financial cooperative with more than 600 employers that offered their respective employees a range of comprehensive financial products and services, including personal loans, educational loans, a purchase card and vehicle finance amongst others. During the focus group with the former AMSA employees, the participants described IEMAS as 'pokola' (a Sotho word for a 'loan shark'). One participant explained that 'when you were in need of cash, they give you a

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[85] Black male participant & NUMSA shop steward, interview 20.01.2016

coupon to buy stuff and they deduct money from your salary, with interest' (Focus Group, 2015). Some trade union officials claimed that AMSA formed IEMAS to provide the white workers with easy access to finance but changed this strategy in the 1990s when the new regime took over. According to former workers, 'no blacks were allowed to borrow money there, only white people could borrow money. When they realised the African government was coming in, it was outsourced and became a private entity. It is still owned by white people'.[86] Clearly, the macroeconomic policy does not seem to have made enough provision to support companies in giving easy credit for workers to empower themselves.

7.4.2 Public Service Reform

As Kuye concluded (2006:290) before 1994, it was marked by institutional instability, the lack of co-ordinated system policies, an uneven distribution of financial and human resources and the failure to take into account democratic public accountability demands in the South African public service. To facilitate reform of the public service, the Government has enacted the *Public Service Act* (1994) to lay down, 'policy on the working conditions, terms of office, training, retirement and discharge of members of the public service and other matters connected with this organisation and administration of the public service of the Republic'. The ANC administration pursued a cycle of public service reform whose organizational culture, ideology and philosophy are firmly rooted in African nationalism and racial segregation. In addition, it suggests that, within two years of its introduction 'recruitment and training' is due to take South African citizens as a race, class and gender (RSA, 1994:127) into account and is promising to democratize their employment, a comprehensive system of affirmative actions (including education and support). Consequently, the fundamental principles of a democratic,

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[86] Black male participant & NUMSA regional Organiser, interview 13.10.2014

accountable and responsible public service were laid down in Chapter 10 of the Constitution (1996). The following principles included:

• The preservation of a high standard of professional ethics,

• The promotion of ethical, strategic and efficient use of resources,

• Promoting the provision of services in an unbiased, equal and just way to people,

• Promoting public service tolerance for all citizens and

• Creating and supporting members of South Africa's larger public administration.

Since 1994, the government has been committed to bringing civil service in line with ANC's policy of non-racialism. But Africans including Coloureds, Indians and whites were focussed in the appointments to the public service. According to Cope (2007:46), in 1994, blacks constituted almost eighty percent of the population but not 40 percent of the general public service and were almost exclusively white management positions. The *White Paper on Transformation of Public Sector* (1995) called for public sector affirmative action targeting Black people, women and people with disabilities. This sets goals of having at least 50 percent Black representation on management level at all government departments by 1999. By 1999. In addition, to make sure 30 percent of all new middle and high-level hires were women in 1999 and that 2 percent of the workforce of the public sector is disabled by 2005 (Republic of South Africa, 1995). Under the new policy, the government introduced quotas to achieve representation of all demographics by at least 50 percent of blacks into senior management posts, nationally. By the end of 2003, 73 percent of civil service comprised of blacks.

The echelon of senior management in the public service (i.e., the rate between the director and general manager) was 94 percent white and 95 percent male since 1994. Nevertheless, the racial

composition changed dramatically by September 2011–with 87 percent of senior management Black and 13 percent White (Public Service Commission, 2011). The Department of Public Service and Administration (2013:32) reported that:

> The workforce at the end of the 2011/12 financial year was 1 327 548 which showed an increase by 29 911 from 2010/11. Of this figure, 760 501 (57.29 percent) were female while 567 047 (42.71 percent) were males. Africans were 1 050 692 (79.15 percent), Asians were 43 187 (3.25 percent), Coloureds were 110 929 (8.35 percent) and Whites were 122 740 (9.25 percent). Although females make up 57.29 percent of the workforce and males 42.71 percent, the high concentration of women is highest between levels 1 to 10, while males increase from levels 11 to 16.

The above estimates clearly show that the racial make-up of the public service has changed tremendously. However, at Iscor, the opposite trend has been observed. The ILO (1997:52) report show that the total iron and steel workforce of 80,500 in 1989 fell to 67,200 in 1993. The total employment had fallen by 16.5 percent and black employment by 38 percent. White employment fell by 5.5 percent over the same period. In Iscor in 1996, 30 percent of the 26,800 strong workforce was black. According to Iscor (1997), this was owing to the legacy of apartheid and attempts to overcome it.

In addition, a review of the company's annual reports from 1994 to 2004 reveal that since 1994, employment levels have been on a decline at the entire Iscor Group (including Vanderbijlpark, Newcastle, Vereeniging and Pretoria). Further, with the exception of the appointment of Advocate Fikile Bam as a non-executive director (one black male) there was no evidence of blacks moving into senior management and professional positions. Thirdly, management adopted for a turn-around strategy to make Iscor a 'truly global business' and change its culture from that of a production-oriented parastatal to that of a market-driven business with a strong emphasis on entrepreneurial values, such as employee empowerment (Iscor, 1995:14).

The 2002 Iscor Report states that 'it was fully committed to the concept of the right to free participation of all members of the population in the country's economic welfare at all levels and to support government measures to speed up inclusion of those identified groups that are disadvantaged in this context as a result of South, through the establishment of voluntary goals' (Iscor, 2002:51). To that end, the organization maintained that improvements to the board of directors and to the top management structure had been made, demonstrating progress in integrating fairness and aiming for integration with a wider South African community. For example, the 2002 report claimed that 57 percent and 42 percent of senior managers comprised people of specified classes–Black, handicapped and female. However, workers and union representatives maintained that AMSA management by 2016 was still dominated by white males, meaning that there was no meaningful empowerment at the management level.

7.4.3 Public Sector and SOEs

After 1994, the ANC, inherited 336 public entities, including Iscor, and followed the NP's example of using parastatals to implement the empowerment of individuals and groups affected by apartheid (Southall, 2007:204). The ANC adopted a policy on SOEs to be used as a mechanism to uplift blacks, but this only led to upliftment of the few elite and led to a disempowerment of the majority. Southall added (2007:71) that the ANC was considered to be a tool to increase Black economic control, to extend the middle class and to encourage BEE by privatisation and procurement.

The study found that little has changed since 1994. According to Iscor (1995:21), 7.5 percent of its equity was held by offshore shareholders. This internationalisation of investor profiles has brought with it the need for financial reporting standards, which would facilitate comparison with its worldwide peers. Further, whereas affirmative action or EE was intended to effect change in management and employee profile, little has change to that effect. For

instance, the 2007 report revealed that the workforce was reduced by some 30 percent between 1993 and 1997 (Iscor, 1997:10).

Likewise, the 2002 report listed a number of businesses Iscor entered into with local business as a way of empowering communities. According to the report, 'the company actively supports the entry into South Africa's economic development of formerly marginalized persons' (Iscor 2002). To that end, management employed two policies, namely: outsourcing and procurement of goods and services from small-and medium-sized black-owned enterprises (Iscor 2002:67). The following are examples:

- To award a contract to a black labour broker who is already working on contracts worth over R30 million;

- To hire the operation of a team of empowerment engineers that has made consistent progress in its working standards with our support and guidance in ensuring its viability and continued contractual tasks with us;

- Fire detection and safety systems are being outsourced in one of our key business operations to a BEE company;

- Catering contracts are being given to a company operated and working by disadvantageous women and a six-month relationship with an international catering agency is being formed for the BEE Company, which offers training and general assistance in management (Iscor, 2002:67).

This report did not give a plant specific details and was is based on four different plants: Vanderbijlpark, Newcastle, Vereeniging and Saldanha. However, during the interviews with workers and union representatives some recalled that since 1994, Iscor, as a parastatal has failed to empower blacks. One participant recalled that 'now it is worse, we are talking about the existence of BBBEE policy. Many white engineers and managers are leaving Iscor/AMSA and setup contractors inside. They leave permanent jobs and become contractors. They are the

ones who are being empowered through contracts, not Africans'.[87] As section 6.3.3 showed, one such company that benefited from numerous contracts is VESCO.

7.4.4 Employment Creation and Skills Development

Under the new macroeconomic policy, the government promised to raise employment by 400,000 jobs each year until the year 2000 and beyond. Instead, the new policy led to changes in the structure of the labour market in which a large group of permanent workers was pushed into precarious employment situations, moving from formal employment to part-time, casual and informal work with serious negative economic consequences for workers. The precarious work situation can be seen in the growth of labour market segmentation (LMS) in which workers have a limited opportunity for upward mobility among the segments. Labour market flexibility is the most common example, meaning that an employer can change different aspects of its work and its employees to meet the business requirements, such as employee size, job quality, and work time (Barker, 2007: 127). It also concerns the reduction of supervision and workers' rights. Flexible labour markets include the use of non-regulated contracts for jobs, such as subcontracting or outsourcing.

The study found that the total employment nationally fell from 59 000 in 1994 to 22 700 in 2001 (Iscor, 2001). At the Vanderbijlpark plant, the number of workers dropped from 24 000 in 1984 to 14 000 in 1990, and further dropped to 8 500 in 1998.[88] Although blacks and whites were both affected by retrenchments, the employees most affected were unskilled African workers, a trend in the South African iron and steel industry as a whole (Von Holdt, 2001:39; Zhawakinyu, 2001:21). Fewer people were employed permanently, other jobs were outsourced and there was an increase in non-standard work as people became employed on a contract base.

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[87] Black male and NUMSA organiser, interview 13.10.2014
[88] Black male and NUMSA organiser, interview 13.10.2014

The ILO (1997:58) report stressed that the most affected employees were unskilled African workers. Black employment declined by 38 percent while white employment fell by only 5.5 percent over the same period. The study found that despite the introduction of EEA in 1998, a major challenge facing AMSA was a lack of representation by blacks in top management positions. Senior management, middle management, supervisory and skilled positions were still predominantly white, while blacks filled the majority of unskilled and semi-skilled positions in the same period. Blacks dominated the unskilled and semi-skilled job categories, white employees controlled top and senior management positions.

Additionally, the study found that gaining employment at AMSA is not easy for black employees. Today, blacks either have to apply for employment, or wait at the gate every morning, hoping to find work. Workers called this method '*ukufola*' – meaning standing outside the company gate to get employed. Workers indicated that their friends or relatives usually tell them when there were vacancies at AMSA. Some prefer to buy newspapers to see if there were any vacancies at AMSA, or sometimes AMSA does presentations at schools. Others work for labour brokers inside AMSA, and this puts them in a better position to know whether there are any vacancies. A current black employee explained that 'my friend told me about the learnership advert in the local newspaper, so then I applied and went for a trial test. I passed the test and went for medicals, after the medical, I started the learnership'.[89] Clearly, this shows the difficulty many blacks face in finding employment and the importance the company now places on merit when providing employment as compared to whites under apartheid.

During discussions with the focus group of former black employees, the participants revealed that they do not trust the application process. During a further discussion with a focus group of

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[89] Black male employee & Process Controller, interview 09.07.2015

black employees, one employee explained how his application for a learnership was fraudulently tampered with to make way for a white candidate as follows:

> In 2005, I applied for work and they invited me to write an aptitude test. I was the only black person out of 15 candidates. The rest were 5 white ladies and 9 guys but I was the only black guy amongst the whites. We were down to 6 people. We wrote numerous aptitude tests in one day. I qualified for the top 3. I do not know what happened in the end exactly. They performed medical tests on us. They said we must phone to get our Personal Protective Equipment (PPE) for training. After 3 weeks, one of the three guys called me. He asked if I was in already. I was shocked to hear! Something said I must go back to ask what had happened. I went there [to AMSA], they said they had not seen my documents despite the numerous tests I had written and passed. Yet, they said they had never seen my CV.[90]

The quote above indicates a lack of regulation of the employment process and power by black employees. This finding points to the persistence of the 'culture of apartheid workplace regime' at AMSA. The apartheid workplace regime was, as Von Holdt (2004) revealed, a racially hierarchical system where the workplace was seen as a site of racial superiority, underpinned by racial segregation and racist discourses and practices that had racially determined the division of jobs, expertise, revenue and energy.

The interviews with workers confirmed that the discrimination against black workers limit their career progression and contribute to the denial of their promotions at AMSA. Another black male employee recalled that white employees were getting promotions, 'we [blacks] had to have qualifications, skills and years of experience, or be favoured by the superior or your foreman. There is too much favouritism at our company, if you are not white, it becomes

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[90] Black employee & contractor, Focus Group 2, 03.02.2016

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difficult to get employment or promotion'.[91] The problem for many workers is that most supervisors are still white men. In other words, AMSA was no longer employing and promoting employees to fulfil the government's expectations but basing promotion on merit. This finding shows lack of commitment to educational upliftment in the empowerment of blacks and that not enough pressure is being put on the private sector to comply with the EE laws.

Research also found that as a workplace AMSA was constructed as a racial and gendered space where various forms of discrimination against women were practiced. Female employees complained about job insecurity owing to various forms of gender segregation and gender stratification in the workplace. One black female employee explained that 'women have no showers where they can go after work to shower. But men have change rooms that we don't have'.[92] This finding confirms the findings outlined in Figure 4, which showed AMSA as a gendered space where men and women not only experienced a division of labour, but a lack of vertical representation in managerial positions. This finding shows a gap in the apartheid workplace regime scholarship, where focus tends to be on racial discrimination in the workplace and portray African men only as victims of discrimination and not of gender discrimination too. The finding implies that AMSA needs to consider gender as one of the elements of empowerment to ensure that women benefit from empowerment opportunities.

In terms of skills development, the study found that even though job reservation policies were abandoned in the 1980s, their impact was evident in terms of the difficulties black employees' have in accessing employment. The development of artisanal skills was an important ingredient of white empowerment before 1994. According to the ILO (1997:62), the skilled workforce accounted for 38 percent of the total, with 39 percent being semi-skilled or unskilled. White workers kept about 90 percent of eligible positions, while black workers did virtually all

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[91] Black male employee & Process Controller, interview 0811.2014
[92] Black female employee & Operator, interview 24.02.2016

unskilled jobs. One manager argued that AMSA needed to become more competitive but the nature of workplace, hiring practices of the past and lack of skills owing to apartheid, inhibited the company from being competitive.[93] Thus, the company faced a major challenge in terms of a skills shortage.

In the past, training at Iscor entailed two aspects: apprenticeship, and bursaries for employees and children in technical and engineering skills (Iscor, 1993:99). Various training centres were established across the country to equip employees with new skills and assist those who wanted promotions (Iscor, 1989). In order to participate in the international market, AMSA has taken on a new philosophy of skill development since 1994, which needs not only increased labour cost efficiency per se, but also the total capacity of staff to be more creative (to help business performance and operational excellence) (AMSA, 2004:57). Acquisition and application of new skills entailed job enrichment and enlargement, resulting in more workforce flexibility, multi-skilling, and wage flexibility (AMSA, 2004:57).

