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THE POLITICS OF PARTICIPATIVE MANAGEMENT IN SOUTH AFRICA

A case study of PG Bison Limited, 1986 to 1996

by Gavin Evans

A thesis submitted to the Faculty of Arts, University of the Witwatersrand, Johannesburg, in fulfilment of the requirements of the degree of Doctor of Philosophy.

London, January 1997

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To Pat for patience, time and money

DECLARATION

I declare that this thesis is my own work and that I have not submitted it to any other university for any degree.

Gavin Evans

January 1996

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ACRONYMS

Afcol	Associated Furniture Companies Limited
ANC	African National Congress
AHI	Afrikaanse Handelsinstituut
Apdusa	African Peoples' Democratic Union of South Africa
Armscor	Armaments Corporation of South Africa
Afcol	Associated Furniture Companies Limited
Azapo	Azanian Peoples' Organisation
AWB	Afrikaner Weerstandsbeweging
BBC	British Broadcasting Corporation
BMF	Black Management Forum
BSA	Business South Africa
CBD	Central Business District
CBM	Consultative Business Movement
Ccawusa	Commercial, Catering and Allied Workers Union of South Africa
CCB	Civic Cooperation Bureau
CDU	Christian Democratic Union (Germany)
CEO	Chief Executive Officer
Codesa	Conference for a Democratic South Africa
Cosatu	Congress of South African Trade Unions
CP	Conservative Party
CSS	Central Statistical Service
CWIU	Chemical Workers Industrial Union
DP	Democratic Party
EAC	Economic Advisory Council
EC	European Community
EEC	European Economic Community
Eskom	Electricity Supply Commission
Esop	Equity Share Ownership Programme
EU	European Union
Fawu	Food and Allied Workers Union
FBI	Federal Bureau of Investigation
FCI	Federated Chamber of Industries
Fedsal	Federation of South African Labour
GDR	German Democratic Republic
HNP	Herstigte Nasionale Party
HR	Human Resources
IFP	Inkatha Freedom Party
IP	Independent Party
IR	Industrial Relations
Itisa	Institute for Transformation and Interdependence Strategy
ITV	Independent Television
JCC	Johannesburg Chamber of Commerce
JCI	Johannesburg Consolidated Investments
JMC	Joint Management Centre
Leap	Learning for Empowerment and Progress
LI	Laminate Industries
LRA	Labour Relations Act

Mawu	Metal and Allied Workers Union
MBA	Master of Business Administration
MD	Managing Director
Naawu	National Automobile and Allied Workers Union
Nactu	National Council of Trade Unions
Nafcoc	National African Federations of Commerce
Nail	New Africa Investments Limited
Naledi	Natinal Labour Economic Development Institute
Naproqcsa	National Association for Productivity and Quality Circles in South Africa
NEC	The National Empowerment Consortium
Nedlac	National Economic, Development and Labour Council
NF	National Forum
NMC	National Manpower Commission
Nosa	National Occupational Safety Act
NP	National Party
NPL	New Products Laboratory (Pty) Ltd
Numsa	National Union of Metalworkers of South Africa
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Patroleum Exporting Countries
PA	Personal Assistant
PAC	Pan-Africanist Congress
PFP	Progressive Federal Party
PGSI	Plate Glass and Shatterprufe Industries Limited
PGWI	PG Wood Industries
Ppwawu	Paper, Printing, Wood and Allied Workers Union
RDP	Reconstruction and Development Programme
RSC	Regional Service Council
Saawu	South African Allied Workers Union
SAB	South African Breweries
Saccawu	South African Commercial, Catering and Allied Workers Union
Saccola	South African Coordinating Council on Labour Affairs
Sacob	South African Chamber of Business
SACP	South African Communist Party
Sactwu	South African Clothing and Textile Workers Union
SAIRR	South African Institute of Race Relations
SALB	South African Labour Bulletin
Samwu	South African Municipal Workers Union
Sasbo	South African Society of Bank Officials
SBU	Strategic Business Unit
Seifsa	Steel and Engineering Federation of South Africa
SPD	Social Democratic Party (Germany)
SSC	State Security Council
TPQ	Total Productivity and Quality
TQM	Total Quality Management
TUC	Trade Union Council (UK)
UCT	University of Cape Town
UDF	United Democratic Front
UF	Urban Foundation
UK	United Kingdom

