

# Neoliberalism and the techno-politics of Apartheid

## Abstract

It is well-established in the South African historiography that the apartheid government adopted a new “language of legitimation” (Posel, 1984) in the aftermath of the 1976 student uprisings. In this reformulation of authoritarian governance, the government approached its racial segregationist policies pragmatically, emphasising the delivery of material goods, to quell black protest. But these studies have been divorced from the other characteristic feature of the late apartheid era- that of the neoliberal transition. Neoliberalism is generally considered at the national, macro-level and its arrival marked by the sale of public assets in the late 1980s. Rather than considering it a foreign imposition, I argue that neoliberalism has deep historical roots in South Africa (Von Schnitzler, 2016) and that it has merged with economic and political institutions in a way that will be difficult to entangle. In considering its enactment at a local, institutional level, I demonstrate the necessary anxieties it induced among managers and trade unions alike in an Eskom power station. This result has been a curious hybrid where the history of severe and large-scale dispossession in the country challenges its hegemonic pretensions and where during the course of its enactment it has, to some extent, incorporated its critics.

## Introduction

I feel it necessary to begin with a defense of the utility of the term neoliberalism. Typical criticisms of its use include that it is a catch-all term signifying nothing, that it is periodically vague and does not encompass, as it claims to, a particular epoch of economic development and that its constituent parts can be found in various configurations throughout modern history. But I argue that its referents are concrete enough when considered in the context of its origins among a small, exclusive group of thinkers clustered around the Austrian economist Friedrich Hayek. These individuals articulated a particular vision of the neoliberal society that combined an emphasis of personal freedom, associated with the term liberal, with an adherence to the precepts of neoclassical economics.<sup>1</sup> While initially marginalised, their ideas gained favor during the crisis of stagflation in Western Europe from 1969.<sup>2</sup> High levels of unemployment and spiraling inflation characterized this period and these were attributed to over-investment rather than to under-consumption, which is the classical Keynesian concern.<sup>3</sup> Neoliberalism emerged as the alternative economic model to one that favored state spending to boost economic growth.

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<sup>1</sup> David Harvey, *A Brief History of Neoliberalism* (Oxford University Press, 2007), 20.

<sup>2</sup> Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978--1979*, Reprint edition (Picador, 2010), 196.

<sup>3</sup> *ibid*

There is some difference in opinion about the cohesiveness of neoliberal thought. David Harvey remarks that its theoretical framework is “not entirely coherent”.<sup>4</sup> On the other hand, Michel Foucault in a series of lectures he delivered at the College de France that are published in the *Birth of Biopolitics* described the underlying rationale of the neoliberal order, elucidating the principles of an otherwise elusive system. His idea that the ideal of competition is foundational to the system, demonstrated by the proliferation of Competition Commissions across the globe, is particularly relevant here. Without entering this debate, it is important to note that the actual implementation of neoliberalism, which David Harvey is largely concerned with, diverged from the visions of its ideologues. Its principles were selectively implemented in accordance with the domestic political configurations and Harvey attributes the uneven implementation of neoliberalism across the globe to the strength of resistance from civil society organisations.<sup>5</sup> More recent scholarship has emphasised the imperfect hegemony of the neoliberal order and its almost unrecognisable manifestation, particularly in African countries.<sup>6</sup> On the heels of the global financial crisis of 2009, Kean Birch and Vlad Mychненко suggest that we are witnessing the collapse of neoliberalism, as the state emerges to mitigate the effects of corporate excess through bailouts and stimulus packages.<sup>7</sup> But if neoliberalism was a deeper reaching process of institutional transformation than is suggested by the mere presence or absence of the state, then its effect will be with us for many more years to come.

As a working definition, I draw on one that Birch and Mychenko employ, that neoliberalism is characterised by “a ‘logic of competitiveness’, including: ‘active’ and flexible labour policies; new commodification regimes such as intellectual property rights and carbon trading; fiscal austerity; and public spending on supply-side inputs (e.g. education, infrastructure, *et cetera*).”<sup>8</sup> Relatedly, the notion that neoliberalism entails the total dominion of the free market and the retreat of the state has been frequently debunked. Hayek, in particular, asserted the importance of the state in creating the regulatory order that would sustain the operations of the market.<sup>9</sup> The role of the state would be transformed in kind but not in degree. The primacy of the idea of the retreat of the state means that the arrival of neoliberalism is often signaled by the sale of state assets, occluding a longer history of its effect on institutional transformation.

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<sup>4</sup> Harvey, *A Brief History of Neoliberalism*, 21.

<sup>5</sup> Harvey, *A Brief History of Neoliberalism*.

<sup>6</sup> Graham Harrison, “Post-Neoliberalism?,” *Review of African Political Economy* 37, no. 123 (March 1, 2010): 1–5.

<sup>7</sup> Kean Birch and Vlad Mykhnenko (eds), *The Rise and Fall of Neoliberalism : The Collapse of an Economic Order?* (London ; New York: Zed Books, 2010).