The study found during the interviews that workers received various forms of training as prescribed in the *Skills Development Act* No. 97 of 1998. In line with the Act, AMSA provides the Iron and Steel Manufacturing Learnership for the NQF levels 2 to 4. Applicants are required to have a Grade 12 certificate with Mathematics at 40 percent or Mathematics Literacy at 50 percent, and if successful, they enter a 40-week production training contract, focusing on the iron and steel manufacturing process. Additionally, *Skills Development Levy Act* No. 9 of 1999, allows the employers to pay 1 percent of their workers' pay to the skills development levy. The SDA defines a learnership as a contract between a learner (the employer) and a training provider for a specific time period. During this time period the learner acquires a national

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[93] White male employee & Plant manager, interview 19.03.2015

qualification or a credit towards a national qualification. A qualification needs to be registered by the South African Qualifications Authority (SAQA). The Skills Levy Act provides funding for the various training programmes that the workers embark upon.

AMSA maintained that it experienced a huge shortage of technical skills as a result of the mass exodus of skilled personnel in the mid-1990s. To address this, AMSA established a skills development programme that includes five different strategies of attracting, retaining and developing talented people (see figure 13, below). The most popular one is the three-year production learner programme, which strives to train production learners in the metal industry. This is followed by 18 months of artisan training. In the past, South Africa was the pathway for intermediary skills development but this was open only to whites.

Artisan apprentices during their apprenticeship, which lasted on average 7 years, were fully supported by an employer. Apprentices have trained at a technical college for six months and have been provided with practical work experience under the supervision of an AMSA senior craftsman. Since then, however, the SDA has limited this to 18 months. Then there is the candidate programme – in which all learners who finish their 18 months training are given an internship for one to two years to enhance their experience. To maintain the continuous supply of skills AMSA offers bursaries, in-house programmes and graduate development initiatives to employees and their children to enrol on formal courses for apprenticeships, learner technicians, production learners and graduate engineers at a Technikon or university (AMSA, 2004:57). Finally, there is a learnership technician, which is a one-year long programme aimed to give learner technicians practical experience before they qualify for their diploma (AMSA, 2014). All these elements have been used to empower blacks. However, the interviews with workers revealed some of the challenges facing AMSA training programmes.

Figure 13: Training Strategies at AMSA

~90% of candidates in training pipeline from HDSA groups

	Production learner training	Accelerated artisan training programme	Candidate programme	Bursaries	Learner technicians
Number of people trained	813	574	240	137	58
Description	A three year programme in metals manufacturing where production learners are prepared to become production employees.	18 months apprenticeship where an individual is trained to become an artisan.	One to two year internship program for candidates to acquire practical experience before becoming fully qualified.	A two or four year academic programme at a University to prepare technicians and engineers for ArcelorMittal South Africa.	One year programme where University of Technology students obtain their practical industry training to qualify for their diploma.
Target groups	• Production learners.	• Apprentices.	• Candidate engineers. • Candidate technicians. • Candidate artisans. • Graduate in training. • Artisans.	• University bursars. • Technikon bursars.	• Learner technicians.

Source: AMSA Factor Report (2014)

During the interviews, some workers held that the current training structure does not benefit black employees because of the entrance requirements, short duration of training and lack of incentives after completing training. In terms of length of training the new legislation reduced the duration of training from 7 years to 18 months in order to meet the skills shortage requirements. As one black employee and NUMSA shop steward explained, 'it takes 18 months to complete the training; this is highly incomparable to the guys who went to training for 4 years. After 18 months when these guys go to the plant, they do not qualify as artisans. It was for this reason that AMSA decided to add another year to give these guys more experience'.[94] NUMSA demanded that the duration of training be extended to 4 years.

Regarding the lack of incentives, some workers explained that after completing their training, they were neither promoted nor employed permanently. A NUMSA shop steward added that when AMSA realised that other companies were poaching some of the artisans they were

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[94] Black male employee & NUMSA shop steward, interview 06.07.2015

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training, AMSA decided to build their own training centre with fully accredited qualifications. In 2009, 'we decided as NUMSA that those who finished their training – called candidate artisans – be kept in a pool for 12 months so that if ever there is a vacancy, they can be employed'.[95] Most of these candidate artisans are black and employed on a contract. Union officials explained that many of these candidate artisans were being exploited by AMSA. Accordingly, 'AMSA often extend their contracts so that whenever permanent workers go on leave, they can be employed. It is easy to deploy them because they know everything. In addition, the learnership contract between AMSA and MERSETA requires that during their training, apprentices must be paid R5400 per month and on the completion of their training be paid R8000'.[96] These candidate artisans are paid R2400 per month. To these ends, AMSA did not want learners to acquire level 4 of the NQF, preferring to keep them on level 3 in order to reduce turnover. However, workers maintained that after completing their training after 4 years they have to acquire NQF level 4, but a lot of them were kept on NQF level 2 or 3 for more than 5 years because once they acquire NQF level 4, they must be registered as artisans with a trade. This means that they have a choice of either working for AMSA, or elsewhere as process controllers.

The discussion with workers revealed that there were problems with accredited artisan training. Some union officials were critical of AMSA for not employing learners as per agreement upon the completion of the training. Another NUMSA shop steward and male employee at AMSA explained that 'though AMSA was training apprentices, not all of them were employed when they go out there because they lacked relevant experience; they had to go and beg employers

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[95] Black male employee & NUMSA shop steward, interview 06.07.2015
[96] *ibid*

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for employment. That is why we came up with the candidate programme initiative so that we can give them enough exposure'.[97]

Additionally, some workers raised concerns about lack of certification in line with MERSETA skills development guidelines. A NUMSA shop steward recalled that after completing his three-year training as a production learner in 2004, he received a call from MERSETA inquiring about how training had benefited him.[98] According to the participant, the MERSETA official explained that after he had completed an NDF 4 accredited learnership, he was eligible to becoming permanently employed, or for promotion. Despite the completion of his training, he did not receive his certificate, and that AMSA did not hire him permanently, or adjust his salary. What these findings show is a lack of congruence between the ANC's vision of moving away from a racially-fragmented system of education and the training and the implementation of the legislation by institutions. The ANC's mission to create a better life for all by open education and development for all South Africans was hampered by lack of training and accreditation problems due to the low quality of education, lack of incentives – whether promotions or jobs – and.

7.4.5 Trade Unions

The research has shown that black employees at AMSA continue to support NUMSA not only because of its historic role in the liberation and ideological stance on radical economic transformation, but owing to its anti-neoliberal stance and its mastery of social capital strategies in the form of wealth-creation or labour capitalism. However, in sharp contrast to the AEE, the study found that the implementation of neoliberal policy had a huge effect on trade unions' ability to protect workers. Under post-apartheid, trade unions face a challenge of declining membership owing to restructuring and retrenchments (Webster & Buhlungu, 2004). Workers

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[97] Black male employee & NUMSA shop steward, interview 02.07.2015
[98] Black employee & NUMSA shop steward, interview 06.07.2015

complained about NUMSA's tendency to negotiate empowerment deals at the national level where ordinary workers are not involved. One worker explained that 'our local leaders are not involved in the discussions of empowerment and other transformation issues; only those at national level negotiate with management'.

During the conversation with union officials, many cited the reason for joining NUMSA as its historic role in eliminating racial discrimination in the workplace. One union shop steward explained that 'whenever there were vacancies for senior positions, they used to be filled by whites. Some of the white people who had already resigned would be recalled to their positions, even though there were blacks who could fill those positions […] I noticed that everything was favouring whites'.[99] Changing places of work has become one of the biggest issues in South Africa since the apartheid and the trade unions are central to this struggle.

During the interview with the former COSATU regional secretary, trade unions' role under the new dispensation became very clear. Ehrenreich (2018) recalled that COSATU's role in assisting the ANC came through mobilization and campaigns for the 1994 elections and gave it a unique relationship with the ANC. Besides, COSATU was also central in driving the negations prior to democracy, such as the Convention for a Democratic South Africa (CODESA), and between 1994 and 1996 negotiations of the constitution and the LRA. According to Ehrenreich (2018), in 1998, the labour federation put forward a vision on social security and social wage derived from the RDP that was based on the 1930s Keynesianism. The RDP promoted the need for a comprehensive approach to addressing basic needs, including housing, water, education, jobs, income security and all aspects supporting the physical, social and emotive well-being of everyone in society, including specific provisions for historically disadvantaged people (COSATU, 1998). The new constitution has affirmed this

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[99] Black employee & NUMSA shop steward, interview 06.07.2015

dream and promised that 'everybody has the right to have access to social security, even where they and their dependents are unable to support themselves, proper social help'. The Constitution also expanded basic rights to land, education, health care, food and water.

After 1994, NUMSA used the new labour relations provisions such as collective bargaining to secure better wages with employers in the Steel and Engineering Industries Federation (SEIFSA). This led to further demands around pro-worker benefits, such as decent wages, pensions, job security, overtime, maternity rights as well as sick pay, disability and death benefits. This shows that NUMSA deviated from a paternalistic relationship that became common under AEE between Iscor and MWU and applied the LRA framework to promote the interests of workers. In addition, NUMSA members saw its role as that of fighting for social justice. Several participants spoke about the injustice happening at AMSA. For instance, one NUMSA shop steward recalled that there is not much being done to uplift communities in terms of job creation. Most workers are employed by contractors as casuals, through short-term contracts and labour brokers.[100] Another union official criticised the way in which Employment Equity was being implemented.

> Equity is a problem, when you look at works managers here, you see we have a GM on top, and then there are Works Managers who report to him. There are no women or black managers, all of them are white and males. Even within the plant itself, all production managers are white […] yes there are a few Indians here and there.[101]

In terms of protecting and promoting the economic interests of members, the study found that instead of building social networks, relationships and connections between the union and members like its counterparts, NUMSA opted for a model that focuses on developing financial

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[100] Black employee & NUMSA shop steward, interview 06.07.2015
[101] Black employee & NUMSA shop steward, interview 06.07.2015

capital through an Employee Share Ownership Plan (ESOP). The idea of labour capitalism was first introduced by the September Commission in 1997. This finding was illustrated by the implementation of two ESOPs at AMSA in 2010 and 2015 respectively. Central to the ESOPs is the idea of workers owning shares, or their unions establishing investment companies to realize the aims of job creation, democratic governance, community welfare and the promotion of the social sector and social ownership. The study found that AMSA endorsed the plan because of the Freedom Charter's principle of promoting collective ownership of property, and the BBBEE requirement as an effective strategy for companies to offer employees shares and a means to restore the national wealth of the country.

However, owing to the central bargaining process that takes place away from the shop floor, some workers at AMSA expressed a lack of confidence in NUMSA. A current black employee explained that 'our trade union [NUMSA] does not have power when it comes to empowerment and other transformation issues. They are only useful in wage negotiations, dismissals and so forth but not on negotiating empowerment. Our local leaders are not involved - only those at national level negotiate with management'. [102] This finding illustrates the important disadvantage about centralized collective bargaining where workers and the rank and file officers who contribute to the daily running of the organization are excluded from empowerment, as was the case with the last two ESOPs introduced at AMSA and where only the national office-bearers, and some connected to government and business benefit.

Since 1994, Iscor has introduced three ESOP strategies to promote meaningful participation of blacks into the mainstream economy and to redistribute wealth to close the gap between privileged whites and deprived blacks. Legally, the beneficiaries of ESOPs do not hold shares, but the shares are held by a legal entity, normally in the form of a trust. Although employees

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[102] Black male employee & Process Controller, interview 09.07.2015

do not hold shares, they benefit from the dividends declared by the company. The distribution of wealth is a key strategy endorsed by the Freedom Charter to promote collective ownership of property (Wright, 2010:116). In 2003, the BEECom affirmed ESOPs as an effective empowerment strategy to offer employees shares and a means to restore the national wealth of the country. This philosophy was applied at AMSA where several ESOPs were implemented to empower black workers but ended up benefiting the elites and white middle class.

The study found that even before 1994, ESOPs tended to benefit the elites and financial institutions instead of workers. For instance, during the 1989 privatisation the state offered 10 percent of Iscor's shares to group employees (Iscor, 1989:20). The organisation stressed that participation in the scheme was entirely voluntary. Each worker was offered 200 shares free of charge. Additionally, all employees were offered shares at a 20 percent discount on the price at which shares were offered to the public and to institutions. Reflecting on this share scheme, a NUMSA regional organiser explained during the interviews that 'these white people were very clever, they knew that we Africans had no knowledge of shares. They quickly dispersed shares to the Africans at very cheap price of R3.50 per share. Many of our people got those shares'.[103] However, the union later criticised the shareholding as a strategy to benefit those in top management.

In August 2010, new AMSA owners launched the first BEE ownership scheme worth R9.1 billion. Only 5 percent of 26 percent AMSA shares were reserved for 8500 AMSA employees nationally. Of this 21 percent went to a number of BEE equity partners comprised of the elite and the middle class. AMSA appointed a BEE consortium called Ayigobi with Duduzane Zuma, the son of President Jacob Zuma and the Gupta family members (consisting of Mabengela Investments, which is led by Oakbay Investments and Pragat Investments, who was a major

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[103] Black male participant & NUMSA regional organiser, interview 13.10.2014

shareholder in ICT) as major shareholders. This was followed by another ESOP that was launched in October 2015 with a share distribution of 5 percent to workers and a 21 percent to a strategic BEE partner called Ikageng Trust. The main objectives of ESOP were to show AMSA's commitment to BBBEE and towards the social upliftment of black people; to satisfy socio-economic and regulatory requirements, and retain its current employees, as well as enhance AMSA's ability to attract and retain new employees (AMSA, 2015).

During the interviews, some workers acknowledged that shareholding was a strategy used by the then CEO to build a relationship with the ANC and former President Jacob Zuma. In other words, the company saw shareholding maximization as being widely equated with social welfare maximization. As investors, employees serve two systemic functions in the production rather than consumption side of the economic coin, according to Bratton and Wachter (2013:490). Their interest in increasing the share value serves as the objective feature of the company in the first position. In the second role, corporate managers are given more specific guidance about the proper conduct of the company.

Politically, making workers shareholders is supposed to diffuse equity ownership and bring about a fundamental realignment of interest group structures. However, both Solidarity and NUMSA held different objections to the scheme. On the one hand, NUMSA stressed that the connection with senior politicians and the former president's family, and corporate elites showed that ESOP was elitist and had a class bias. NUMSA vehemently criticized the ESOP for marginalizing the poor and labelled it 'crony capitalism' because it favoured the political elites and big businesses, especially those connected to the ruling government. One NUMSA shop steward argued that

> They [AMSA] wanted to give most shares to the Duduzane Zuma and Sandile Zungu
> family and we [NUMSA] stopped that. We said no! We want more than 5 percent. I said

to Irving Jim (NUMSA national secretary), we need a vehicle that can help employees to acquire more to broaden the benefits. Empowerment is not only about skills, it is bigger than that. It is about empowering communities around you because immediately when communities around you are empowered, crime will decrease, inequality and poverty will be lessened and there will be more employed people.[104]

This quote shows that trade unions did not support ESOP owing to its narrow focus that emphasizes the distribution of shares, or the securing of a government tender or an equity stake in government initiated business through licensing and privatization without addressing the need to transformation of capital or the trajectory of economic empowerment. Instead, NUMSA unions advocated a more broad-based approach to ESOP which emphasizes a comprehensive restructuring of AMSA, which would effectively alter power relations in the organisation, rather than the replacement of whites with blacks. The interviews revealed that ESOP was not destined to empower the unemployed, poor and black employees. Instead, NUMSA wanted an empowerment that empowers communities, not the 26 per cent shares allocated to black investors.[105] In other words, ESOPs failed to empower poor blacks because they were seen as a highly elitist strategy and driven by cronyism.