Unisa	University of South Africa
UPE	University of Port Elizabeth
US	United States
USA	United States of America
Uwusa	United Workers Union of South Africa
VAT	Value Added Tax
VWSA	Volkswagen South Africa
Wits	University of the Witwatersrand

CHAPTER ONE

SETTING THE SCENE

1.1 DEFINITIONS

The words 'participative' and 'management', when combined, raise hackles for all kinds of reasons and from a variety of perspectives - right, left and linguistic, so it is as well to begin on a definitional note. To start from the terrain where, in South Africa at least, the term and the thought behind it has met with greatest resistance: the trades unions. For many from this milieu, these words form a obfuscatory smokescreen in which the adjective seduces with promise, but the noun ensures the a disappointing result. Together they are seen to denote a range of practices associated with the 'emasculation' of organised labour, from co-option to mass retrenchment. On the one end of the scale participative management entices workers to identify with the company rather than the union. On the other, it belongs with those US-imported nuggets of business jargon - 'lean but mean', 'downsizing' and 'rightsizing' - as a root to redundancy.

From business there has been a more varied response. For those who advocate a robust version of the 'managerial prerogative' and who claim an allegiance to the dryer tastes of neo-liberal economics, it is a term often viewed with some suspicion - at best as a contradiction in terms (management, by its nature, being a top-down affair); at worst as a dangerous sop to labour which confuses power relations on the shop floor and creates false expectations which tend to spread to other companies. It is a term often associated with another choice word which emerged from the business milieu: 'stakeholding', and in the minds of many

within the business sphere (particularly in the United States and Britain) this conjures up images of increasing the institutional power of unions and consumer groups at the expense of shareholders and their managerial representatives, and thereby placing impediments in the way of free markets. At a political level, it has recently become associated with a key plank of the Labour Party's policy in Britain, and a more peripheral aspect of the Democrat economic platform in the United States. On the other hand, there was a minority within the world of business management who viewed the term with some distaste because what it suggested did not go far enough. For instance at PG Bison, the main case study here, the strategists of that company's 'in-house change process' eschewed the notion of participative management, arguing that the word 'management' raised the inappropriate spectre of power hierarchies, and favouring instead the more free ranging 'participative processes' which, they claimed, broadened the notion of participation beyond the confines and control of management, particularly when combined with a vigorous approach to building a 'stakeholder' company[1].

For anyone trying to analyse the term, it is worth noting from the start that 'participative management' is, like so many pieces of jargon, not least from the world of business, an amorphous animal - useful because it is vague, sounds pleasing and can be attached to all sorts of practices which at first blush might seem to be uneasy bed partners. Quite aside from any grammatical eyebrows it might raise[2], it evidently means different things to different people, particularly within different national contexts and at different times. And even where similar participatory practices exist across national and cultural boundaries, they can be applied within industrial relations systems with apparently contrary emphases - quality circles, for example, are used in 'right-sized' US firms and in job-for-life Japanese firms, among

others. Yet the term is not entirely vacuous. It denotes a range of conditions about which there is a loose common currency inte. ıationally, and which, in South Africa, arrives with a set of connotations which are easier to collate. While there are a number of other terms with similar meanings - 'employee participation', 'worker participation', 'workplace democracy', 'stakeholding', 'participative processes', 'co-determinism' and the more generic term, 'post-fordism' come to mind - 'participative management' is the one most widely used in South Africa and which is best suited to the subject of this study, as is argued below. So then, participative management it is.