<sup>8</sup> *ibid*, p7

<sup>9</sup> Antina von Schnitzler, *Democracy’s Infrastructure: Techno-Politics and Protest after Apartheid* (Princeton University Press, 2016).

In South Africa the idea of the political transition of 1994 as an elite transition informs the discourse around neoliberalism, with its implementation assured by the marriage of the National Party (NP) old guard and the incoming ANC leadership.<sup>10</sup> But it had by then gained a wide following in government circles. In a new book, Antina von Schnitzler demonstrates the value of considering the domestic roots of neoliberalism in South Africa and outlines the effect of neoliberal thought on the reformist initiatives of apartheid thinkers.<sup>11</sup> Soon after it assumed power in 1948 the outlines of a faction fight that would haunt the NP throughout its reign became clear.<sup>12</sup> The *verligtes* embraced commercial imperatives even if this meant relaxing racial segregation, to the chagrin of their *verkrampte* counterparts who derided their individual enrichment and accused them of betraying the idea of a classless Afrikaner ethnic unity. The political star of the *verligtes* rose in the aftermath of the June 1976 uprisings when apartheid appeared to have reached a crisis of governance and reform became urgent. Von Schnitzler demonstrates that government-linked economists imbibed the writings of neoliberal thinkers into their own policies as part of their efforts to ensure the viability of white minority rule. They were particularly attracted to Hayek, who had written of his concerns about absolute freedom and of the potential constraints of tradition and culture on the successful implementation of neoliberalism. She discusses the work of an influential economist, Jan Lombard whose book on the subject was published in 1978. He advocated a neoliberal re-shaping of racist principles that recognised the subjectivity of black people insofar as they were consumers of goods and participants in the market.<sup>13</sup>

The managers of the country's various state corporations or parastatals emphasised commercial efficiency during the 1970s but the definitive reform of their structures occurred a decade later. In South Africa, as in many parts of the world the Cold War context of state-led modernisation meant that scientists and engineers were elevated as agents of nation-building and given free rein in the sense that government provided the legislative and political muscle to facilitate their activities. During the 1970s a greatly changed global financing climate, mainly caused by the oil crisis of 1973, adversely affected the performance of South African parastatals. They were self-financing on paper, which meant that they had to raise funds on the foreign loan market. But they relied, all too often perhaps, on government bailouts in times of heavy indebtedness. The limits of the public purse were exposed at the end of the 1980s, when growing fiscal strains drew an irate public gaze to the operations and management of the parastatals. In a bid to ease public dissatisfaction, government officials mulled over the question of privatisation. In the

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<sup>10</sup> P. Bond, *Elite Transition: From Apartheid to Neoliberalism in South Africa* (London: Pluto Press, 2000).

<sup>11</sup> Schnitzler, *Democracy's Infrastructure*.

<sup>12</sup> Dan O'Meara, *Forty Lost Years: The Apartheid State and the Politics of the National Party, 1948-1994* (Johannesburg: Ravan Press, 1996), 377.

<sup>13</sup> Schnitzler, *Democracy's Infrastructure*, 53.

United Kingdom, critics of state corporations argued that the post war adherence to nationalised infrastructure development was supply heavy, resulting in the proliferation of large infrastructure projects that couldn't pay for themselves because of a lack of consumer demand.<sup>14</sup>

In the end Eskom escaped privatisation and demonstrated its commitment to cost-cutting while Iscor was unbundled into its mining and steel manufacturing components and sold to private investors. The question of privatising Eskom fell under the spotlight again during Thabo Mbeki's presidency. This period is associated with the ANC's abrupt turn from its Reconstruction and Development Programme (RDP) as long-term policy for economic development to its Employment and Redistribution (Gear), heralding what is widely considered to be the ruling party's neoliberal embrace.<sup>15</sup> In contrast to the concerns of commercial inefficiency that drove the privatisation process of the late 1980s, this resurgent attention to privatisation emanated from a small group of technocrats within Cabinet, who more closely resembled neoliberal ideologies. These advocates of privatisation, as Anton Eberhard writes, were "observing international trends in power sector reform, and were beginning to be concerned with the potential problems of monopoly power."<sup>16</sup> They also encouraged economic liberalisation to open space for the entrance of emergent businessmen.

## Wim de Villiers

Rather than a foreign imposition, it is useful to consider the domestic roots of the turn to commercial restructuring and privatisation. In many other African counties, austerity measures were part of the World Bank's loan conditionality leading to the implementation of its controversial structural adjustment policies. There is little to suggest that the World Bank played a similar role in South Africa.<sup>17</sup> It is also not clear that the government was compelled to adopt privatisation measures to appease their foreign creditors. Most accounts of Western leaders' interventions in South Africa during this period describe their abhorrence for apartheid and pressure on the NP to institute democratic reforms. While Margaret Thatcher promoted privatisation in the United Kingdom, it is not clear that she imposed the concept on the South African government. She had come to be a reliable though often chiding international ally for the NP and held off imposing sanctions against South Africa for as long as she could.<sup>18</sup> If Thatcher

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<sup>14</sup> Marvin and Graham, Splintering networks,' Olivier Coutard, *The Governance of Large Technical Systems* (London; New York: Routledge, 1999), 151.