For instance, some workers and union officials expressed unhappiness about the Ikageng ESOP. A NUMSA official explained that 'ESOPs in South Africa have been used by employers as a strategy to co-opt workers instead of giving them a voice in the company'.[106] Other workers complained that the Ikageng board of trustees were also not chosen by the workers, nor were they consulted by AMSA. Additionally, another black employee recalled that the board was set up by management on behalf of the workers. Apart from the lack of consultation,

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[104] Black male participant & NUMSA shop steward, interview, 01.07.2015
[105] Black male participant & NUMSA shop steward, interview 01.07.2015
[106] Black male participant, NUMSA shop steward, interview 03.02.2016

workers were unhappy that while the Ikageng name sounds very inclusive and representative of all African people, in fact its directors and owners are mostly whites. Another criticism was the exclusion of learners and contractors and the inclusion of black managers and supervisors as beneficiaries.[107]

In addition, the study found that the level of trust between members and union leaders was poor. One black male employee explained that union officials are controlled by management. This became evident when workers demanded the new CEO (Nonkululeko-Heita) to increase their salaries and to stop paying directors and managers' lavish salaries. The CEO's response gave a clear indication of the management's perception of trade unions.

> You know what, as long as shop stewards are wearing an AMSA overall, and have offices inside the company, it's not your union, it is mine, I control them. The building they are using is paid for by me, I pay the electricity and rent, it's my property and they are my property. You cannot threaten me with them. They have to listen to me, if not, I will kick them out. If the union representatives come to me I tell them where the hell to get off, they must pack and leave this company.[108]

This quote illustrates the limited power trade unions have in influencing the decisions and how they expect them to identify unreservedly with the aims of the company. This is typical of a kind of unitarist approach to employee relations where workers are expected to be loyal to the leadership, and accept the management's right to manage (Heinecken, 2006:4). To achieve this, management uses advanced systems of communication and information sharing with a focus on the team aspect of the company as well as dismissing union officials.

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[107] Black male employee & Operator, interview 10.11.2014
[108] Black male employee & Process Controller, interview 10.11.2014

The study found that NUMSA did not share management's vision of empowerment. One NUMSA shop steward described management's version of empowerment was inadequate.[109] A NUMSA shop steward explained that 'when these guys [management] speak about empowerment, they mean social responsibility. They built houses for people, replaced roofs in Boipatong, built science centres and they called this empowerment. What the employees needed was skills, employing people in communities and teaching them how to build the houses'.[110] Social responsibilities are moral mechanisms used to support economic growth by companies and to improve the quality of life for employees and their families, local community and society in general (Holme and Watts, 2000).

Another NUMSA official explained that empowerment is not only about skills, it is also about channelling resources to empower communities. Most importantly, it is also about development of entrepreneurs to generate employment for the people.[111] Though this role portrays unions as vehicles of social capital formation, it does not mean that there have not been any challenges in representing workers. Therefore, there is no real communication about the benefits of empowerment, why NUMSA adopted this approach and how it intended to achieve its aims.

7.4.6 Impact of Neoliberalism

Based on the philosophy of neoliberalism, GEAR led to privatization and the commercialization of state-owned enterprises instead of nationalization to meet the objective of empowerment. Associated with this was the implementation of NPM principles that sought to improve the efficiency and performance of government through the contracting out of certain tasks, applying private sector models to the public sector, devolving authority and providing

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[109] Black employee & NUMSA shop steward, interview 06.07.2015
[110] *ibid.*
[111] Black employee & NUMSA shop steward, interview 02.07.2015

flexibility (Hayes, 2003; Alexandre, 2007:8). Since privatization, Iscor applied cost-reduction including contracting out of services such as cleaning and labour, introduced flexible labour practices where the workforce was divided into core and non-core, as well as the retrenchment of workers to bring the size of workforce down (ILO, 1997:58; Xaba, 2004:54).

Most importantly, during the interviews, a number of respondents expressed dissatisfaction about the changes in the organisation of work where certain businesses that were classified as 'non-core' were contracted out. These include, amongst other services, fire detection, catering, security, facilities management and cleaning services to BEE groups. Only a catering contract was awarded to a company managed and staffed by historically disadvantaged women. In its place, the state implemented deregulation, privatisation and workplace restructuring to cut the costs and increase efficiency (ILO, 1997:58). As stated in the above section, the adoption of a flexible employment practice by AMSA not only led to job losses but also to a decline in job benefits. The study found that since privatization, the provision of state subsidies and welfare services have been gradually removed at AMSA. The organisation's historic reputation of being South Africa's premier welfare company for whites has vanished. The study found that Iscor started to provide fringe benefits to black workers in the late 1980s such as shift allowances, housing allowances, pension and medical aid.

As a result of the implementation of labour flexibility and outsourcing, there has been an increase in labour uncertainty at AMSA. For instance, during the first week of fieldwork, a local newspaper called *Vaalweekblad* (15 October 2015) ran a story titled 'Is Mittal to close down in 9 months?' The Groups' CEO, Paul O'Flaherty, reported that the Vanderbijlpark plant might close down owing to the impact of steel imports from China, arbitration tribunal disputes, government's demand for a so-called 'development price for steel, ageing technology at the Works and the contemplated Carbon Tax. In addition, O'Flaherty stressed that the IDC had begun feasibility studies for the building of a modern steel factory in Phalaborwa with which

AMSA's older facilities could not compete. The article suggested that AMSA releases about 15 million tons of carbon dioxide into the air, which places it at foul of the suggested R600 million per year.

The announcement drew some negative reactions from various stakeholders. For instance, the chairperson of the Sedibeng Chamber of Business, Mr. Klippies Kritzinger, stressed that, should AMSA close down, more unemployment would follow. For the unions, NUMSA General Secretary Iving Jim emphasized that, in the light of the crisis of poverty, unemployment and inequality, which is ravaging the South African working class and poor households today, the government needs to reassess the policies which are sweeping away jobs in the steel industry. NUMSA demanded three things: first, the government intervention to curb steel dumbing by the Chinese; second the reintroduction of steel price tariffs; and the third re-industrialisation of manufacturing to grow the economy (NUMSA, 2015).

As a result of trade liberalisation and the implementation of labour flexibility, outsourcing, plant closures and retrenchments of workers, black empowerment has not successfully led to the upliftment of the blacks and the working class because of the labour flexibility in outsourcing, plant closures and retrenchments of workers. The change in the role of the state and labour market deregulation has eroded welfare services, including various employment services previously used by the NP to empower the white working class, and instead contributed to significant job losses, declining job benefits and lack of training for the black working class.

7.5 Social Factors Facilitating Economic Empowerment

Unlike the Apartheid era, where whites were bound by language, ethnicity and religion, this has not occurred in the post-apartheid era owing to political and economic inequalities, as well as the legacies of apartheid in the form of language, ethnic and religious divisions. Under BEE,

black Africans formed various organisations, including political parties and traders' associations, such as NAFCOC, to fight for their rights and to promote and encourage the development of small business in South Africa. This had a huge impact on Africans. In 1994, the ANC adopted the RDP after consultations and negotiations with the mass organisations in the wider civil society, such as the NGOs and CSOs. The RDP promised an inclusive approach to developing and implementing policy. Unfortunately, this philosophy was not applied when the government introduced GEAR and at Iscor when it was privatised and sold to Lakshmi Mittal. Since the implementation of restructuring and change in ownership of Iscor, organisations such as the Iscor Club which previously extended empowerment to white Afrikaners, were outsourced as part of the privatisation strategy to cut costs. The disappearance of these organizations meant that blacks, in particular the working class at Iscor, were left with no organisation that could be used as a social hub to build networks, social relationships and connections to develop social capital and promote BEE.

Instead of relying on social and community organisations to unite Africans and promote empowerment, AMSA employees relied on the company's internal committees for social interaction and empowerment. For instance, AMSA established various committees on the shop floor to facilitate the development of social capital, such as the Employment Equity, Training and Safety committees. The interviews with workers revealed that 'this is where workers discussed policies and issues such as procurement, skills development including empowerment as well as how contractors operated inside AMSA, how many engineers, how many blacks were exiting and why'.[112] Likewise, another employee explained that

> 'the only way people get together is through committee meetings and not everybody is active since only representatives are allowed. We meet with different people there. There

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[112] Black male employee & Union shop steward, interview 28.01.2016

are activities such as sport, where people with different talents perform plays. I think it was in 2010 when they invited the actors who came to perform a sketch on black culture. So I think that's how they do it'.[113]

These findings show that under post-apartheid, AMSA workers experienced social alienation and were unable to connect with each other or develop social relationships. As a result, they lacked social power to influence decision-making in the company and to challenge political, economic and legal decisions.

7.5.1 Civil Society Organisations

The participants painted a grim picture of what happened to civil society organisations since 1994 in Vanderbijlpark. One participant pointed to the historic legacy of the *Group Areas Act* where blacks were separated from white as one reason why blacks were unable to mobilise in Vanderbijlpark:

> You must understand that the biggest weapon in dealing with blacks was separating them from the whites. To illustrate, if you come to Boipatong, there is a street that goes from the local hall straight; on the right side stays the Basothos on the left stay the Zulus. That was the apartheid regime's strategy to cause confusion among blacks to undermine unity among blacks. We were divided from the community and in the plant.[114]

Further, another participant explained that social alienation at work was negatively affecting the development and function of civil society organisations. Many workers at AMSA work on a shift system, this makes it hard for them to belong to organisations. Another worker explained that there were no organisations they could belong to, except for various committees formed by the company. For instance, one participant recalled that

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[113] Black male employee & Operator, interview 24.11.2014
[114] Black male employee & Process Controller, interview 24.11.2014

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'there are safety committees, employment equity committees and so on; […] I will attend those and meet with different people. There are activities that will take place during those days. I think that happens about three times a year, that we will have a day, people will come together, there will be activities, sport, and people with different talents will perform plays. So, I think that's how they do it'.[115]

This shows that management encouraged the establishment of internal representative committees to discourage workers from belonging to trade unions or even outside structures.

7.5.1.1 Business and Job-Seekers Organisation (BJO)

Since 1994, the rate of unemployment increased and this affected mostly blacks and women. This means low probability of economic growth and equality. This failure of the ruling party to mobilise the poor and unemployed and the continued marginalisation and economic exclusion of blacks from the economic participation led to the formation of a new organisation in the Sedibeng called the Business and Job-Seekers Organization (BJO). The BJO was formed in 2013 as a non-profit organization in terms of the *Non-Profit Organization Act* No. 71 of 1997 to foster the development of bridging social capital for effective empowerment. In 2014, the BJO had 1300 members mainly from Evaton, Bophelong, Boipatong, Sharpeville, Tshepiso and Meyerton. Most of the members were young black entrepreneurs, school leavers and the unemployed.

Its founding constitution shows that BJO has a high degree of legitimacy in Sedibeng and operates professionally with good relationships with the private sector and local government. In November 2014, the BJO organized a job summit where many industries in the Sedibeng region were invited to network with small businesses and the unemployed and present on various empowerment strategies such as procurement opportunities. Only AMSA and a few

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[115] Black male employee and Operator, interview 24.11.2014

government officials attended the summit. In this regard, AMSA used the summit as an opportunity to present its BEE plans and challenges hampering progress on its implementation.

The study found that the BJO played an important role in facilitating bridging capital for the unemployed and aspiring entrepreneurs in the Sedibeng region, to obtain employment from local industries and government departments. The BJO chairman explained that the BJO provide necessary bridging capital for blacks, including women who share broadly similar financial status, such as unemployment, lack of skills and low education. BJO officials recalled that the organisation had created a database with names, qualifications and experiences of all jobseekers which can be accessed by all companies in the region. For instance, 'during the building of the malls, we sat down and submitted the list of available candidates to developers to make sure that local people were employed'.[116] This database is, in turn, used by the labour brokers and other businesses which provide training to the people in the Sedibeng region.[117] The constitution of the BJO also states that it shall provide an oversight or monitoring function to the private sector and government departments, such as DTI and Department of Labour (BJO, 2014). This illustrates the importance of mobilization to achieve empowerment.

Another function of the BJO is to develop the spirit of entrepreneurship, skills, knowledge and passion amongst blacks. The BJO applied several strategies to empower blacks such as engagement; picketing; and looking at the Corporate Social Investment (CSI) of companies and requesting companies to give to BJO 2.5 percent of their CSI. Through engagement, the organization meets with businesses and the government to discuss strategies around job creation and procurement opportunities. According to Radebe, the BJO often uses picketing to force companies to sit down with them.

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[116] *ibid.*
[117] Black Participant & chairman of BJO, interview 13.10.2014

The interviews showed how the macroeconomic policy impacted negatively on small businesses. According to an official from the BJO, small businesses were struggling because of the macro-economic policy framework and *Preferential Procurement Policy Framework Act* No. 5 of 2000. The biggest concern was failure to provide blacks and their businesses with access to the mainstream economy. One of the BJO officials, Motsumi explained that:

> The macroeconomic framework talks about 'redressing the imbalances of the past' yet its focus is more on protecting the interest of business and making sure that everything that we do is profitable. At the same time, it talks about 'affirmative action'; this means that I must beg for my blackness, I cannot be affirmed in my country. I need to be affirming people of another country but people outside my country are affirming me in my own country with my resources.[118]

During the 2014 Jobs Summit, many delegates identified the procurement policy as key to promoting the development of BEE but claimed that many blacks did not have access into the economy despite this policy. According to the BJO chairman, AMSA's procurement process benefited white people only:

> That is a question we are asking: how do these companies get the ratings on the BEE certificates? When we look at the procurement scorecard of AMSA, small white companies are the majority, black companies form a small percentage […] our people are looking to government in terms of procurement and supply chains, they have given up in terms of looking to the private sector to broaden the economy, we said no, hence we set up this organization.[119]

This illustrates how even though the ANC-led government committed to supporting small, medium and micro enterprises, this economic promise was not in line with the political goal of

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[118] Black participant & secretary of BJO, interview 13.10.2014
[119] Black participant & chairman of BJO, interview 13.10.2014

self-determination as the status, the rights and the position of Africans were undermined by white monopoly capital, and their access to the economy was denied.