At the most basic level the term covers any practice involving a broadening of the dimension of management beyond the realm of the executive directors, and extending decision making, consultation and, in some instances, communication about decisions, on any issue affecting the company and its employees, beyond existing parameters. In this sense it is a generic term which, as Walker argues of the related concept, 'employee participation', exists whenever "those at the bottom of the enterprise hierarchy take part in the authority and managerial functions of the enterprise."[3] In similar vein Franham and Pimlott define it as covering all "social and institutional devices by which subordinate employees, either individually or collectively, become involved in one or more aspects of organisational decision making"[4], while John Viljoen defines it as involving "the encouragement of employees to actively participate in making and implementing decisions which will directly affect their jobs."[5] It is significant that words like 'take part', 'involve' and even 'participate' do not, in themselves, imply a power dimension. The obvious difficulty is that such definitions might be used to cover the entire spectrum of cooperative and participatory possibilities in management-employee relations. It is therefore worth adding that the term has been used to denote some

recognition of the company as a community with a plurality of interests which extend beyond those of the shareholders, and a related recognition of the legitimacy of the involvement of employees in decision making processes, or even information sharing, in areas which have traditionally been the prerogative of management. In this sense participative management programmes are viewed as distinct from the process of collective bargaining (even though they might be incorporated within collective bargaining parameters).

While employee participation has existed in various forms since the late 19th century, the thinking behind terms like 'participative management' and 'stakeholding' began to take root after the second world war in some companies in the major industrial nations, as a result of the combination of technological changes, particularly in production, the politics of the countries involved, and new theorising over the function of management which are discussed in more detail in chapters two and four. These changes tended to be aimed at broadening the basis of managerial decision making, improving communication, reducing conflict and tapping what is now so often called, 'the gold in workers minds' by involving them in problem solving. It is a term which therefore has broader connotations than 'workplace democracy', in that it does not necessarily assume any particular power relation between management and ordinary employees or their representatives, but it is narrower than the related term, 'stakeholding' in that its focus is usually confined to the company level, and to employer-employee relations within it. Used in this loose way, it covers, for example, the customer focussed 'quality circles' of 'Total Quality Management' first pioneered in Japan and later applied in American companies, where ordinary employees are drawn into the creative process. It also covers much of what falls under the banner of co-determinism within the

Western European model, such as the statutory works councils, involving representatives of management and of the workers making joint decisions about the business.

Within a South African context it includes initiatives which offer employees a greater decision making role within the company. These include representational forms of power-centred participation (such as the appointment of worker directors), works councils, other methods of worker representation on executive structures, company-wide negotiating structures such as the workplace forums provided for in the 1995 Labour Relations Act and upgraded collective bargaining forums. As Salamon puts it, such practices can be referred to as "ascending participation" because they involve attempts at protecting the interests of employees "by extending their collective influence into a wider range of decisions at the higher levels of the organisation ...".[6] A parallel form of indirect but power-centred participation would arise when there is employee involvement in setting the direction of internal community involvement or external corporate social responsibility programmes, as well in employee training and adult learning schemes. In the loosest sense, and when combined with other dimensions of participation, it could also include forms of direct, financial participation such as Esop and profit sharing schemes and even, in certain instances, productivity or performance bonus schemes[7] which allow employees to share in the added value they have helped create.[8]

The term also covers more direct but less power-centred forms of participation, such as those aimed at improving communication between management and workers and between various levels of employee and at creating a more open style of management (though improvements in communication do not, in themselves, amount to participation, though could be considered as part of it when accompanied by other participatory structures). Among such initiatives were

shopfloor problem solving forums, value-sharing groups, political education and discussion programmes, information-sharing meetings and transparency strategies. Related to these were structures aimed at creating a more participatory work organisation (such as quality circles or in-a-groups) - referred to by Salamon as "descending participation" because "management invariably initiates the development for its own purposes ... and, as part of the change, may transfer authority and responsibility from itself to the employees for a limited range of work related decisions."[9] In this respect the increase in participation emerges in the implementation than the conceptualisation of tasks. Douwes-Dekker makes the point that quality circles could be considered either as direct or indirect forms of participation, depending on how they are implemented. If part of a strategy developed by a joint union-company forum, they could be viewed as collective (indirect) innovations, while if established unilaterally by management they could be categorised as individual (direct). In the former case, the direct participation (through the individual worker's role in the quality circle) would arise as a consequence of the indirect.[10]