<sup>15</sup> Bond, *Elite Transition*.

<sup>16</sup> Anton Eberhard, "From State to Market and Back Again: South Africa's Power Sector Reforms," *Economic and Political Weekly* 40, no. 50 (December 10, 2005): 5314.

<sup>17</sup> *ibid*

<sup>18</sup> O'Meara, *Forty Lost Years: The Apartheid State and the Politics of the National Party, 1948-1994*, 399. O'Meara writes that Thatcher wrote to FW de Klerk, warning that "she would not be able to sustain her anti-sanctions stance forever."

encouraged privatisation, it is clear that she left the details of this process up to the South African government.

Reining in the parastatals reflected a turn in the nature of Afrikaner nationalism, which had by that stage embraced the principles of capitalism and the free market. In the late 1980s and the government appointed the Ministerial Committee for Privatisation and Deregulation to consider the feasibility of the privatisation of the parastatals. The Committee was headed by Wim de Villiers, a figure who had by then proven his mettle by restructuring the bloated corporation of Afrikaner capital, Gencor, into a bastion of commercial efficiency. Under apartheid, the government attempted to erode the boundary between English and Afrikaner capital that had previously manifested in a tight division between the Afrikaans dominated public sector and the English dominated private sphere. By the 1970s Afrikaner businessmen had made substantial inroads, ensuring that the government enjoyed a better working relationship with those in control of capital.<sup>19</sup> In a strategy that bears certain striking resemblances to the present day, Eskom had promoted Afrikaner capital accumulation by awarding long-term coal contracts to corporations such as Gencor.<sup>20</sup> Hennie van Vuuren has recently revealed that under the chairmanship of Tom de Beer Gencor contributed at least R245 000 (R2.8 million today) in party funding to the NP between 1981 and 1988.<sup>21</sup> An engineer by training, de Villiers had managed Anglo-American's Rokahana copper mine in Zambia before returning to South Africa in 1961. He also served as the director of the defence equipment manufacturing corporation Atlas where he was reputedly successful in "reinforcing realistic manufacturing capabilities there."<sup>22</sup> On the back of his proven record of commercial restructuring, de Villiers was charged with improving the efficiency and profitability of the parastatals.<sup>23</sup>

Having long proclaimed his disdain for the low-wage paternalist system which dominated the South African economy of the twentieth century, he was particularly critical of the global post-war Keynesianism, which he called "post-war socialism"<sup>24</sup>, for promoting the operations of nationalised entities. In an interview with the *Business Day* in 1989, he described what he considered the peculiar structural foundation of the parastatals: "A strange sort of organisation has emerged," he said. "It is a functional organisation that does not divide into business units, demands no profits and delegates no

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<sup>19</sup> Ben Fine and Zavareh Rustomjee, *The Political Economy of South Africa: From Minerals-Energy Complex to Industrialisation* (C. Hurst & Co. Publishers, 1996).

<sup>20</sup> Andrew Marquard, "The Origins and Development of South African Energy Policy" (PhD Thesis, University of Cape Town, 2006), 159, <http://webdav.uct.ac.za/depts/erc/Research/publications/06Marquard%20PhD%20Thesis.pdf>.

<sup>21</sup> Hennie Van Vuuren, *Apartheid, Guns and Money: A Tale of Profit* (Auckland Park: Jacana Media, 2017), 82.

<sup>22</sup> "De Villiers Wants to Make Capital Work," *Business Day*, March 14, 1989.

<sup>23</sup> "The Man from Gencor," *Rand Daily Mail*, June 17, 1982.

<sup>24</sup> De Villiers wants to make capital work, March 14, 1989

powers. Its blind concentration on function has led its management to spend freely on the most technically advanced equipment, irrespective of the capital cost or the resultant output.”<sup>25</sup>

In his approach to the question of the privatisation of state entities, reflected in a report released on 25 May 1988, he warned that privatisation of Eskom might create a “private monopoly”. Eskom was a natural monopoly, which meant that because of its heavy capital investment in sophisticated technology, it relied on large economies of scale to make financial sense. It had also accumulated the means for productivity on this basis over decades of legal protection. De Villiers drew exclusively on the British experience with privatisation as a basis for comparison, and argued that the British electricity industry had been in a better position than South Africa to allow competition among electricity providers. Competition would be unlikely as newer market entrants struggled to survive against these monolithic dinosaurs. The term natural monopoly was a throwback to the period of nationalisation after the second world war.<sup>26</sup> Stephen Collier writes that infrastructure decline during this period in the United States initiated a period of soul searching about the appropriate level of public investment. The World Bank published a report in 1994 in which it refused to disregard the role of public investment but advocated a new “microeconomic” approach that featured unbundling. Those sectors that were not dependent on large economies of scale could be let loose into the market. In his study of an urban heating system in a small town in post-Soviet Russia, Paul Collier observes that the World Bank agreed that the state had to continue to provide heating. While the mechanisms through which infrastructure was delivered and funded changed, utilising elements from the “neoliberal toolkit”, such as unbundling and indebtedness, the state retained the ultimate responsibility for heating the city’s households.<sup>27</sup>