Clearly, without the assistance of organizations like BJO, unemployed blacks and small businesses would have little opportunity to create their own bridging capital or mobilize it in the way that served their empowerment needs. Nevertheless, this study has shown that community organizations play a key role in promoting empowerment from below as they can mobilize people and use their collective strength to access business and government opportunities.

7.5.2 Religious Organisations

Unlike the AEE where the DRC intervened on behalf of poor whites to mobilise them and provide social relief, the study found the role and significance of religion under BEE was low. Unlike the AEE history where religion was central to the identity formation and history of white Afrikaners, today, the study found that religious influence was on the decline. During the field work in 2015, I was greeted by a *Vaalweekblad* (20 March 2015) poster titled 'Kerk maak plek vir groot restaurant' (see Appendix E), essentially saying that a religious building was going to be demolished and a restaurant built in its place. In addition, participants spoke highly about the declining membership at the traditional Afrikaner churches such as the DRC and the growth in charismatic churches in Vanderbijlpark. One such church was the Rivers of Living Waters, which bought a large plot outside Vanderbijlpark and built its headquarters there. The participants spoke highly about the rise of charismatic churches in the area and their tendency to promote materialism and individual salvation.

In terms of how AMSA management has used religion to promote black empowerment, the interviews with workers revealed that AMSA management was generally positive about the right of workers to follow their own religious practices. One participant indicated that 'I think

they respect it up to a point. Like they will understand if someone say maybe they had to go to a funeral, or when you need maybe some special days to go and support your family. They will give you that because you are supposed to get three days'.[120] However, in terms of how religion was used to promote black empowerment, the study found it to be quite the opposite of AEE.

However, some participants reported that instead of promoting unity, religion was a source of divisions amongst black workers. One participant explained that 'amongst us blacks, we are not united, some believe in traditional practices, some not, like myself, I am a born-again Christian'[121]. Further, another participant recalled that 'the churches are sitting here with the pastors, everyone wants to buy a stand for the church. There is an explosion of churches, what they call charismatics churches, in white communities we had the same thing. There are so many churches, the problem is that they do not talk to each other. Some have the difficulty of staying economically viable. That is the problem'.[122] This finding should not be taken lightly. According to Iscor (1973:41), when Vanderbijlpark was established religion formed part of the apartheid policy, where VESCO made provision in planning the town for an adequate number of church sites for various denominations. Accordingly, there were church sites for European and non-Europeans. The latter refers to residential districts from which industries at Vanderbijlpark drew their native labour (Vanderbijlpark, 1948:27). According to Nell (1951:16) 'three church sites were provided in Bophelong. These sites were leased to various religious bodies at nominal rentals. The first church to be erected, namely the Anglican Church, was dedicated on the 9th September 1951'.

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[120] Black male employee & Operator, interview 24.11. 2014
[121] Black male employee & Process Controller, interview, 24.11.2014
[122] White male participant & manager at VESCO, interview, 17.10.2015

7.5.3 The Role of Culture

The importance of culture as a driver of empowerment has long been recognised by social scientists. One of the motivators of black empowerment was the need to empower the language, which many felt had been destroyed by the NP through its policy of apartheid (Sadie, 2002:12). Prah (2007:3) argued that language is the central feature of culture because culture is the principal determinant of our behaviours, tastes and mothers. Culture is written, interpreted and configured in language. Prior to 1994, the so-called non-white population were geographically and physically kept away through the system of Homelands – territorial units in which specific African languages were spoken. Today, the ANC government uses culture as an enabler to build a more inclusive, and egalitarian economy that would eliminate problems of poverty and unemployment amongst blacks.

Based on the logic of rights approach, the new constitution states that 'all persons shall have the right to use the language and be active in their cultural life of choice, but none of those people shall exercise this in a way which is incompatible with any provision of the Bill of Rights'. Furthermore, the right of other individuals (a) to enjoy their culture, to practice their religion and to use their language cannot be refused for persons belonging to an ethnic, religious or linguistic group, and (b) to establish, enter and maintain political, religious and language associations and other civil society bodies'. Against this background, the study sought to understand how culture was being used to empower Africans.

The participants revealed that during apartheid Afrikaans was the most common language used at Iscor, but after 1994, English became the main language of AMSA. However, African workers spoke many different languages and this made it hard to develop social cohesion amongst themselves. For many participants, language was an important determinant of identity and symbolised status and power. For instance, one participant referred to the older generation of African employees that came from Transkei, KwaZulu-Natal, and Limpopo as the

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conservative and illiterate group, and considered the new cohort of employees who started work after 1994 as the most educated and 'enlightened' ones'.[123] The former were recruited in rural areas, considered as cheap labour and docile, and 'they would not deny anything, they accepted everything. That's the kind of people they wanted, you would not get locals at Iscor'.[124] However, the latter came from the townships, were educated and could speak English instead of Fanakalo, as was the case with the older generation. To this end, the African culture was not assisting to promote empowerment since workers themselves were still divided by the apartheid strategy.

7.5.4 Social Capital

Social capital is an essential ingredient for empowerment because it underlines the importance of bonds, networks of friendships, neighbours and communities among socially dissimilar persons (Narayan, 1999:1). In Vanderbijlpark, decades of racial segregation have left the people in the workplace, schools and communities divided along lines of race. The decades of economic exclusion as well as racial, language and religious discrimination impeded on the African's ability to develop own social capital that they could use for economic empowerment. Not even *Ubuntu* – an African philosophy that premised on the basic tenet *motho ke motho ba bang* (a person is a person through other people) – could help (Nuusbaum, 2003). Consequently, the study could not find enough evidence on bonding social capital. Added to this, participants claimed that the existing political, cultural and economic climate does not foster trust, neighbourliness and friendliness amongst blacks. According to one participant, 'once you build the fibre that keeps people together, you create a sense of entanglement where

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[123] Black male employee & Process Controller, interview 24.11.2014
[124] *ibid.*

your whole society is integrated. It is all about values and norms and what we want to get out of that. It is not necessarily what is in it for me but what is in it for us'.[125]

7.5.4.1 National African Federated Chamber of Commerce and Industry (NAFCOC)

As in the AEE where the *Broederbond* developed a closed alliance with the ruling party and used its influence to form local organisations to promote and develop the economic interests of small white traders, the ANC also developed close ties with interest groups like the NAFCOC in the late 1980s. As Chapter 4 showed, apartheid restricted and systematically prevented blacks from fulfilling their own business potential (Maseko, 2000 and Hirsch, 2005). These conditions inspired the emergence of a small business movement in the 1960s by informal black trader organizations, to mobilize African traders. The study found a similar organization to the Afrikaner *Sakekamer*, called the National African Federated Chamber of Commerce and Industry (NAFCOC) operating in Vanderbijlpark that promoted the linking of social capital to small black-owned businesses.

During the focus group with NAFCOC leaders, the participants spoke about the role of NAFCOC in facilitating connections between blacks and people in economic and political power to increase their access to key resources in formal institutions outside the community. The regional regional Chairperson of NAFCOC recalled that NAFCOC's role is 'to foster a black business people's spirit of cooperation and unity, to support self-help in black people and to participate fully in the Sedibeng's economy'[126]. According to the participants, NAFCOC's vision of black empowerment was started in the 1980s by its founding fathers Dr. Sam Motsuenyane and Richard Maponya, who inspired them to unite and be the voice of black

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[125] *ibid.*
[126] Mphuthing, NAFCOC Chairman, Sedibeng Region, interview November 2014

people.[127] This was reflected in the organization's founding documents that showed that NAFCOC was part of the delegation to Lusaka to meet with the ANC. After 1994, Dr. Motsuenyane was elected to the first parliament of President Mandela to make sure that the principles of NAFCOC were followed.[128] This was not the only instance where NACFOC promoted a linkage of social capital with those in government.

The unemployed and emerging black entrepreneurs relied on NAFCOC to broker a relationship with the government through lobbying, but with poor results. The NAFCOC Chairman explained that the biggest obstacle to small business owners in NAFCOC is 'too much red tape. The banks, companies and agencies want a lot of things from black entrepreneurs, such as collateral, 10 percent deposit, and experience in business, bank balances and full addresses. The irony of this is that foreigners who are not South African citizens get to open shops in town without proof of address, but locals with proof of residence are told they do not qualify'.[129] This leads to a sense of relative deprivation and is one of the reasons why the locals react violently to non-African businesses operating in towns.

Legally, the 1995 *White Paper on National Strategy for the Development of Promotion of Small Business in South Africa* should provide small businesses with a friendly legal and regulatory climate, market access, financing, adequate resources and technology; and provide training for tax and other motivation entrepreneurs. Numerous agencies and organisations, such as the Khular Enterprise Financial Limited, the National Small Business Advisory Board, the Small Enterprise Development Agency (SEDA), and the National Youth Development Agency (NYDA), have therefore been set up to provide assistance for small businesses in South Africa. Khula Enterprise Finance Ltd. was established in 1996 to offer financial support in the form of

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[127] *ibid*
[128] Mphuthing, NAFCOC Chairman, Sedibeng Region, interview November 2014
[129] Mike, NAFCOC Secretary, Sedibeng Region, interview, November 2014

loans, a national credit guarantee system, grant and institutional capacity to the small business sector. But, the NAFCOC chairman recalled that Khula Enterprises Ltd was not helpful to blacks; it employed inexperienced people with limited advice: 'The advice they gave does not help our members to overcome business red tape at the bank'.[130] This means that there is a lack of understanding of the needs of small business owners and the role played by officials employed to assist black entrepreneurs.

The interviews show that there was dissatisfaction in terms of how these institutions promote black empowerment. The NAFCOC Deputy Secretary explained that 'self-empowerment is impossible for black entrepreneurs. Instead, empowerment happens through government tenders; these tenders were given to people with no business experience. In addition, there are numerous forums that are not organized to exert pressure on government'.[131] According to the NAFCOC chairman, none of these forums have real proposals, except that they want tenders: 'That is a problem and as NAFCOC we are saying that we need to speak with one voice, like white chambers, such as the *Sakekamer*'.[132] What this implies is that even though organizations such as NAFCOC act as linking social capital to promote empowerment from below, their contribution is overshadowed by the lack of business skills, mobilization among black entrepreneurs and red tape.

The main challenge facing small black entrepreneurs was lack of funds, infrastructure and business skills. Focus group participants indicated that BBBEE legislation has done nothing for black entrepreneurs. Madi (2015) maintains that when BEE came, many were excited because this was to be the vehicle for black and white business to begin to work together. For black business, BEE was going to be the fuel they had been desperate for, but his did not unfold

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[130] Mphuthing, NAFCOC Chairman, Sedibeng Region, interview November 2014
[131] Lebakeng, NAFCOC Deputy Secretary, Sedibeng Region, interview November 2014
[132] Mphuthing, NAFCOC Chairman, Sedibeng Region, interview November 2014

as anticipated. It became an elite transition linked to patronage, mismanagement and corruption. Likewise, black entrepreneurs became frustrated when they saw people with virtually no business history becoming millionaires overnight through the signing of a few papers with white business partners. The participants revealed that the growth of white-owned shopping malls in Vanderbijlpark was stifling small businesses. Despite the increase in the number of malls in Vanderbijlpark, the NAFCOC chairman maintained that black entrepreneurs were not consulted by big business owners about the existing opportunities. Blacks do not benefit economically because when they apply to operate in Vanderbijlpark they are required to pay exorbitant fees for renting space.

Another obstacle to development of social capital was 'differences in value systems' amongst blacks. A North-West professor explained that even though the Freedom Charter encouraged blacks to be altruistic and encourage social cohesion, the post-apartheid material conditions favour egoism and self-interests:

> 'This is exactly what the Afrikaners did; they created cultural cohesion amongst themselves and committed to the idea of being an Afrikaner. This idea implies humanity with a sense of cultural values, which is what blacks lack today to develop social capital'.[133]

For black empowerment, bridging capital has not developed because of the disagreement about values that are common amongst Africans and what being an African mean to blacks.

These findings demonstrate that empowerment scholarship places a premium on financial value (shares, income and so forth) but not on cultural value. One explanation for this is that BBBEE stresses the redistribution of assets and opportunities as more important than to resolve the

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[133] North-West University Professor, Vaal Campus interviewed 18.01.2016

economic disparities in educational upliftment and human rights as prescribed by the developmental welfare state and AMSA's Human Rights Policy. Nevertheless, the study identified several organisations which were facilitating cohesion and linking social capital in Vanderbijlpark. One of these organisations is NAFCOC, acting as vital source of linking social capital for the unemployed blacks and aspiring entrepreneurs.

7.6 Conclusion

This chapter has shown that black economic empowerment has not been as successful as the AEE due to a number of factors identified in this study. One of the main findings in this chapter is that in 1994 the ANC inherited not only a fragmented, racially divided, over-burdened defective state, but faced a huge challenge of poverty, unemployment and inequality affecting the black population. Thus, before attempting to resolve these challenges, the government first had to implement a reform programme to 'de-racialise' society and institutions, and secondly, to grow the economy to meet the socio-economic challenges. To this end, the study identified numerous factors that hampered the implementation of empowerment legislation and contributed to the failure to produce results similar to AEE.

One of these factors is that under political-legal empowerment the new macroeconomic policy called GEAR promoted the introduction of major cuts in social expenditure, leaving the poor and working class vulnerable to poverty. At Iscor, blacks were not benefiting from empowerment, owing to the highly entrenched patterns of patronage and racial networks between former white employees and management. These systems of patronage undermined the implementation of black empowerment owing to nepotism. In addition, the study found that the ANC's cadre deployment policy allowed few black managers to be appointed into supervisory and skilled positions but not in senior managerial positions. Overall, the occupational structure remains racially divided with whites occupying senior management

positions and blacks filling unskilled lower positions. White males continued to dominate senior and middle management, as well as supervisory and skilled positions, while blacks filled the majority of unskilled and semi-skilled positions in the same period.

In terms of economic empowerment, the study identified the following factors as responsible for slowing down economic empowerment. The study found that since the adoption of the new macroeconomic policy, the total iron and steel workforce has been on a decline; a trend that started in the late 1980s. The ANC regarded SOEs as a mechanism to create employment for many blacks, but this only uplifted a few of the elite and a disempowerment of the majority because of the new economic policy and lack of skilled black managers. In addition, the new policy led to changes in the structure of the labour market in which a large group of permanent workers was pushed into precarious employment situations, moving from formal employment to part-time, casual and informal work with serious negative economic consequences for workers.

Unlike under AEE where finding employment was easy, under BEE, finding employment was not easy for many blacks. Even though job reservation policies were abandoned in the 1980s, their impact was evident in terms of the difficulties black employees had in accessing employment. Applicants are required to have a Grade 12 certificate with Mathematics at 40 percent or Mathematics Literacy at 50 percent –which many blacks could not afford because of the ineffective education system. The current training structure did not benefit blacks because of the entrance requirements, short duration of the training and lack of incentives after completing the training. As a result, most workers were employed by contractors as casuals, short-term contract workers and labour brokers, thus unable to belong to trade unions. NUMSA supported empowerment as long as it promoted skills development, was inclusive and was based on Employee Share Ownership Plan (ESOP) philosophy. The latter prioritised

development of financial capital instead of social capital where unions focus on building social networks, relationships and connections with members for social upliftment.