The term 'participative management' could further be extended to cover managerial programmes aimed at improving the ability of employees to participate in decision making and to remove obstacles to this end - an addition of particular relevance in South Africa. Examples here would include training programmes, literacy and numeracy schemes and even affirmative action programmes - when employees are involved in planning or running such schemes. Where these are imposed on employees, however, they would fall outside of the definition, but, as with information sharing initiatives, could still be considered to show a 'family resemblance' when accompanied by other, more clearly participative, structures. In this regard it is suggested the term has a tendential element to it: practices introduced at South

African companies under its banner may well be taken for granted in companies in western democracies, and would not attract such labels. Related to this consideration are the dimensions of history and context. As is argued throughout the course of this study, what has become known as participative management in South Africa emerged at a specific time and for specific politically-related reasons. It was a phenomenon and not just a vague collation of practices, and it is this which makes it worth taking seriously, and analysing in this way. This still implies a broad working definition, but it is also a necessary one. At the outset its purpose is not to assume that the range of managerial practices covered by this wide umbrella are 'good' or 'bad', nor even to consider whether they represent new forms of control or continuations of old ones, but rather to say that these are the parameters set by the general usage of the term. Whether employed in a positive or a pejorative sense, by unions or by management, 'participative management' covers a diversity of practices along the lines set out above, and there is certainly something to be said for sticking with the 'common' usage of terminology, notwithstanding its imprecision, rather than redefining (or narrowing the definition) of such a term.

1.2 PG BISON AND PARTICIPATIVE MANAGEMENT IN SOUTH AFRICA

As argued in the course of this study the emergence of participative management in South Africa has been a political process as much as it has been an economic or cultural one (though the boundaries between these realms are often indeterminate). The stimuli for different companies embarking on the participative road were diverse and frequently convoluted, but invariably had some of their roots in the country's political situation, usually as a response to the strictures which apartheid placed on the ability of business to function effectively and

relate to its employees. The form taken, however, drew considerably from international experience - particularly from Britain, the United States, Germany and Japan.[11] While the experiences of several South African companies are discussed in chapter five, including Cashbuild, Volkswagen SA, Nampak, Premier Foods, SA Breweries, Nedcor, First National, Gencor and Escom, the primary case study here is that of PG Bison Limited which was one of the first and most influential experiments of this nature, and was certainly the most overtly politicised in its content and direction. By way of introduction it is therefore setting the scene of what happened at PG Bison between 1986 and 1996, both because it is necessary for the chapters which follow, and to illustrate from the outset how these developments represented a decisive break from previous approaches to management, as well as how overtly politicised this break could be.

PG Bison Limited was created in 1986 out of three existing companies, PG Wood Limited, Bisonbord Limited and Laminate Industries Pty (Ltd), which thereafter became subsidiaries. It immediately became a leading player in the board production and distribution sector, with, at the time, about 5 000 employees, five factories, and over 40 stores and distribution outlets. Significantly, it was not a listed company, and, at the time, there was no controlling shareholder, effectively giving the executive a higher than normal degree of autonomy. In 1987 the company embarked on its Total Productivity and Quality (TPQ) programme. In common with most initiatives of this nature, it was launched as a project of the CEO (Leon Cohen), partly in response to the country's political situation, which, Cohen felt, compelled decisive action at the level of the firm to bridge the racial and political divides affecting the ability of business to prosper. Describing the realisation he had come to in the mid-1980s about the need to reposition business generally, and his own business specifically, in relation

to the prevailing socio-political forces, he stressed two factors: "1. the inevitability of change through transformation from a white dominated society to a future of one country for all our people and 2. the need to develop and implement creative initiatives to reverse the economically destructive route we are on"[12]. If business was to prosper, it had to accept both of these points. "Be it self-interest be it fear or threat, the challenge we saw was that if we did not increase the capacity of business to stay in business, then no matter whether all concerned commenced right now a process of consultation toward real change, there would still, in fact, be no worthwhile future to which we could look forward. ... We had to acknowledge that both white and black had been suppressed, - the workplace had become, for whites, a means of controlling others and for blacks a means of survival, and neither were achieving self-fulfillment[13]."