De Villiers recommended not the privatisation of Eskom, but its commercial restructure. The publication *Finance Week*, in its analysis of this plan, stated that the benefits of privatisation could be realised in the preparation phases during which the parastatals primped their managerial structures for potential investors, without actually being sold.<sup>28</sup> De Villier’s recommendation involved the creation of a two-tiered management board.<sup>29</sup> One of these tiers was a non-executive board that served as a regulatory body that would consider the interests of consumers. De Villiers said, in an interview with the *Business Day*, that he was inspired by the idea while still employed at the Rokahana copper mine in Zambia during the 1960s. There, he became convinced that the shortage of management skills and capacity was the main

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<sup>25</sup> “De Villiers Wants to Make Capital Work,” *Business Day*, March 14, 1989.

<sup>26</sup> Stephen J. Collier, *Post-Soviet Social: Neoliberalism, Social Modernity, Biopolitics* (Princeton University Press, 2011).

<sup>27</sup> *Ibid*, 243.

<sup>28</sup> ‘Case for defence: The pluses and minuses of Wim de Villiers’ strategy’, *Finance Week*, 1 November 1990.

<sup>29</sup> *ibid*

constraint to Africa's economic growth. After further investigating the question of management, he came across an executive management model then operative in certain European companies, particularly West Germany, which had adopted a two-tier management structure.<sup>30</sup>

In May 1990 the Minister of Public Enterprises announced in parliament that while the privatisation of Eskom was still under review, the government was not convinced that it was necessary. He praised Eskom's improved efficiency, overseen by a "strong policy forming and supervisory council" staffed with businessmen experienced in management.<sup>31</sup> Eskom had also extended its electricity grid beyond into the neighbouring Southern African countries, making possible a network "which will stretch from the equator right down to the Cape." He also praised Eskom's role in the negotiations that brought together the warring parties of Renamo and Frelimo in Mozambique.<sup>32</sup> Thus Eskom avoided outright privatisation because the benefits of remaining a state corporation had overcome the benefits of privatisation. It had also improved its financial fortunes, largely through its reduced capital expenditure in the late 1980s. This lack of capital investment continued into the ensuing decade and in the period 1992-1997 Eskom's revenue exceeded its capital requirements.<sup>33</sup> Anton Eberhard argues that the absence of large scale capital investment during this period allowed Eskom to stabilise its debt burden and that lower electricity tariffs were a product of the lack of large capital investment rather than greater operational efficiency.<sup>34</sup> While the expected inflation rate for 1992 was 14%, Eskom announced a lower increase in electricity prices of 9% for that year. The political transition of the early 1990s also influenced the outcome of the privatisation efforts. Following PW Botha's exit from office in 1989, FW de Klerk began negotiations with the ANC in exile, which took the question of privatising Eskom off the table.<sup>35</sup> Eskom's privatisation would be viewed as an act of bad faith during political negotiations with the ANC and Cosatu, both of which called for Eskom to remain in public hands.<sup>36</sup>

## The Matimba power station

My site of study is the small town of Lephalale in the North West of the Limpopo province, about 50 kms from the border of South Africa and Botswana where Eskom, the national electricity parastatal, is

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<sup>30</sup> "De Villiers Wants to Make Capital Work."

<sup>31</sup> Hansard, Assembly debates, 10 May 1990, col. 8626.

<sup>32</sup> Ibid, col. 8685

<sup>33</sup> Grove Steyn, *Investment and Uncertainty: Historical experience with power sector investment in South Africa and its implications for current challenges*, March 15, 2006, Working Paper prepared for the Management Programme in Infrastructure Reform and Regulation at the Graduate School of Business, University of Cape Town, 41.

<sup>34</sup> Anton Eberhard, "The Political Economy of Power Sector Reform in South Africa" (Program on Energy and Sustainable Development, April 2004), 16.

<sup>35</sup> Ibid., 8.

<sup>36</sup> "SA Unions Set for Big Battle with Privatisation," *The Star*, March 29, 1990.

currently painfully busy with the construction of its Medupi power station. The far distant location of Medupi would defy logic if it wasn't for the fact that Eskom had built a fully functional power station in the same district during the 1980s, called Matimba. The profitable Grootgeluk coal mine, which supplies Matimba and Medupi with coal, lies in the vicinity of the power stations. The Grootgeluk coal mine has only tapped into a tiny proportion of the vast Waterberg coalfields, a reserve to which many are turning their eyes, as it is expected to supply 50% of South Africa's future coal requirements. It was the Grootgeluk coal mine, started in the mid-1970s, which defied logic. The mine was relentlessly driven the engineers of the national steel manufacturing corporation, Iscor, who were frightened by what they perceived to be the country's dwindling supply of coking coal. Coking coal is a crucial raw material for the manufacture of steel. South Africa was then in the midst of a desperate mission to prove its industrial muscle and ensure economic self-sufficiency in the face of looming international sanctions and growing diplomatic hostility from its newly independent African neighbors to the North. In this section I focus on the Matimba station and demonstrate the institutional incorporation of a neoliberal government style that by the 1990s had come to terms with the exigency of racial transformation. This will be described through the case study of the Matimba power station and its new manager, John Williams<sup>37</sup>.