Socially, the austerity measures imposed by the macroeconomic policy on the state led to Iscor closing down numerous organisations that facilitated social empowerment during apartheid. Consequently, many blacks struggled to access empowerment opportunities in Vanderbijlpark, despite few efforts by non-governmental organisations such as the BJO and NAFCOC. What we see here is that BEE failed to produce the same results as AEE because the state did not work well with business and civil society.

Chapter 8: Conclusions and Reflections

8.1 Introduction

Since the establishment of the Pact-government through to the NP, the state implemented a nationalist agenda to uplift the minority white population of South Africa, and more specifically unskilled Afrikaners. This agenda entailed an economic system based on employment creation through various SOEs, skills development and welfare services. In contrast, when the ANC came into power in 1994 it used similar strategies, but within a different economic context to empower a large, diverse population of blacks, including the working class. However, unlike AEE BEE has not been able to deliver the same empowerment benefits to blacks owing to a range of factors at the macro, meso and micro level within society.

Accordingly, this chapter aims to interpret the findings of AEE and BEE in terms of why the former was successful in empowering whites - and particularly Afrikaners - and less so in terms of the broader black population, despite similarities in approaches to empowerment. The debate starts by discussing the systems AEE and BEE, as to how the transition from a nationalistic to a development state took place. An evaluation is made on how before the macro-level approaches to empowerment are expressed in the validity, accuracy and limits of this report, certain big conclusions are drawn.

8.2   From a Nationalist to a Development State

To compare these two policies, we have to understand the nature and the role of the welfare state by looking at different approaches to the welfare state. Under the AEE, the NP took an institutional social approach that sees governments as better providers of social policies, maintaining that through legislation, fiscal steps, legislative rules and broad-based services access to social security and social rights must be institutionsalised (Patel, 2015:19). The

concept of universality–the desire for all people to have universal coverage and access to services and benefits such as income security, health care, education and housing–is fundamental to the organizational approach. This view is based on T. H. Marshall's model of citizenship containing three elements: civic (equality prior to the law); political (equality in voting); and social (prior to a minimum income). Under the AEE, the welfare services were based on the NP's racial classification of populations, which allowed only white citizens the right to participate in the labour market and to access health care, education, legal aid, and so forth.

The results showed that since 1924 a welfare state was developed which saw the establishment of a large network of parastatals to employ poor whites. Apart from this, the NP adopted a Keynesian model where state-owned enterprises, like Iscor, became a nationalist project which provided protected employment, housing, medical services (including the building of 'hospitals') to white employees. In terms of housing, Iscor used it as a drawcard for a large number of employees whose housing needs could not be met by the NP government. To augment the provision of suitable housing accommodation for employees, Iscor established a company called the Iscor Housing Utility in 1936 to undertake the control and management of this Housing Scheme (Iscor, 1953:104). Iscor made certain facilities available in the form of the Home Ownership Loan Scheme, which allowed employees to build or buy their own houses. Iscor founded the VESCO to develop the town planning, layout, and townships, based on van der Bijl's idea of a garden city, VESCO fused housing provision with the racist policies of the NP by producing separate amenities, facilities, and benefits for the general welfare and wellbeing of the inhabitants. In terms of education, the study found that whites benefitted from the education and training policy of Iscor. According to the annual report, Iscor was played a key role in the development of apprenticeships, and each year Iscor offered several bursaries to junior employees to study part-time at Technical Colleges (Iscor, 1953:98).

Compared to BEE, the ANC used a developmental state based on social development approach (Midgely, 1995:250). The advocates of developmental state argue that there must be closer integration of economic and social policies to enhance the welfare of all (White and Wade, 1988). The government followed two styles, the classical East Asian and the capitalist. The former are characterized by a solid, (but embedded) bureaucracy (Evans, 1995), a development-oriented political leadership (Musamba, 2010; Fritz & Menocal, 2007); the close symbiotic ties between certain state agencies (Johnson, 1982; 1987) that is often of mutual benefit and are characterized by good political interventions that promote economic growth (Wade, 1990; Beeson, 2004). Under the liberal model, individuals rely primarily on market-based, private, contributory schemes for the provision of retirement, health, and other benefits. According to Andersen (2012:7), the liberal models are based on the belief that the citizens themselves are required to cope with the bulk of their welfare needs.

This resulted in the company investing in projects that benefited communities, including investment in education, support for a low-cost housing program, job creation and welfare projects (Iscor, 1994:25). After the 1989 privatisation, Iscor relinquished its interests in Iscor Landgoed (Pty) Ltd, which provided housing for employees 'as part of contracting out of non-core business units'. This means that the financing of housing for employees was no longer a part of Iscor's 'core' business (Iscor, 1989:21). After 1994, Iscor reported that it had developed a new housing strategy to meet the changing needs of employees. This included the allocation of housing units as determined by an employee's job grading, the promotion of family housing and homeownership, the incorporation of housing benefits as part of employees' remuneration packages, and converting hostels into family units to meet the rising accommodation needs (Iscor, 1994:23). However, participants claimed that the majority of workers did not benefit, as many were retrenched during the 1990s and those who remained lost the benefit of buying houses directly from Iscor as they then had to apply for housing bonds through the banks. In

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terms of education, the study found that the effects of Verwoed's *Bantu Education* policy were felt beyond apartheid with blacks experiencing a skills shortage because of poor science and mathematics performances at the secondary education level. AMSA implemented a number of training and internship interventions to help realise the Joint Initiative for Priority Skills Acquisition (JIPSA) goals but the participants explained that most blacks did not benefit because they had not passed Grade 12 subjects such as Mathematics and English.

Under these two different approaches, the fundamental difference between the two states is that the welfare state delivered more benefits to the whites in the form of employment, housing, healthcare, education, and the development state did not. However, it is important to consider the fact that AEE used racist legislation to target a small homogenous group for upliftment whereas BEE targeted a large, diverse group with much deeper endemic problems.

8.3 Political-Legal Factors Facilitating Economic Empowerment

Theories of empowerment describe empowerment as an alternative development aimed at enhancing the capacity of the poor to participate in and benefit from society's opportunities (Friedmann, 1992:32). Kabeer (1999:7) add that empowerment is the processes by which the poor make strategic life choices. Narayan (2002:2014) refers to the expansion of poor people's property and skills in engaging, negotiating, manipulating the institutions that control their lives and hold them accountable. Using Rowland's (1995) model of 'power over' and 'power to', social scientists argued that empowerment can be implemented using different ways such as political-legal and economic strategies, to determine efforts to increase control over resources and regulative institutions on the part of the poor and groups that were excluded from such control.

Under AEE, starting from the beginning of the twentieth century, political-legal empowerment entailed the development of a political ideology called "Afrikaner Nationalism" to mobilise

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white Afrikaners for political action and ultimately to deliver political power to white Afrikaners (Webb and Kriel, 2000:27). Central to the nationalist framework was the implementation of empowerment policies to eradicate the growing poverty amongst whites and to provide the basis for white Afrikaner empowerment at Iscor. The study found that from 1928 onward, Iscor was controlled by English-speakers and moderate Afrikaners not affiliated with the NP. Under the UP, the NP and the Afrikaner *Broederbond* systematically promoted Afrikaner control and ownership of the economy and through patronage in terms of appointments within government and SOEs such as Iscor.

The main benefit of this policy was that, after 1948, Afrikaner Nationalism became a powerful political force that determined employment, skills development, and education and policies within the public sector and service. Iscor used the NP's 'white first' policy and the networks of patronage to deploy white Afrikaners to positions of authority and influence. In addition, Iscor implemented the NP's job reservation policy as a form of affirmative action to provide jobs to poor whites. In addition to employment, Iscor implemented three categories of training at Iscor: apprenticeships, bursaries to university and learnerships. This was also driven by legislation seeking to protect and promote the interests of white Afrikaners. These findings confirmed Von Holdt's (2000) observation about 'apartheid workplace regime' in terms of separate amenities for blacks and whites, and the pervasive influence of racial discrimination in the workplace to restrict the advancement of blacks.

If we compare AEE with BEE, a different scenario has evolved despite the use of similar strategies. Under BEE, since 1994, the ANC has applied cadre deployment strategy to effect changes in management and to control parastatals. The study found that AMSA appointed few blacks at senior management positions and as non-executive directors to its board as a result of cadre deployment. These mostly closely aligned to the ANC were appointed to key positions on state economic boards and senior management positions (Southall, 2004:6). The ANC

adopted affirmative action and BEE legislation to achieve demographic representation in appointments and promotions within parastatals, but this was driven by principles of redress instead of nationalism. Unlike the AEE, political-legal empowerment occurred under very tight economic conditions, where the state adopted a new macroeconomic policy that introduced major cuts in social expenditure, privatisation of SOEs, workplace restructuring, and the withdrawal of state subsidies.

However, political-legal empowerment did not have a significant impact on the empowerment of the majority of blacks. The study found that deep racial networks between former white employees and management were still highly entrenched at AMSA and continued to favour whites. Whites continue to have an influence in terms of how AMSA is run and empowerment legislation is implemented. For instance, the relationship between AMSA and VESCO at the managerial level and the benefits derived by VESCO from AMSA through its five businesses illustrate this point. As in the past, the whites continued to benefit from AMSA's contracting out of various 'non-core' services, and from the company's preferential procurement policy. This finding confirmed van Zyl's (1974) observation that the system of interlocking directorship within Afrikaner organisations, started by the NP, saw the rise in the number of Afrikaners in top management amongst organizations. The study found that the existing racial networks or patronage between AMSA and VESCO undermined BEE by outsourcing jobs to the relatives of white managers at AMSA. Further, the ANC's cadre deployment favoured the elites and this was limited to a few individuals at senior management positions.

Despite the adoption of the EE legislation, there continued to be an overrepresentation of white males in top management positions at AMSA. The study found that senior management, middle management, supervisory and skilled positions were still dominated by whites, while blacks constituted between 83 and 96 percent of unskilled and semi-skilled positions (AMSA, 2014). Accordingly, BEE has been less successful in appointing individuals from previously

disadvantaged communities in ownership and management positions owing to resistance to change by management. This finding confirms Baker's (1989:53) observation that 'resistance to change' occurs owing to uncertainty about how the change will affect them, the relationships and other job factors. Further, it also confirms Monate's (2000:77) view that some of the stakeholders may fear that their positions would now be given to the employees who had been disadvantaged in the past.

Under these two different approaches, fundamental differences and similarities occur. The main similarity between the two approaches is that the state used SOEs as well as 'affirmative action' to extend empowerment benefits to the poor. The main difference is that AEE was buttressed by a nationalist framework that sought to protect and promote the interests of whites, particularly Afrikaners in the labour market. The state created a welfare state that delivered a high volume of jobs that were not based on merit, but on race and included the lowering of job entry requirements to enable the absorption of poor Afrikaners into the formal labour market. Associated with this were active attempts to improve the skills of whites through various apprenticeship programs, which excluded blacks. This facilitated occupational mobility for whites and enabled them to participate in the economy. A somewhat different scenario emerged in the post-apartheid era associated with BEE.

Here a great deal of the policies pursued by the ANC has been based on non-racialism and equality with a strong emphasis on the redress of the imbalances of the past. For instance, the skills philosophy of AMSA was underpinned by post-Fordist principles, such as employment flexibility, multi-skilling, and wage flexibility (AMSA, 2004:57). The study found that workers received various forms of training, but this did not benefit black employees because of the entrance requirements, short duration of the training and the lack of incentives after completing the training. Unlike the AEE, employment at AMSA was based on merit, with management imposing stringent job entrance requirements, such as a Grade 12 certificate with Science and

Mathematics as relevant subjects. The study found that AMSA continued to lag behind in terms equity owing to the co-opting of a few black individuals in the ownership and management structures, and the resistance by managers (Monate, 2000:77). This meant that there was no radical transformation of the institution to change power relations and organisational culture to create the same kind of empowerment for blacks as it did for whites.

8.4 Economic Factors Facilitating Economic Empowerment

Another approach to empowerment is economic empowerment that focuses on the ability of the poor to participate in, contribute to, and benefit from economic growth. Eyben *et al*., (2008:9) argue that economic empowerment depends on the nature and function of macroeconomic policy in terms of raising the income of certain disadvantaged groups through public redistributive policies, such as taxes, transfers, and another government spending. Since the 1930 Great Depression, the South African state has adopted a macroeconomic policy based on Keynesian principles which advanced several policies that were redistributive in nature in order to increase the standard of living of workers through employment creation, improved skills development, and to provide provision for various welfare benefits. British leading economist John Maynard Keynes proposed that by hiring staff and providing services and even taking over economic problems, the government would play a more active role in the economy (ILRIG, 1999:23). However, due to high inflation and excessive accumulation, this approach lost traction in the 1970s which led to a new approach in public service management including the SOEs called NPMs (Cameron, 2008:49).

Under AEE, starting with the pact-government in 1924, the state adopted an economic policy that sought to protect and promote the economic interests of whites, especially white Afrikaners, in terms of employment, skills-development and welfare benefits. This entailed the establishment of SOEs, including Iscor to address the endemic problem of white poverty. The

UP-led government applied Keynesian policies after the Depression by expanding the capacity of SOEs, including the establishment of the Iscor plant in Vanderbijlpark in 1943. The findings showed that Vanderbijlpark became a project of the nationalist government to extend welfare benefits to the poor whites. This included the provision of standard employment with regular hours, pensions and service benefits. Access to employment was made possible by lowering the educational qualification to Standard Six, now Grade 8. Under civilised labour policy, whites occupied skilled positions, while blacks filled the majority of unskilled and semi-skilled positions. Additionally, with the help of craft unions and legislations, white Afrikaners benefited from skills development, especially the development of apprenticeships. Iscor also offered promising white candidates, children of white employees and white workers bursaries to study technical and engineering courses.

This resulted in social mobility for many whites, through secured employment in various sectors of the economy. Many benefited from career advancement both inside and outside Iscor. The combination of favourable labour market policies, programs of social welfare and favourable credit arrangements has also allowed the white elite to become professional and supervisory, steadily increasing real pay. This encouraged them to engage in housing and consumer goods consumption. Nevertheless, the typical South African public administration model was criticized following the 1970 recession. So large, inefficient, and uncompromising, parastatals, like Iscor, have been accused of meeting the ever more complex and changing needs of modern economic and social structures. The NP government responded to the crisis by adopting a nation-wide program of privatization of SOEs, including Iscor. This resulted in mass retrenchments that affected both white and black employees. Unfortunately, the process reversed some of the gains made during apartheid for many whites.