The aim of this 'change process' was to alter the relationship between management and workers, and between black and white employees, in order to produce a greater sense of identity with the company goals. This was attempted through offering them a greater stake in its performance. An essential dimension of this aim was to reduce conflict and, ultimately, to improve productivity and to secure the long-term viability of the enterprise. The 'philosophy' behind this was based on the stakeholder variant of pluralist theory, making its mark within managerial writings at the time. Shareholders, management, workers, customers, and the wider community were viewed as being interdependent stakeholders in the business - in contrast to the prevailing view in both business and labour circles which viewed management as being an executive arm of the shareholders, with interests in competition with or contradiction to those of the workers and their unions. In a significant variation from much of the more populist American writing on the subject, at PG Bison it was not just the

employees as a general category, but the trades unions specifically, which were viewed from the top as important stakeholders in the process, to be actively assisted in their work, though this was not always carried out in practice. A key aim was to win the backing of the unions. Other stakeholders included shareholders, management, the customers and the "community" (both in the sense of the community of employees and their families, and the broader community or communities from which the employees were drawn). The ideas forming the basis of the TPQ model were drawn from a number of sources including writing on the Japanese, American, German and Brazilian experiences, the impact of the experiences at other South African companies and to a lesser extent, the influence of trades unions and various political actors within the country at the time (though this influence increased as the programme progressed).

The first move was to create a new executive director's portfolio, carrying responsibility for implementing the participative programme. The position was given to an outsider, Christo Nel, whose initial task was to win the support, or at least the acquiescence, of senior managers, whose politics ranged from Conservative Party (and at a lower level AWB) members to activists within ANC-aligned organisations. Among other things, this Senior Managerial Development Programme involved all the company's directors and senior managers going to Zimbabwe for three days to meet that country's political and business leadership as well as an ANC delegation, a year before the movement was unbanned. The programme was then launched for the workforce as a whole. By 1990 nearly 4 000 black and white employees were involved together in Value Sharing Workshops, which involved telling each other about their social and political perceptions, and involved education sessions giving, among other things, a potted history of African nationalism. Soon after the company introduced a variety

of schemes, some short-lived and several unsuccessful, aimed at improving levels of 'horizontal' communication and at moving away from the top-down style of line management which had previously characterised power relations. The most significant of these was a system of "In-a-Groups", introduced with the intention of involving workers and managers in some production-related decisions and in day to day problem-solving at the work unit level, as well as improving communication between black and white employees. In addition, several Internal Community Involvement"programmes were introduced in the late 1980s with the aim of improving the ability of workers to participate in decision making. The key one was LEAP, a company-wide literacy and numeracy scheme which the unions were involved in planning and implementing. In 1991 the National Forum was introduced - a structure similar in content and aim to the Workplace Forums of the 1995 Labour Relations Act. Management and unions participated together in quarterly national meetings, which formulated or moderated company policy on 'principles and values', promotions, union representation, the appointment of full-time shop stewards, literacy and training programmes, housing, health and safety, corporate social investment, restructuring, redundancies and job grading, among others. These operated parallel to the existing system of collective bargaining over wages and aspects of working conditions. Among the policies implemented from the late 1980s was an embargo on retrenchments (though not on redundancies) and a policy of never firing workers for taking part in stayaways or other political activities. Partly as a result of these efforts, the company did not have any strikes during the 10 years covered in this study.