The pressure for reform had been growing within Eskom throughout the 1980s. At its power stations dotted across the countryside Eskom's power station managers presided over company towns. In Mpumalanga, where most of Eskom's power stations are concentrated, the power stations and their associated coalmines were the bedrock of the local economies. Power station managers oversaw housing and recreational facilities for their employees and played a consciously political role. But while they intervened in the social fabric of these towns they were also separate from the bureaucracy of state and so assumed a degree of autonomous control. For example, at Matimba, Eskom initiated the development of the black township, Maropong in the immediate vicinity of the power station against the grain of government policy, which sought the final expulsion of black residents from the vicinity of the town to the Lebowa homeland. Its argument in favour of the township was that transporting workers from Lebowa increased the cost of labour and so was against Eskom's financial interests.

John Williams first became the manager of a power station during this period of institutional flux. He was tasked with undoing the practices of racial segregation that had historically informed the residential and occupational organisation of Eskom's employees. Toward this end, senior managers at Eskom thought it best that he first conduct this social experiment at the Majuba power station, located between the small towns of Volksrust and Amersfoort in Mpumalanga. Majuba had been built as part of the power station "6-pack" that Eskom hastily constructed during the 1980s in a desperate bid to alleviate an electricity

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<sup>37</sup> \*\*Not his real name

shortage that was complete with the “load-shedding” that would again afflict the South African public twenty years later. But by the end of the 1980s it became clear that their demand forecasts had shot far off the mark and Eskom had created more electricity generation potential than could be consumed. By the time that Majuba was complete, Eskom did not require its electricity and it lay dormant for a few years. This diminished the bargaining power of white trade unions because their threats to halt production were ineffectual. For this reason, Eskom’s manager thought that Williams would find the path to relaxing racial segregation smoother at Majuba than it might have been elsewhere in the power station fleet. But it remained a fraught process. Attempts at settling black employees in the white residential neighbourhood at Volksrust were met with vigilante attacks and a lack of prosecutorial enthusiasm from the police station commander.<sup>38</sup>

When Williams arrived at the Matimba power station in Lephalale in 1992 he found it useful to gain the trust of the police station commander and in the process relieved his exaggerated fears about the impending transition, which included that the police service of the new government would be partly constituted by members of Umkhonto weSizwe. He then attempted to alter practices of racial segregation at the power station which were so engrained that they were commonsensical. One of these initiatives involved inviting Freek Robinson, who was the face of the current affairs television show *Fokus* to lecture white workers on the necessity of racial integration. Steve Kekana, who was the founding member of the National Union of Metalworkers (Numsa) at Matimba, remembered the arrival of Williams as heralding significant change. He recalled that in Eskom-owned buses, Williams would at times appear at the head of the bus and order black and white workers to sit next to each other.

Williams was also responsible for ensuring that the power station fell in line with the principles of commercial efficiency that were being propagated from above. From 1987, Eskom directed the pressure for financial rectitude toward the creation of a decentralised management structure. This would enable employees at different tiers to make autonomous decisions, removed from the stifling bureaucracy of central planners. Williams saw the decentralised budget sheet as a cost-saving mechanism because it discouraged individual power stations from, for instance, replacing a part when maintenance and repair would suffice. It is not entirely clear, however, how revenue was calculated. In its Annual Report of 1989, Eskom noted that the idea of “participative decision-making” has become a “watchword” in South Africa.<sup>39</sup> He stated that Eskom had successfully experimented with a model that had been developed in Japan, known as the Jishuken management system, which emphasised problem solving and the use of consultants where necessary to create the effective conditions for autonomous decision-making. The

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<sup>38</sup> Interview with Williams, Megawatt Park, 2015.

<sup>39</sup> Eskom annual report, 1989

emphasis on decentralised decision making should also be tied to the idea of New Public Management that became fashionable in management schools across the globe and came to exert an ideological pull on the transformation of the bureaucracy of state.<sup>40</sup> This restructure of the civil service was so profound as to warrant mention in a report into state capture published in 2017, as helping to set the bureaucratic stage for corruption. However the authors of the report discuss this in the context of the reform of state bureaucracy and date its arrival to the repeal of the State Tender Board in 2000.<sup>41</sup> In short, this was a global, neoliberal, form of management that emphasised decentralised decision-making.<sup>42</sup>

Eskom was also concerned to expand the provision of electricity in a country where 65% of citizens in 1989 were not connected to the national grid. This was not necessarily an altruistic initiative. In 1988 Eskom had conducted a survey into electrification of townships and found that households spent the same amount of money on the consumption of alternative fuels such as coal and paraffin as they would on electricity.<sup>43</sup> It was to Eskom's advantage to assist with the connectivity infrastructure and expand its market share. While it traditionally sold electricity in bulk to municipal structures for distribution it decided to intervene in the distribution to households and assist with the infrastructural matters surrounding reception such as wiring and connectivity as well as the introduction of pre-paid electricity meters.<sup>44</sup> In this way Eskom was expanding its footprint and its business opportunities as a way of ensuring its financial viability.