Under BEE, the ANC-led government in 1994 adopted a socialist policy that was similar to the NP's macroeconomic policy which prioritized spending on social development. However, two

years later the ANC changed its policy to neoliberalism to focus on accelerating fiscal reform, furthering tariff reform, public sector restructuring and continuing the reorientation of expenditure towards service delivery to the poor (RSA, 1996:4). Following the adoption of trade liberalisation, the state reduced steel tariffs from 30 percent to an effective 5 percent in 1995, causing major flooding of the South African market by cheap Chinese steel products, which resulted in a reduction in sales volumes and production, as well as a fall in its capacity utilization. Iscor responded to these changes by embarking on a seven-year restructuring program to transform the organisation from the 'culture of a production-oriented parastatal' to that of a 'market-driven business' with a strong emphasis on NPM principles (Iscor, 1995:14). A major consequence of the restructuring was that the Dutch-based LMN holdings obtained a 35 percent share in Iscor, and later renamed Iscor ArcelorMittal South Africa in 2006. Under the new economic policy and new management, AMSA experienced significant job losses. The study revealed that the number of full-time employment declined from 14000 in 1990 to 8500 in 1998 and 6000 in 2016. The employees most affected were unskilled African workers.

Another consequence of restructuring was the adoption of a labour market flexibility strategy that resulted in an increase in atypical forms of employment, including casuals, part-time work, and subcontractors, to create a broader task and skill responsibilities. Over 50 percent of workers at AMSA were supplied by Monyetla Labour Broking, a VESCO subsidiary. AMSA (2017:21) reported a lack of critical skills as the reason for using contractors. Flexible employment has impacted negatively on workers and trade unions by reducing wages, leading to the growth of insecure and low-wage non-core jobs, as well as the loss of benefits such as a pension, medical aid, housing subsidy and insurance policies (Hlatshwayo, 2013). The study found that restructuring reduced the power and influence of trade unions in collective bargaining and that unions did not share the same vision of empowerment with management.

Workers preferred the development of skills, channelling resources to empower communities instead of making minor improvements on the houses like that of AMSA.

In addition to job loss, the DTI (2006:14) maintained that it intended to use privatisation of SOEs to promote ownership by black people individually, or by the community and broad-based enterprises. The study revealed that AMSA's preferential procurement failed to attract local suppliers, owing to a lack of an understanding by blacks and small businesses of AMSA's production, procurement, and tender processes. In addition, AMSA outsourced non-core functions and services, such as fire detection, catering, security, facilities management and cleaning services. Although it had intended to use outsourcing to promote the entry of previously disadvantaged individuals into the mainstream economy, most of these departments were sold to former white employees and managers. Eventually, outsourcing benefitted the whites most and generated precarious work for the Africans who were unskilled and constitute the majority of the working class.

Hence, in terms of the differences in the two approaches one can see that AEE delivered more standard jobs with regular hours and service benefits to the whites, as well as more skills, and access to business development because of the role played by the state and private sector. The also had the support of the white trade unions. This is why AEE was more successful in delivering benefits to the whites, especially white Afrikaners. BEE benefited only the elite and very few. The opening of the economy to global trade has led to competition to cut costs and increase efficiency and this has produced a crisis of job loss and an increase in non-standard work with fewer service benefits and less training.

8.4 Social Factors Facilitating Economic Empowerment

Looking at AEE and BEE, different approaches were used to promote empowerment, but these focused narrowly on the dominant paradigms of the political-legal and economic dimensions.

Empowerment theorists argue that instead of reducing empowerment to a mere system of codes, arithmetic formulas, graphs, and indices, empowerment should appreciate the value of people and culture as resources and the nature and function of CSOs in mobilising the poor, providing access to resources and the ability of communities to develop social capital. Babaei *et al.*, (2012:120) argue that social empowerment increases a person's opportunities in personal and social contexts as well as their use of personal resources. Emphasising the importance of culture – especially the role of language and religion – sociologists maintain that culture is vital to giving people a sense of belonging, instructing them in how to behave and what to think in particular situations (Taylor & Andersen, 2006:54). For Bourdieu (1986:241), culture forms one of three types of capital; the other types are economic and social capital. As a capital, culture can potentially contribute to empowerment by producing different forms of profit.

Under AEE, organisations such as the *Helpmekaarvereniging*, *Broederbond* and the ACVV played an important role in terms of using culture to organise white Afrikaners and articulate their various interests in society, as well as by using associational power to promote empowerment. In Vanderbijlpark, the research showed that whites used the *Helpmekaar* tradition of mobilising funds to provide the necessary support to poor whites in the form of training, bursaries and support for the establishment of Afrikaans-owned enterprises. This tradition inspired the formation of the Helping Hand by the Solidarity union to provide relief from poverty through projects for children; training children and young people to prevent them from ending up in the cycle of poverty, as well as strengthening Afrikaans education, and job creation. Further, the ACVV performed a lot of charitable activities for the poor whites through the establishment of welfare practices. Other organisations included the Vanderbijlpark RoundTable, formed in 1954 by young professionals and businessmen to 'sponsor and organise Vanderbijlpark's industrial and commercial show', ultimately provide bursaries for students at local schools, and to promote the Afrikaans language and other cultural organisations (Iscor,

1979:42). This result confirms Nikkah and Redzuan's observation (2017) that NGOs supported social empowerment through capacity building, group capacity building, capacity building and awareness of resources mobilization, community-based initiation preparation and assessment and the resolution of issues to master their lives.

Regarding religion, sociologists argue that society unconsciously creates religion as a way to hold together different groups (Durkheim, 1912). The study found that under AEE, the Dutch Reformed Church (DRC) promoted the empowerment of whites in Vanderbijlpark through its race-based policies. Using the late eighteen-century religion of the Protestants called Calvinism, the DRC organised the Afrikaner community into a cultural fabric and encouraged principles of hard work, respect for the authorities and an intolerant attitude towards dishonesty. In Vanderbijlpark, the church also played a uniting, socializing and integrative role. In its dealings with the people, the church did not encourage class divisions. Instead, it fostered the development of cohesion and a sense of belonging. This helped white Afrikaners to reach a level of affluence none of the population could afford, and they organised their lives and work around the church. This finding confirmed Weber's (1905) observation that Calvinism established organisational structures, imposed strict rules for believers and advocated the stronger preferences for hard work and thriftiness that led to greater economic prosperity. The study by Begg (2011:172) demonstrate this by referring to the wealthy Cape Afrikaners who engaged in a very modern forms of capitalism, using the Protestant ethic.

In terms of language, empowerment theories argue that culture is not only the very ground for human interaction, but it is also an essential terrain of domination (Bourdieu, 1986). Under AEE, Afrikaners believed that the English had destroyed their language through policies of Anglicisation resulting in a feeling of inferiority (Sadie, 2002:12). To address this, the NP applied the bilingualism policy in the civil service. This meant that Afrikaans was adopted at Iscor as an official language. This resulted in Afrikaans becoming a dominant language after

English, leading to the publication of all material, including letters and newsletters in Afrikaans. The use of a single language helped white Afrikaners to develop a homogenous group identity, build nationalism and foster group cohesion, as everybody spoke the same language. After 1994, English became the official language of AMSA, relegating other African languages to a lower status. This finding confirms Swartz's (1996:71) observation that culture in the form of disposition, objects, institutions, language and so on contribute to empowerment by mediating social practices and connecting people and groups to institutionalised hierarchies.

Finally, social capital theories argue that the institutions, social networks, and norms of reciprocity comprise the sum of resources that contribute directly to empowerment at the local level, and indirectly by making institutions more responsive to the poor (Babaei *et al.*, 2012:119; Bourdieu, 1986:246). Under AEE, the concepts of bonding, bridging and linking social capital proved useful in characterising the multiple dimensions of social relations and identities in Vanderbijlpark. The study found that the Afrikaner nationalist ideology that served as an umbrella to the Afrikaner organizations and business people was translated into several Clubs at the community level. This resulted in the establishment of recreational and cultural facilities to promote the development of capital of the employees at ISCOR. In Vanderbijlpark, Iscor founded Iscor Club in 1944 triggering the development of 'community', similar to that coined by Putnam (1995), amongst white Afrikaners along with bonding and bridging lines (Vanderbijlpark, 1993:13). Membership to the Club consisted of various sporting codes, including athletics, rugby, soccer, tennis, wrestling, boxing, bowling, cricket, boating, choirs, hunting, rifle club, as well as drama and theatrical societies. The Iscor Club promoted the development of bridging capital by facilitating relations across ethnicity, caste, race, culture and other social cleavages. Participants spoke about coming together on Fridays with friends, colleagues, and associates and this ultimately enabled them to rely on each other for support in various activities. Further, the Afrikaner *Broederbond* established a network of organisations

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in communities including the *Sakekamer*, which helped to promote linking social capital to Afrikaner businessmen and government. The study found that the *Sakekamer* reflected generalised trust, inculcating broader identities and more generalised forms of reciprocity for business. To this end, it organised businesspeople to facilitate social networks, cooperation amongst white businessmen and it also led to the discovery of mutual benefits. These mutual benefits empowered the community by keeping money in the community.

The optimal combination of bonding, bridging and linking social capital under AEE resulted in the empowerment of white Afrikaners both socially and economically owing to the cooperation between politics, business, and civil society groups. With this understanding, research confirmed Bourdieu's (1986:241) observation that culture is the accumulation of knowledge, skills, and behaviour, which can be used to produce different forms of profit, such as educational qualifications, skills, employment, careers and so forth.

Under BEE, social empowerment differed from AEE in a number of ways. First, the black population is large and diverse compared to white Afrikaners and continue to remain divided in terms of language, religion, and class. Furthermore, post-apartheid CSOs have been at the forefront of social change, fighting for 'access to housing, health care and education, provides basic services, gay and lesbian abuse and xenophobia amongst other' (Naidoo, 2012:18). Social scientists argue that since the adoption of a new macroeconomic policy, NGOs have come increasingly under pressure to manage their programs on a profitable basis, with state subsidies being cut and soft loans and grants for development programs being minimised (Kamat, 2005:152). Further, CSO leaders moved from supporting the grassroots organisations towards working on policy development for the new government instead of the upliftment of a specific group (Leonard, 2014:380).

Accordingly, the study revealed that few organisations existed in Vanderbijlpark to promote social empowerment. Participants referred to shopfloor-based committees as structures available for interaction. These were not meant to promote social interaction, but discuss policies such as procurement, skills development, and employment equity. Outside the company, workers blamed the tendency of apartheid to divide and rule as inhibiting the development of social cohesion. Empowerment theorists argued that language allowed members of a group or society to communicate with one another and to promote the development of identity (Macionis & Plummer, 2012). The study found that African languages were suppressed at AMSA with English and Afrikaans acting as dominant languages. In addition, as in the past, when Africans were geographically and physically divided through a system of Homelands, the study found that this has not changed under BEE. Unlike white Afrikaners, there was no cohesion between Africans, they spoke different languages and were unable to develop a common identity and common vision around empowerment. This finding confirms Bourdieu's (1986) observation about language as not only a method of communication, but also a mechanism of power. As an essential terrain of domination, Bourdieu (1990) used the concept of habitus to stress the physical embodiment of cultural capital. Thus, to empower the poor, organisations needs to consider the development of language in schools and provide opportunities for workers to develop language skills.

As Durkheim (1912) emphasises that society creates religion as a way to hold together different groups. Unlike AEE, the study found that religion was a source of divisions amongst black workers. The study found that while Vanderbijlpark was undergoing secularisation with the former Afrikaner churches losing power and influence, there was an explosion of charismatic churches, including in white communities. These new developments were not contributing to social cohesion among whites. African employees already shared multiple religious identities and affiliations. The new churches in Vanderbijlpark do not focus on the Calvinist principles

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such as those proposed by Max Weber, but more on materialism. The gospel of prosperity coming out of these churches does not contribute to the empowerment of the poor, rather it serves the narrow interests of pastors. As Müller (2000:56) cautioned, religion can be a tool for conquest and governance, and the basis for exclusion and difference.

Finally, under BEE, social capital did not facilitate the development of social networks of friendships, neighbours and communities to access power, as it did under AEE (Narayan, 1999:1). The study found that the existing political, cultural and economic climate did not foster trust, neighbourliness, and friendliness amongst blacks. Unlike the AEE, bonding social capital did not occur as the economy, including organisations such as Iscor, depended on a migrant labour system, which had detrimental effects on black families. Consequently, the study found that bonding social capital under BEE appears to be weak. In terms of bridging capital, an organisation called BJO was formed in Vanderbijlpark in 2015. BJO facilitated bridging social capital by facilitating loose ties between people who are not alike demographically but have a broadly similar financial status and power – such as the unemployed, small business owners consisting of youth, women and school leavers. According to Babaei *et al.*, (2012:121), the openness towards different types of people that is characteristic of this form of social capital reflects generalised trust. The main utility of bridging ties under BJO was the development of a database of all the unemployed and small businesses in the Sedibeng area that was accessed by all companies in the region; engagement; picketing; and information about Corporate Social Investment (CSI) of companies in the area, as well as jobs available and procurement opportunities. This finding confirms Putnam's (2001) observation that bridging capital is crucial for 'getting ahead' – that is when groups and communities leverage their more extensive social relations to achieve collective objectives, such as financial development.

The study found a similar organisation to the *Sakekamer* under AEE which promoted linking capital under BEE called NAFCOC. First introduced in 1968, NAFCOC developed a vision of black empowerment in the 1980s when its founding fathers Dr. Sam Motsuenyane and Richard Maponya joined the delegation of businessmen who went to Lusaka to meet the ANC in exile (Macozoma, 2003:22). Initially, NAFCOC leaders formed part of the first cabinet of Nelson Mandela to promote connections between blacks and people in economic and political power which would increase their access to key resources in formal institutions outside the community. One of NAFCOC's big achievements was the promulgation of the *White Paper on National Strategy for the Development of Promotion of Small Business in South Africa* of 1995 to provide small enterprises with a supportive legal and regulatory environment, access to markets, finance, appropriate resources and technology; and to train entrepreneurs in the management of tax and other incentives. However, small entrepreneurs in the Vanderbijlpark area complained about a lack of funds, infrastructure, and business skills, as well as differences in value systems. For some, the Freedom Charter was seen as an important foundation for blacks to be altruistic and encourage social cohesion, but for some, the post-apartheid material conditions encouraged them to be egoistic and self-driven.

The effect of social empowerment under BEE is relatively low compared to AEE owing to the disconnect and lack of cooperation between politics, the economy and CSOs. The current conception of social capital under BEE has not paid close attention to the nature and role of politics and the economy. The manner in which social capital was developed under AEE confirmed Portes' (1998) observation that social capital can be disempowering and used negatively to exclude outsiders and restrict individual freedoms. Apart from the already existing economic and political cleavages left by apartheid, the ANC government failed to promote social empowerment amongst blacks by adopting a macroeconomic policy which encouraged competition instead of developing and fostering cohesion.