At the same time, PG Bison positioned itself more decisively within the external political and business milieu. It was the key player in the creation of the Consultative Business Movement, and in its programmes, and Cohen, Nel, and others adopted a high profile activist role,

promoting 'in-house change programmes' with missionary zeal, regularly addressing business and political forums and 'networking' with political leaders from various parties and organisations. Several former ANC and UDF political figures were drawn into various capacities in management, and eventually, in January 1994, Cohen announced his decision to retire as CEO in order to stand (and be elected) as an ANC candidate for the provincial legislature - the first prominent business leader to take such a step. Both Cohen and Nel (who left PG Bison in 1991 to set up similar initiatives at several other major companies), stressed the relation between the external and internal dimensions - particularly how the former continually affected the latter - and saw the company's in-house change process as a way to resolve problems rooted in apartheid. They argued their programme represented a substantial departure from previous methods of running businesses. For instance, opening the company's first National Forum of 1992, Cohen encapsulated his vision of a multi-racial consensus: "Our journey really began in 1987 when we as managers began to realise that we had to develop a new vision for ourselves to develop and grow into the 21st century. ... Business is a small microcosm of the country as a whole, and this journey will help determine the future of the country. Business can prove that a multi-ethnic-cultural organisation can create growth and opportunity which will enable it ultimately to succeed. ... We must use our ability to arrive at consensus on as many issues as possible. That what the forum is about. It's no different from the Codesa process."[14]

Union officials also stressed the political dimension of TPQ and its significance for their members, and, at times, its potential significance for the country more generally. For instance, Cohen's grandiose vision can be detected in even more florid terms in the remarks made at an earlier meeting of the Forum, by Ppwawu national organiser Elijah Masinga: "What we

have done here is not small. It is very big. We are makers of history, of the new South Africa. This is not easy. We are pioneers of the new industrial order in South Africa. None of us should feel we are not making a contribution. We look forward to the day when other companies feel at liberty to copy what we are trying to do here."[15] Soon after this, participative management schemes, which were previously a fringe phenomenon among South African companies, did emerge, some of them indeed "copying" aspects of the PG Bison programme through retaining the services of Nel and his Itisa consultancy[16]. However, the significance of the use of these quotes is less to assess their relation to reality, and more to illustrate the phenological aspect of participative management (how, at least in this company, it was viewed as a clear break from previous managerial practices), as well as how overtly politicised this could be within the South African context at the time. This point is reinforced by reference to the attitudes of some of the programme's opponents at PG Bison. Take for example the 1991 assessment of Petrus Esterhuizen, a production manager at Laminate Industries, the subsidiary where TPQ was most advanced, on the attitudes of some of his colleagues: "There are still a few managers who call it bullshit because they believe that if you go into the system of participative management you are a kaffir boetie."[17] Reflecting a different corner of the political universe, Elias Monage, former Numsa organiser at the company's Alrode factory, said participative management was "a negative thing for the workers", introduced to "undermine the trade unions, coopt the leadership and minimize the militancy of the leadership."[18] Similarly, Sakhela Buhlungu, former Ppwawu assistant general secretary, argued it was motivated by "an acceptance that government will change and that, to be on the safe side under a new government, the bosses will have to adapt to changing circumstances."[19] What is apparent from these examples is an acceptance that TPQ was inherently political. In common with those viewing it in a rosier light, there is no disputing

its potential significance, though from these perspectives it is seen as a dangerous development.

While the arguments about the politicisation of managerial strategy emerge most clearly from the PG Bison example, they also apply, usually in a less conspicuous form, to most other companies which embarked on similar programmes in this period (several influenced by the experience at PG Bison[20]), participative management programmes have as yet only been implemented in any coherent form at a minority of South African companies - something likely to change with the implementation of the Labour Relations Act, which became law in November 1996. In each of the examples discussed in chapter five, and several others), the impact of overtly political considerations both in the prompting the launch of the participative programme and in influence its content and direction, is apparent. To take an example which applied to each of these companies, the need to reduce shop floor racism and racial conflict was widely recognised, leading to various anti-racist programmes for employees and, also to programmes of affirmative action. Other factors common to several of the companies included a desire to accommodate pressures from trades unions, the desire of some CEOs to position their companies with a view to longer term political considerations, and a concern with undoing some of damage to communication and job skills created by apartheid education.