The new manager of the Matimba power station John Williams believed in the principles of the free market and associated it with vibrancy, innovation and plenty. He had visited Germany a year before the fall of the Berlin Wall and, while visiting different power plants, had occasion to pass from West to East Berlin. He described the experience of passing through the Brandenburg Gates at 6 in the morning as akin to “walking over a line on the earth where there were forests and greenery and birds singing and suddenly there was death and broken tree stumps and grey, no colour.”<sup>45</sup> Stores in West Berlin were well-stocked and lit with Christmas decorations while in East Berlin, he recalls entering a butchery to find that it was bare except for a single shelved cooler in the centre of the floor with a glass door that held three pieces of

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<sup>40</sup> Barbara Lipietz and Ivor Chipkin, “Transforming South Africa’s Racial Bureaucracy: New Public Management and Public Sector Reform in Contemporary South Africa,” 2012.

<sup>41</sup> “Betrayal of the Promise: How South Africa Is Being Stolen” *Public Affairs Research Institute*, May 25, 2017, 14, <http://pari.org.za/betrayal-promise-report/>.

<sup>42</sup> New Public Management is associated with Margaret Thatcher in some way.

<sup>43</sup> Eskom annual report, 1988.

<sup>44</sup> For more on prepaid meters, see: Antina Von Schnitzler, “Travelling Technologies: Infrastructure, Ethical Regimes, and the Materiality of Politics in South Africa,” *Cultural Anthropology* 28, no. 4 (November 1, 2013): 670–93.

<sup>45</sup> Interview with Williams, Megawatt Park, 2015.

red meat.<sup>46</sup> The contrast impressed upon him the notion that sparsity of choice is an inherent characteristic of the planned economy.

But this transition had to be enacted in the context of the growing power of black trade unions. Eskom had officially recognised the National Union of Mineworkers and the Metal and Allied Workers' Union (Mawu) in 1987.<sup>47</sup> These unions organised workers at the Matimba power station from then but it fell to Williams, on his arrival in 1992, to implement regular meetings between the trade unions and management. Black trade unions to some extent were a counter-vailing force in the implementation of policies that were more clearly aligned with a neoliberal order. Correspondence around the development of the township at Marapong provides some sense of the ethnic and geographical spread of the labour contingent at Eskom's Matimba power station. It was estimated that in October 1986 the total black workforce at the construction site was 692 strong, with 687 workers resident at the hostel.<sup>48</sup> Approximately 80% of the workforce came from the black township of Mokerong which was part of the Lebowa homeland and North Sotho speakers made up 68% of the workforce.<sup>49</sup> Iscor's workforce numbered 1650 at the time, and was drawn mainly from Mokerong. Thus the power station and coal mine relied heavily on migrant labour from the nearby homeland.

In 1979 the Wiehahn Commission paved the way for the recognition of black trade unions by South African corporations. The arrival of independent black trade unions, the National Union of Mineworkers (NUM) and the National Union of Metal Workers (Numsa) fundamentally transformed the nature of labour relations at the Matimba power station, by improving the bargaining power of African workers. Black trade unions emerged in a disparate manner during the 1970s with many struggling to gain recognition from management and legitimacy in the eyes of the workers. Their power grew apace over the years and they came to demonstrate their full force under the banner of the Congress of South African Trade Unions (Cosatu) in July 1985. One of these unions was Mawu which later morphed into Numsa, had a rough beginning. Kally Forrest writes that by the end of the 1970s, Mawu was on the "brink of collapse, as membership fell, and by 1977 all organised workplaces had folded."<sup>50</sup> This was partly due to the fact that some companies had refused the union space to organise their employees. Mawu's waning popularity and consequent subscription crisis during this period was worsened by the brutal police shut

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<sup>46</sup> *ibid*

<sup>47</sup> Eskom Annual Report, 1987

<sup>48</sup> The Mogol Kommando is discussed in more detail in Chapter 3.

<sup>49</sup> "Arbeidsmagontleding soos in Oktober 1986 by Yskor/ Eskom (Matimba) werksaam," Aanhengsel 6 (Attachment 6) to the Magol Kommando, *Memorandum: Voorgestelde swart dorp in die Marapongarea*; NASA, RLA 745 20/5/E36/1.