8.5 Conclusions

In reflecting on these two economic systems, the study found that AEE strategy was more successful in uplifting the whites than BEE in uplifting blacks, even though the two strategies shared some similar features. Both systems used a welfare state as well as SOEs as vehicles to empower the poor, but AEE focused on a small homogenous population of mainly Afrikaners, while BEE targeted a larger and diverse group not based on ethnicity. The primary difference between the two strategies lay in the alignment and cooperation between the state, business and civil society in uplifting the whites, while there was no such alignment between the three institutions under BEE.

The main reason why empowerment worked well under AEE is that even though economic empowerment was the ultimate goal, it was supported by political-legal and socio-cultural dimensions. This was demonstrated by the government legislation (Civilised Labour Policy of 1924) that protected whites and promoted the so-called *volkskapitalisme* under AEE. Even though the ANC repealed a lot of the legislation which had been used to deny Africans access to the economy, the study found that the AEE legal framework was underpinned by the ideologies of Afrikaner nationalism, while BEE failed to develop a clear nationalist ideology and only focused on redressing the imbalances of the past through affirmative action. However, this has been debated by various scholars, with some arguing that a state-enforced mechanism is necessary to redress egregious historical injustice. Others have criticised the South African affirmative action policy as a form of 'reverse discrimination' (John-Kane, 1995:20). According to the viewpoints of many whites in the public sector, positive actions have contributed to early retirement, while in general, white men find it difficult to obtain jobs in the private sector. Other critics blamed it for driving skilled professionals out of the country and point to its potential to undermine reconciliation in South African (Adam, 1997:232).

Another reason why AEE worked, is that the macroeconomic policy was underpinned by a Keynesian ideology where the state, business, and white trade unions formed a social contract to uplift the poor. Under Keynesianism, the Pact-government and later the NP-led government created a network of SOEs that provided protected employment, supported by extensive benefits, as well as education and the development of skills for whites. Associated with this was the creation of standard employment practices with regular hours, pensions, medical aid and service benefits supported by white trade unions. Job security and stability was also secured by the protection of the industry through tariff controls. The government protected the local steel industry against high costs and low output volumes through steel tariffs and state subsidies. Iscor enjoyed an 85 percent market share in the South African steel industry and had little private-sector competition owing to its protected position.

The main difference between AEE and BEE is that the ANC-led government inherited a 'neo-liberalised' macroeconomic policy that advocated privatisation, deregulation, downsizing, flexible employment and outsourcing to cut costs and increase efficiency. Driven by the NPM principles, the state privatised some SOEs, including the sale Iscor to Lakshmi Mittal, resulting in job losses, less training, a rise in atypical forms of employment, such as casual, part-time and contract employment, accompanied by few employment benefits, including the decline in trade union membership. Along with these changes, however, is that there is increasing concern over job creation, skills development and loss of employment benefits as key ingredients of economic empowerment. Consequently, BEE followed a minimalist approach as evidenced by the focus on proportional representation of marginalised groups in management, professional and business ranks. In contrast, AEE followed a maximalist approach by stressing a comprehensive restructuring of institutions and society, which ultimately changed power relations in the political and economic spheres.

Another key difference between the two strategies is the strong role and function of the civil society movement, the role of cultural organisations in supporting AEE and the development of social capital assisted by language, religion and nationalism; while under BEE CSOs were alienated from the state, and focused on specific issues rather than the upliftment of a specific group. Under AEE, organisations such as the *Helpmekaar* movement, the Afrikaner *Broederbond*, and *Sakekamer* were used to mobilise whites and this translated into the creation of clubs at community level, such as the Iscor Club, to develop bonding, bridging and linking social networks for whites. These organisations were very strong under AEE and this resulted in greater the benefits for the poor whites in terms of access to opportunities, power, participation, and democracy. However, under BEE, civil society organisations were weak and not connected to the state and business. Thus, it can be concluded that in order to strengthen BEE, the state must harness the support of the grassroots organisations.

Though blacks enjoy preference in government policy in terms of 'employment equity', socially, there were no cultural organisations that facilitated social networks, connected blacks and helped to develop the necessary capacity to take up available employment and business opportunities (as demonstrated by NAFCOC and BJO). Blacks remained divided post-apartheid in terms of language, religion, and ethnicity. As a government intervention, BBBEE failed to recognise the already existing social networks, such as stokvels, in most African communities, as well as encouraging and applying the principle of Ubuntu in facilitating social empowerment. Instead, the ANC's macroeconomic policy has destroyed relations of kinship and neighbourhoods that served as a foundation for bonding social capital under AEE and only benefitted the elite, who constituted a small minority compared to the black majority. To this end, this difference has largely contributed to the failure of BEE in enhancing the assets available to the poor as Grootaert *et al.*, (2004:327) argued, and support formal and informal networks of relationships between the poor.

In closure, this research contributes uniquely to the industrial sociology field by showing that the current focus on empowerment scholarship, which looks primarily at empowerment through such instruments as scorecards, graphs, indices, and scores, fails to appreciate the role of people, culture and relationships as resources available to the poor to promote empowerment. For example: language, religion, culture and race politics; the types of social capital; and attitude of management and employees, do not feature in such debates. Therefore, several holes in the existing literature have been addressed. The broader literature has tended to be descriptive, focusing on the implementation of scorecards and their limitations. Where benefits are mentioned, they are oriented towards procurement benefits and meeting EE targets.

Given the importance of SOEs in stimulating economic growth, and addressing developmental challenges such as unemployment, poverty and inequality, future research must look into the changing institutional context – especially at former parastatals, socio-cultural dynamics, and the role players – in influencing the viability of empowerment. Obtaining this balance is vital to understanding empowerment and its potential for spreading its benefits to both the workers and those in the community. Further, future research must compare empowerment programmes between different countries to determine areas of improvement and success. These are the key areas for future research in this important area, where many people living in poverty can boost their livelihoods. The main limitation of the study is that the research was only limited one parastatal, therefore could not generalise its findings. Additionally, the study relied mostly on the former employees and managers as well as workers for interviews and less so on current management. To ensure the cooperation of managers and guarantee that empowerment contributes significantly to the upliftment of workers, senior management must be interviewed.

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APPENDIX A: LIST OF INTERVIEWEES

	Interviewee's Surname	Interviewee's Name(s)	Race	Gender	Position	Organisation	Place of Interview	Date of Interview
1.	Radimo	Israel	Black	Male	Not confirmed	AMSA	Zone 17	18.01.2016
2.	De Klerk	Maritjie	White	Female	Not confirmed	Iscor	Vanderbijlpark	16.04.2015
3.	Willemse	Koos	White	Male	Milright	Iscor	Louisrus	10.02.2016
4.	Van der Bijl	Koos	White	Male	Artisan	Iscor	Vanderbijlpark	10.02.2016
5.	Westhuizen	Jappie	White	Male	Artisan	Iscor	Mullerstuiner	09.02.2016
6.	Mosia	Maisana	Black	Female	Production	AMSA	Sharpeville	19.01.2016
7.	Dumakude	Zweli	Black	Male	Shopsteward	AMSA	Vanderbijlpark	21.01.2016
8.	Mofokeng	Phoka	Black	Male	Shopsteward	AMSA	Vanderbilpark	20.01.2016
9.	Kriek	Pieter	White	Male	Technician	Iscor	Vanderbijlpark	13.04.2015
10.	Mocke	Jan	White	Male	Instrumentation	Iscor	Vanderbijlpark	13.04.2015
11.	Castelyn	Cassie	White	Male	Train driver	Iscor	Vanderbijlpark	13.04.2015
12.	Castelyn	Sarie	White	Female	Inspector	Iscor	Vanderbijlpark	13.04.2015
13.	Van der Merwe	Kotie	White	Female	Planning Clerk	Iscor	Vanderbijlpark	13.04.2015
14.	Van Rensburg	Fred	White	Male	Manager	Landgoed	Vanderbijlpark	13.04.2015
15.	Venter	Pietie	White	Male	Artisan	Iscor	Vanderbijlpark	14.04.2015
16.	Bernard	Jack	White	Male	Electrician	Iscor	Vanderbijlpark	14.04.2015
17.	Benade	Johan	White	Male	HR Manager	Iscor	Vanderbijlpark	14.04.2015
18.	Freyer	Vernon	White	Male	Artisan	Iscor	Vanderbijlpark	14.04.2015
19.	Engelbrecht	Frans	White	Male	Accountant	Iscor	Vanderbijlpark	14.04.2015
20.	Botes	Hans	White	Male	Artisan	Iscor	Vanderbijlpark	15.04.2015
21.	Coetzee	Doris	White	Female	Clerk-Medical Fund	Iscor	Vanderbijlpark	15.04.2015
22.	Kilty	Steven	White	Male	Artisan	Iscor	Vanderbijlpark	15.04.2015
23.	Ziemerink	Harry	White	Male	Artisan	Iscor	Vanderbijlpark	15.04.2015
24.	Sono	Sibusiso	Black	Male	Shopsteward	NUMSA	Vanderbijlpark	16.04.2015
25.	Bhokwe	Junior	Black	Male	Shopsteward	NUMSA	Vanderbijlpark	16.04.2015
26.	Diko	William	Black	Male	Shopsteward	NUMSA	Vanderbijlpark	16.04.2015
27.	Manana	Ace Patrick	Black	Male	Organiser	NUMSA	Vanderbijlpark	13.10.2014
28.	Radebe	Malefane	Black	Male	Shopsteward	NUMSA	Vanderbijlpark	16.04.2015
29.	Venter	Johann 'Vaartjie'	White	Male	Organiser	Solidarity	Vanderbijlpark	16.10.2014
30.	Dickson	Bennie	White	Male	Shopsteward	Solidarity	Vanderbijlpark	16.10.2014
31.	Rodrigues	John	White	Male	Shopsteward	Solidarity	Vanderbijlpark	16.10.2014
32.	De Beer	Rudi	White	Male	Shopsteward	Solidarity	Vanderbijlpark	16.10.2014
33.	Lee	Jackson	White	Male	Ex-shopsteward	Solidarity	Vanderbijlpark	16.10.2014
34.	Daniel	Mungone	Black	Male	Production	AMSA	Vanderbijlpark	17.03.2015
35.	Fourie	Phillip	White	Male	Electrician	Iscor	Vanderbijlpark	19.03.2015
36.	Nel	Samuel	White	Male	Artisan	Iscor	Vanderbijlpark	17.03.2015
37.	Nothnagel	Phillip	White	Male	Divisional manager	Iscor	Vanderbijlpark	21.11.2014
38.	Schutte	Att	White	Male	Manager	AMSA	Vanderbijlpark	18.03.2015
39.	Dickson	Bennie	White	Male	Shopsteward	Solidarity	Vanderbijlpark	19.03.2015
40.	Bosch	Willem	White	Male	Artisan	Iscor	Vanderbijlpark	19.03.2015
41.	Scholts	Billy	White	Male	Artisan	AMSA	Vanderbijlpark	18.03.2015
42.	Oosthuizen	Gert	White	Male	Artisan	Iscor	Vanderbijlpark	17.03.2015
43.	Nkomo	James	Black	Male	Operator	AMSA	Vanderbijlpark	18.01.2016
44.	Motloung	Ishamel	Black	Male	Operator	AMSA	Vanderbijlpark	18.01.2016
45.	Kruger	Jappie	White	Male	Artisan	Iscor	Vanderbijlpark	11.02.2016
46.	Van den Berg	Koos	White	Male	Production	Iscor	Vanderbijlpark	15.02.2015
47.	Kritzinger	Klippie	White	Male	Chairman	Sakekamer	Sasol	21.11.2014
48.	Radebe	Abel	Black	Male	Chairman	BJO	Vanderbijlpark	16.10.2014
49.	Motsumi	Petros	Black	Male	Secretary	BJO	Vanderbijlpark	17.11.2014
50.	Prinsloo	Piet	White	Male	Lecturer	NW University	Vanderbijlpark	24.11.2014

51.	Templehoff	Johann	White	Male	Lecturer	NW University	Stellenbosch University	18.01.2016
52.	Breed	Johann	White	Male	Manager	Car-Executive	Vanderbijlpark	17.11.2014
53.	Mputhing	William	Black	Male	Chairman	NAFCOC	Vanderbijlpark	21.11.2014
54.	Mokoena	Mike	Black	Male	Secretary	NAFCOC	Vanderbijlpark	21.11.2014
55.	Van der Merwe	Yvonne	White	Female	Social Worker	Iscor	Vanderbijlpark	17.03.2015
56.	Mkhize	Zweli	Black	Male	Shopsteward	NUMSA	Vanderbijlpark	16.04.2015
57.	Mawelele	Sipho	Black	Male	Production	AMSA	Vanderbijlpark	16.04.2015
58.	Kubeka	Mzwanele	Black	Male	Production	AMSA	Vanderbijlpark	16.04.2015
59.	Zondo	Nkosinathi	Black	Male	Foreman	AMSA	Vanderbijlpark	16.04.2015
60.	Kheswa	Kenneth	Black	Male	Intern	AMSA	Sebokeng Zone 17	22.01.2015
61.	Mvelashe	Sipho	Black	Male	General Worker	Iscor	Sebokeng Zone 17	22.01.2015
62.	Lewu	Nkosinathi	Black	Male	Labourer	Iscor	Sebokeng Zone 17	22.01.2015
63.	Xegwana	Zukile	Black	Male	General Worker	Iscor	Sebokeng Zone 17	22.01.2015
64.	Nophulula	Mbuyiseni	Black	Male	General Worker	Iscor	Sebokeng Zone 17	22.01.2015
65.	Weyitile	Msokoli	Black	Male	General Worker	Iscor	Sebokeng Zone 17	22.01.2015
66.	Tshokovu	Bulelani	Black	Male	Labourer	Iscor	Sebokeng Zone 17	22.01.2015
67.	Mokgabudi	John	Black	Male	Member	NAFCOC	Vanderbijlpark	21.11.2014
68.	Coetzer	Rothea	White	Female	Instrumentation	Iscor	Vanderbijlpark	17.11.2014
69.	Koetzner	Willem	White	Male	Manager	Iscor	Vanderbijlpark	25.01.2015
70.	Malala	Teboho	Black	Male	General Worker	Iscor	Vanderbijlpark	25.01.2015
71.	Nkuna	Richard	Black	Male	General Worker	Iscor	Vanderbijlpark	25.01.2015
72.	Manana	Sebata	Black	Male	Operator	AMSA	Vanderbijlpark	16.04.2015
73.	Visser	Wessel	White	Male	Professor	Stellenbosch	Stellenbosch	06.08.2018
74.	Tony	Ehrenreich	Coloured	Male	Former Regional Secretary	COSATU	Stellenbosch	05.11.2018

APPENDIX B: HUMANITIES RESEARCH ETHICAL CLEARANCE DECLARATION

Faculty of Arts
and Social Sciences
sharing knowledge - shaping debate

Name of student	**Nkhaba Jantjie Xaba**
Student number	**14315378**
Degree programme	**Sociology PhD**
Title of thesis/dissertation	**A Comparative Study of Afrikaner Economic Empowerment and Black Economic Empowerment: A Case Study of a former Parastatal, Vanderbijlpark**
Department	**Sociology & Social Anthropology**
Supervisor	**Professor L. Heinecken**
Co-supervisor(s) [*if applicable*]	

I hereby declare that:

- I did **not** collect data from (or interact with) one or more individuals through interviews, surveys, focus groups, observations, video recording, etc.
- I did **not** access confidential data or information (or archival data, contact lists or reports), of an organisation (or institution or company) where the data is not available in the public domain (i.e. not available to the general public).
- I did **not** collaborate with an institution (or organisation or company) that gave me access to physical data (or financial data) that is linked to individuals or any personal accounts (or information).
- I did **not** access any database/archive that holds information linked to personal identifiers (e.g. names, ID numbers, account numbers, student numbers); AND/OR have access to any database containing coded information where codes that link the information to personal identifiers were available to me.
- I did **not** gather information/data that is available in the public domain, but that could be regarded as sensitive or potentially sensitive information (e.g. data collected via social media networks or public profiles such as Twitter, LinkedIn, Facebook).