<sup>50</sup> Kally Forrest, *Metal That Will Not Bend: National Union of Metalworkers of South Africa 1980-1995* (Johannesburg: Wits University Press, 2011), 17.

down of a strike at the Heinemann Electrical Company in the Johannesburg East Rand, one of its most important sites of worker organisation. But over the course of the 1980s the union's fortunes steadily improved, buoyed by the rising tide of anti-apartheid activism.

NUM and Mawu began organising workers in Ellisras in the late 1980s. They have remained the main trade unions in the district's coal mine and power station nexus. By organising workers at the Matimba power station, both unions strayed from their traditional sectors. NUM had traditionally organised mineworkers while Numsa focussed on the metals and engineering sector.<sup>51</sup> According to Kekana, the involvement of both unions at Eskom's power stations is rooted in the Highveld industrial hub of the Vaal Triangle. Mawu had first organised workers in van der Bijl Park, which was the site of one of Iscor's major steel factories. Two of Eskom's power stations, the Vaal and Lethabo power stations, were also situated in the vicinity of van der Bijl Park. Both Eskom's power stations and Iscor's steel factories drew their coal supply from the nearby coal mines where NUM organised mineworkers. Mawu's strong regional presence was due to its mobilisation of workers at Iscor's Vanderbijlpark Steel. This encouraged the union to venture into the energy sector and organise workers at the nearby power station. In a similar manner, NUM began to organise workers at Eskom's power stations in the Eastern Transvaal because of their proximity to the coal mines. In this way both NUM and Numsa gained experience with organising power station workers, which eased their organisational access to the Matimba power station in Ellisras.

### Numsa and the Matimba power station

The arrival of Mawu at the power station represented the first attempts at independent and concerted black worker organisation. Kekana played a formative role in introducing the union to the power station workers. Before the arrival of Mawu, he worked as a shop steward for an internal Eskom union, known as the Electricity Workers Union (EWU) and following a workshop for EWU shop stewards in Ellisras, travelled to the nearby town of Nylstroom with one of the instructors there who was on his way back to Germiston in the Johannesburg East Rand. The instructor was ordinarily based in Johannesburg and took the idea of recruiting workers at Matimba to Mawu's head office. The union deployed two of its members to the power station to help Kekana recruit members and gain recognition from management. With the formation of Numsa in 1987 and its growing reputation across the country, the union built up its strength at the power station.

Both management and trade unions had to confront the burden of history that underlay efforts at transformation in a context of severe economic dispossession. Particularly in the Waterberg, which is so far removed from the institutions of higher learning in the metropolitan capitals that spawned

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<sup>51</sup> Timothy Mitchell, *Carbon Democracy: Political Power in the Age of Oil* (Verso, 2011). Mitchell describes this coal-mine, power station nexus as creating the conditions for political subversion.

engineers and artisanal skills of different sorts. There the pressure for local employment and staff development came up against the lack of specialist skills. This was in turn a product of the abject poverty and a history of dispossession of Africans in the region. For instance, Eskom introduced rentals at its housing that were market-related rather than controlled. This process took many years of negotiations and in the end the market-related rentals were deemed unaffordable for the black workers. They were paid a lump sum largely with the view to purchasing houses in the black township of Marapong.

The implementation of market-related rentals at Matimba was a long drawn out and controversial process, as NUM and Numsa debated the extent of service provision to be provided at the single quarters. The unions were particularly concerned with the sparseness of recreational facilities, including the library, gymnasium, a football field serviced by the power station, and TV sets in rooms. As part of a compromise reached at the end of 2000, management agreed to introduce a 50% rental for 2001, holding open the option to raise outstanding demands.<sup>52</sup> In November 2001, unions argued that their members would not be able to afford the new rentals for the following year. In 2002, the question of a pay-out was taken more seriously because unions argued that rentals were too high, and that empty stands in Marapong owned by Eskom could be bought by these employees. They stated that the majority of the residents were in favour of moving out of the single quarters, with just 15 out of 250 residents against it.<sup>53</sup> Another survey conducted in 2003 found that 151 out of 199 people surveyed agreed to the buy-out while 12 were against it.<sup>54</sup> Later that year 86% of the single quarter residents “applied to be bought out”. In terms of Eskom’s Conditions of Service, these workers could also apply for rental and housing subsidies.<sup>55</sup>

### From hostels to single quarters

In 1998 the power station began the slow phasing out of the hostel-based residential system. The housing transition was one from a residential system based on coercion and heavy company and state surveillance, to one in which residential life was subject to the wiles of the free market. The residential transition also marked the arrival of the neo-liberal reign of “choice”, departing from the paternalist and coercive labour regime of preceding years. At Matimba the perils of the free market are best illustrated in the question of salary deductions. Over the course of the 1990s Matimba’s management attempted to gradually halt the practice of salary deductions. However, the trade unions, mainly NUM, considered payroll deductions to be a safeguard for workers who would neglect to make the more mundane but essential payments if left to their own devices. One of these was to a company called Istores, although the nature of the services it provided is not clear. In May 1998, NUM urged management to re-instate the system of stop orders from

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<sup>52</sup> Minutes of the BU Forum, December 4, 2000, Personal collection of Stephen Kekana.

<sup>53</sup> Minutes of the BU Forum, August 5, 2002, Personal collection of Stephen Kekana.

<sup>54</sup> Minutes of the BU Forum, May 5, 2003, Personal collection of Stephen Kekana.

<sup>55</sup> Minutes of the Bu Forum, August 8, 2003, Personal collection of Stephen Kekana.

employees' payrolls and proposed that Istores impose limits on the amount that workers could purchase, noting that "some individuals did not manage their money."<sup>56</sup> A similar debate arose over the question of the salary deductions for payments to a company called IEMAS, which was a retirement fund company. NUM protested against the proposed cancellation of the payments and a member of Matimba management team stated his concern that workers were having difficulty managing their money and were "using Eskom as a tool to control finances."<sup>57</sup> Then in May 2000, unions urged management to continue deducting water and lights payments from workers' payrolls fearing that if the practice was stopped, workers would not make the payments themselves and their water and electricity would be disconnected.<sup>58</sup>

The issue of visitors at the hostel further illustrates the end of the paternalist system of labour organisation. While the hostel was in place, Matimba's managers had to decide whether to allow female visitors to enter the hostel premises. Because there were multiple workers to a room, they opted to ban women from the hostels. Williams described it as follows:

You know the apartheid system created dependency. People were dependent. The system told you what you could and couldn't do, so you didn't have choice. And we were the system- we had to make those decisions: can you bring a woman into your room or not and you're 55 years old or 35 even, you know more independent. So those were the things we were dealing with- all of us, not just at Matimba, all the power stations, the whole of Eskom was dealing with those dynamics in the 1990s."<sup>59</sup>

The decision to close the hostel was a product of both ideology and necessity. The hostel was a massive structure, built to house 5000 labourers during the time of construction.<sup>60</sup> By the mid-1990s only a tiny portion was occupied and the hostel fell into disrepair. Vandals had steadily stripped the near vacant hostel of those fixtures which still held some market value. Electric cables were popular items of theft, but removing them was a dangerous exercise and the bodies of those who tried were sometimes discovered on the hostel premises. One option put on the table was that Matimba turn the hostel loose onto the free market and offer the rooms to the public at low rentals but the prospect of uncontrolled access raised the threat of further vandalism.

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<sup>56</sup> Minutes of a Joint Forum, May 4, 1998. Personal collection of Stephen Kekana.

<sup>57</sup> Minutes of Joint Forum, August 3, 1998, Personal collection of Stephen Kekana.

<sup>58</sup> Minutes of a BU Forum, January 17, 2000. Personal collection of Stephen Kekana.

<sup>59</sup> Interview with John Williams, February 18, 2015, Megawatt Park, Gauteng

<sup>60</sup> *ibid*

One alternative to hostel accommodation were the single quarters, which had historically housed Eskom's white, and professionally skilled workforce- generally single men in their twenties. The single quarters accommodated one person per room, which contained a bed, desk and closet. But workers paid more for lodging and meals than at the single quarters. Williams recalled that while hostel dwellers paid R5 per month for accommodation and meals at hostels, residents at the single quarters paid R105.<sup>61</sup> As a result some workers dug in their heels and refused to leave the hostels because of its lower cost. But NUM and Numsa encouraged the closure of the hostel, in line with the unions' national campaign, because of its visceral connection to the brutality of the colonial and apartheid regimes. The number of residents in the hostel gradually declined so that in July 1998, Matimba's management reported that the hostel was inhabited by just 14 of Eskom's employees.<sup>62</sup> According to Kekana, the intransigent workers who remained at the hostel were migrant labourers from the Kwa Zulu Natal and the Eastern Cape provinces. He suggested that with a permanent homestead in these regions, the migrant labourer was more willing to live a transient life at his place of work.<sup>63</sup>

With so few inhabitants the hostel became economically unsustainable, setting the stage for its eventual closure. But the mass migration from the hostel caused some consternation among those employees already resident in the single quarters. As Williams related: "When hostel people started coming in and eating with their hands, the single quarter people who were eating with knives and forks, couldn't stand it anymore, so they all demanded to go into houses as communes. So we had a whole social movement taking place."<sup>64</sup> One particular complaint was of the pockets of prostitution that followed the hostel dwellers to the single quarters.<sup>65</sup> According to Williams: "So we started moving people out of the hostel to the single quarters which is from the original black township into the traditional white township. We then had the white families come to me- they're tearing their hair out and being angry because they've now got shebeens and prostitutes and drunk women walking across the street."<sup>66</sup>

Conclusion (to follow)

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<sup>61</sup> Ibid

<sup>62</sup> *ibid.*

<sup>63</sup> Interview with Stephen Kekana, March 16, 2016, Matimba power station, Lephalale.

<sup>64</sup> Interview with John Williams, February 18, 2015, Megawatt Park, Gauteng.

<sup>65</sup> *ibid.*

<sup>66</sup> *ibid.*