_____   _____
Signature   Date

[This completed and signed form must be emailed to nicky@sun.ac.za as part of supporting documentation in the zip folder of each higher degrees student during submission.]

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APPENDIX C: INFORM CONSENT FORM

UNIVERSITEIT·STELLENBOSCH·UNIVERSITY
jou kennisvennoot • your knowledge partner

PARTICIPANT INFORMATION SHEET AND INFORMED CONSENT FORM
(Proposal #: HS1127/2014)

My name is Nkhaba Jantjie Xaba. I am a PhD student at the University of Stellenbosch. As part of my studies I am conducting a research project entitled *A comparison of Afrikaner Empowerment and Black Economic Empowerment: A case study of a South African Parastatal.* My target participants are current and former employees and managers at Arcelormittal of South Africa (former Iscor) in Vanderbijlpark, union leaders and community representatives. You have been selected as a possible participant in this study because you fall within this category.

1.   PURPOSE OF THE STUDY

The study looks at the institution that was involved in the design and implementation of Afrikaner Economic Empowerment (AEE) and the same institution is involved in the Black Economic Empowerment (BEE). The research study aims to compare the manner in which AEE was designed and implemented at Iscor before 1994 to the manner in which BEE was designed and implemented at AMSA [the former Iscor]. To achieve this aim, the study takes the institutional context as a critical point of entry, this is done by comparing the philosophy of empowerment using five dimensions (economy, political, social, cultural and legal) and how it was implemented in the different regimes by the same institution and how its outcomes compare.

The study attempts to capture these questions by focusing on a population that is reflective /representative of the characteristics of Arcelormittal of South Africa (AMSA) in Vanderbijlpark. My research participants are former and current workers and managers at AMSA/ISCOR and union leaders representing a broad spectrum of workers.

2.   PROCEDURES

If you volunteer to participate in this study, I will conduct an interview at a place you deem private and where you feel comfortable to talk to me. The interview will take between 45 minutes and 1 hour. Throughout our discussion I will take down notes so that I can clearly recall our discussion. I would also like to ask your permission to record our discussion. I may conduct this interview more than once. I am interested in talking to you about how you experienced empowerment as a form of poverty alleviation at ISCOR/AMSA during your tenure at the institution. I would like to find out how you got to know about

empowerment, how it benefited you or your colleagues economically, politically, culturally, legally and socially. Furthermore, I would like to find out how empowerment benefitted your community in terms of institutional networks, organizations, groups, relationship between ISCOR/AMSA and community, as well as challenges it faced during its implementation. These issues are not exhaustive and other issues may come out of these conversations and shape the interview. You may share any other additional information related to the study you may wish to share.

3.   POTENTIAL RISKS AND DISCOMFORTS

My questions will primarily focus five dimensions of empowerment: namely, economic, political, social, cultural and legal. The information I get from this interview will remain confidential and will not be reported or passed on to any authorities. Your participation is voluntary and you have the right to discontinue or withdraw your participation at any time. You may also refuse to answer any questions you don't want to answer and still remain in the study. The investigator may withdraw you from this research if circumstances arise which warrant doing so.

4.   POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

There will be no personal benefits that will derive from your participation in this study but the information you share with me will contribute towards a better understanding of how empowerment contribute to poverty alleviation, how different dimensions of empowerment work together and how the outcomes of empowerment compare, if not why? Potentially this will serve as a basis for the scientific world and policy-makers and to inform society about various ways in which empowerment can help alleviate poverty.

5.   PAYMENT FOR PARTICIPATION

I am not in a position to offer you or any of the participants any form of payment for your participation in this study. Your participation in this study will be voluntary and no negative consequences will befall you for deciding not to participate or deciding to terminate your participation at any given point in time.

6.   CONFIDENTIALITY

The information you share with me will remain confidential and will not be reported or passed on to any authorities. In the event that you agree to the recording of the interviews, the contents of these recordings will be securely stored. I will be the only person who will have access to these recordings and they will be used for academic purposes only. The information you provide will also be grouped with information from other participants such that it will not reveal your identity and be traceable to you. Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission.

The information gathered here will not be released to any third party. Only the research output in the form of the thesis and publications will be accessible to the University and other people in the academic community (and related institutions and general society). This data will exclude names and other information that could result in your identity being revealed.

7. RIGHTS OF RESEARCH SUBJECTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study. If you have questions regarding your rights as a research subject, please feel free to contact the lead investigator, Mr Nkhaba Jantjie Xaba at +278082091 (office number), email: xaba@sun.ac.za or Professor L. Heinecken (Supervisor) at +27 21 808 2095 (office number), email: lindy@sun.ac.za.

8. IDENTIFICATION OF INVESTIGATORS

If you have any questions or concerns about the research, please feel free to contact the following;

Principal Investigator

Mr. Nkhaba Jantjie Xaba University of Stellenbosch, Department of Sociology and Social Anthropology, Office Tel; 021 8082091, Cell: 0762883404 email xaba@sun.ac.za

Research Supervisor:

Prof. L.P.T. Heinecken, Stellenbosch University, Department of Sociology and Social Anthropology Tel 021 808 2095; email lindy@sun.ac.za

---

SIGNATURE OF PARTICIPANT

I agree to be interviewed, to have my identity disclosed [or not disclosed] in the dissertation, to have thinks I said quoted verbatim and attributed to me, to have the interview tape recorded. I hereby consent voluntarily to participate in this study. I understand the content of this form.

Name of Participant: _____

Date of birth: _____

Signature of Participant _____

Date: _____

SIGNATURE OF INVESTIGATOR

I declare that I explained the information about this study to _____ *and/* or his/her representative _____ He/she was encouraged and given ample time to ask me any questions. This conversation was conducted in [*English/Afrikaans/Sotho*] and *no translator was used.*

_____   _____

Signature of Investigator   **Date**

If verbal consent is given, the interviewer must sign below in the presence of the participant.

_____   _____

(Signature of interviewer certifying that informed   Date

Consent has been given verbally by respondent)

APPENDIX D: INTERVIEW SCHEDULES

Introduction

How do the processes of Afrikaner Economic Empowerment compare to those of Black Economic Empowerment (in terms of the design and implementation) and how do current benefits of BEE compare to those of AEE, if not, why?

Information sources required from the institution:

Legislation, company's empowerment strategies, recruitment policies, conditions of employment, skills development, training and education, career mobility, service benefits, procurement, financing, employee demographics, minutes of shareholder meetings, collective bargaining reports, internal company reports and publications.

INTERVIEW SCHEDULE FOR MANAGERS /WORKERS / TRADE UNIONS

********* (ECONOMIC PROCESSES INITIATED AND IMPLEMENTED-OUTCOMES?)

1. WHEN DID YOU FIRST ARRIVE IN VANDERBIJLPARK? –WHERE WERE YOU FROM ORIGINALLY?
2. Were you the first generation in the family to work for Iscor?
3. What was it like at first? (gender, race, language, politics, culturally and workplace)
4. What qualification did you have when you started?
5. Where did you stay when you arrive? Now?
6. How has working for Iscor improve your life and that of your family/empower you economically?
7. WHAT KIND OF ECONOMIC INCENTIVES DID YOU RECEIVE FROM WORKING AT ISCOR? (I.E., THE TYPE OF TRAINING YOU RECEIVED, HOW LONG WAS IT, WHAT DID IT ENTAIL, WAS THERE ANY LAW DRIVING THIS? ETC.) // … BEE
8. What criterion was used to select the beneficiaries? //…BEE
9. What were the challenges in implementing this policy (cies)? //…BEE
10. Can you describe the conditions of service of employees at Iscor prior to the privatization initiatives in terms of employment, career paths, and fringe benefits, like housing, bursaries etc.? //…BEE
11. Quality of jobs provided?
12. Promotion prospects?
13. The role of contractors, who formed them? Their role within Iscor/Mittal, nature of services provided, benefit to the workers? Empowerment value?
14. When was training institution established? Why? By who?
15. Who it benefited so far?
16. What does it entail?
17. How long?
18. Accreditation and recognition status?
19. Benefit status (promotion, career, job creation, business oriented)
20. Who is involved?

21. Selection, who, what criteria etc.?
22. Issues in planning and implementation?
23. How does it contribute to empowerment?

********** (POLITICAL PROCESSES INITIATED AND IMPLEMENTED-OUTCOMES?)

24. DID YOU BELONG TO ANY ORGANIZATION (INSIDE OR OUTSIDE) WHILE YOU WERE WORKING AT ISCOR?
25. WHY DID YOU BELONG?
26. HOW WERE YOU CHOSEN? WHO CHOSE YOU?
27. Was there any government policy driving empowerment of workers? //…BEE
28. WHICH ORGANIZATION(S) EXISTED IN VANDERBIJLPARK WHILE YOU WERE WORKING AT ISCOR?
29. Their role in facilitating services listed above?
30. HOW DID THEY ASSIST YOU IN ACCESSING THE SERVICES PROVIDED BY ISCOR AND VANDERBIJLPARK AREA?
31. Were there any services rendered to the people by the government for supporting it and being loyal to its policy? //…BEE
32. HOW DID CHANGES IN NATURE OF POLITICS AND ECONOMY AFFECT YOUR RELATIONSHIP WITH ISCOR? //…BEE

********** (LEGAL PROCESSES INITIATED AND IMPLEMENTED-OUTCOMES?)

33. Was there any legislation/laws driving this process? What were they? //…BEE
34. What benefits were prescribed by legislation for people working at Iscor? //…BEE
35. What were the challenges in implementing this legislation? //…BEE

*(SOCIAL Capital and Cultural PROCESSES INITIATED AND IMPLEMENTED-OUTCOMES?)

36. What was the organizational culture like when you first join Iscor?
37. Has that changed? Why?
38. What kind of organizations or clubs did you belong to while you were working at Iscor?
39. Who formed these organizations and how did they recruit members?
40. Why did you join them / what did you gain?
41. What did they do to improve your life?
42. Could you explain *how* did these organizations benefit the community (ies) around ISCOR/?
43. What function(s) did they serve?

****

INTERVIEW SCHEDULE FOR VESCO MANAGERS

********* (ECONOMIC)

1. WHY WAS VESCO ESTABLISHED? WHO STARTED IT?
2. What were the main objectives behind establishing Vesco?
3. Can you tell us about the assets that you own?
4. Your organization has five different units: what is the rationale behind having all five?

5. Why were they established?
6. Who manages these units? Profile – background (race, gender, what they did before) compare across
7. How do you manage to keep your business afloat/ where do you get support from?
8. Can you tell us about the management: who are they in terms of race, gender, language?
9. WHAT KIND OF ECONOMIC INCENTIVES WERE INTRODUCED TO FACILITATE AEE? (TRAINING, SKILLS DEVELOPMENT ETC.) // … BEE
10. Was there any (government or company) policy facilitating these incentives?
11. What criterion was used to select the beneficiaries? //…BEE
12. What were the challenges in implementing this policy (cies)? //…BEE
13. How did the people benefit from economic incentives? //…BEE

********** (POLITICAL)

14. WHAT POLICY (IES), RULES, PLANS AND PROGRAMS FROM LOCAL, REGIONAL AND NATIONAL ORGANIZATION(S), FACILITATED AEE? //…BEE
15. Was there any government policy or instruction from political party to empower Afrikaner employees? What about blacks today?
16. WHICH ORGANIZATION(S) WAS DRIVING THIS AEE? //…BEE
17. Were there any services rendered to the white Afrikaners by the state by virtue of their support and loyalty to the ruling party that constituted empowerment? //…BEE
18. HOW DID CHANGES IN POLITICS AFFECT THE DESIGN AND IMPLEMENTATION OF AEE? //…BEE

*********** (LEGAL)

19. Is there any legislation/laws that support your business and ensure that communities benefit from Vesco? What is it called? //…BEE
20. How many times in the last ten years have you benefited from tenders issued by AMSA?
21. How have you benefited from AMSA?
22. Has your relationship changed or stayed the same with AMSA since the beginning?
23. Are there other organisations besides AMSA helping Vesco?
24. How did you implement these laws to facilitate AEE/BEE?
25. What were the challenges in implementing these laws? //…BEE

********* (CULTURE)

26. How were white Afrikaners mobilized/come to know about the activities of Vesco?
27. What instruments/means did the corporation use to mobilize white Afrikaners for AEE? //…BEE
28. To what extent did you use 'culture' to promote AEE?//...BEE
29. What role did language (policy, institutions, publication) play in the design and implementation of AEE? //…BEE
30. What role did religion (institutions/practices/values) play in the design and implementation of AEE? //…BEE
31. How did Afrikaner nationalism (ideology, parties, and attitude) affect the management of Vesco?

********** (SOCIAL)

32. How do you ensure that communities around benefit from Vesco?
33. Describe the demographics of your employees, partners and clients?
34. Describe your relationship with civil society in Vanderbijlpark.
35. Besides relying on business structures to render empowerment services, were there any structures that offered communities opportunity to participate, get involved, and deliberate empowerment?

36. What other mediums of participation and communication did you use to ensure communities voice their demands in the design and distribution of resources during AEE? //…BEE
37. Were there any institutional mechanisms and social processes you developed to ensure empowerment does not only meet the needs of white communities but also those of black communities?

********* (SOCIAL CAPITAL)

38. Could you explain *how* AEE benefitted the community (ies) around ISCOR/AMSA in terms of institutional networks, organizations, groups, relationship between ISCOR/AMSA and community?
39. What organizations / clubs / groups did you partner with to empower communities?
40. Who belonged to this networks/organizations/groups?
41. Are there any of these institutions that you help build/create yourself?
42. What function(s) did they serve?
43. Beside employment, what other services do you render to the community?
44. What was the role of trade unions during the design and implementation of AEE? (now BEE?)
45. In your view, could AMSA bring about the same kind of empowerment to blacks as ISCOR did for whites?

APPENDIX E: VAALWEEKBLAD POSTER