1.3 CONCLUSION

The exigency of South Africa's internal political situation was a dominant factor in influencing the attitudes and actions of managements. This shaped the minds of individuals within the executive structures of companies and set many of the parameters in which they

could operate, thereby contributing to establishing the basis for the style of participative management which emerged in the 1980s. But the specific impact of international influences was also considerable. Historically, the managements of many companies operated within a framework of thinking (as well as within a framework of company law and stock exchange procedure) appropriated from British traditions of 'free market' capitalism, antagonism to trades unions (though they hardly needed much foreign ideological assistance in this respect), of an unfettered managerial prerogative with company executives being viewed as solely representative of the interests of the shareholders, and no one else. When the country's political pressures prompted a volte face in some of these respects, it was to various international precedents, via books, seminars and contact with overseas colleagues, that they turned: drawing from the Americans, the Japanese (usually as interpreted - or misinterpreted - by the Americans) and, in some cases, the Germans, as well as from each other, in applying, adapting and altering their approaches, picking and choosing from the bazaar of international options to create their 'change processes'.

In this way South African participative management emerged from a decaying political system and an industrial relations system which had passed its sell-by date. While it drew from many sources, it would be correct to generalise by saying that it was primarily an indigenous business response to a range of home-grown politically-related pressures and stimuli (though each company had its own, idiosyncratic reasons for embarking on such strategies, and the commonality of a broad political motive should not be emphasised to the exclusion of other sources of influence). It began to gel in the late 1980s to create something new, interesting and significant and by the turn of the decade, the kinds of programmes pioneered at companies like Cashbuild, VW and PG Bison, or at least aspects of them, were being applied

and developed at a range of other companies like Nampak, Premier, Gencor, SAB, Eskom, Samancor, Mercedes, Nedcor and others. Managerial experiments viewed as risque and even dangerous a few years earlier became commonplace, and, in some industries, the norm (though it is worth noting that many companies, including some of the industrial giants like the Anglo-American and Barlows groups and the large financial institutions, tended to make little more than token gestures in this direction). By the time of the 1994 election, which sealed a political settlement to many of the conflicts which had helped prompt the drive towards participative management, the process had, in some companies, reached its peak, though in others it was just starting out. Since then, a change has become evident. On the one hand key aspects of the previous decade's drive gained even more momentum. In particular, the interest in affirmative action, and black managerial advancement more specifically, became a practical imperative. Even companies like PG Bison which had previously eschewed affirmative action as tokenistic, felt compelled to jump onto this particular bandwagon, though by this stage they had been left well behind. Along with this came a greater emphasis on training, literacy and adult learning programmes, as well as internal community involvement initiatives. On the other hand there was a fall-off in the overtly political aspects of the participatory managerial package; in particular the political awareness and value-sharing workshops for employees and the emphasis on reducing black-white conflict. In some companies, there was also a reduction in the emphasis on other dimensions of the move towards greater employee participation in decision making. At PG Bison, the restructuring programme led to an effective downgrading of key aspects its TPQ package. One reason for this shift is the more competitive environment which many industries have experienced since the election. A result has been a greater stress on capturing markets and therefore by improving product quality and service, and upgrading advertising and public relations budgets.

With the downgrading of the political imperatives that prompted participative management in the eighties and early nineties, the programmes at several companies have tended to shift their emphasis away from employee relations and towards market position and customer relations, though this is by no means a universal or absolute phenomenon. However, a decisive mitigating factor in this regard is the arrival of the new Labour Relations Act - which, after a protracted battle between organised labour and organised business, was settled in December 1995, though only became law 11 months later. Most significant in this regard is Chapter Five of the act, which deals with the creation of workplace forums for consultation between employers and employees, designed to promote information-sharing, consultation and joint decision-making. In general, the idea is to promote cooperative relations between managers and workers in order to enhance flexibility and efficiency and to reduce industrial conflict.[21] The election of a new government, with strong roots in the union movement, made possible this decisive shift away from the framework of previous Labour Relations legislation which had not attempted to encourage a partnership between capital and labour, and, at best, had put into place limited mechanisms for conflict resolution. This appears to represent a new stage of a process which began with the experimentation by the managements of a handful of companies, and their negotiations with organised labour to implement their ideas, largely in response to the political pressures they faced.

The chapters which follow investigate this process from a number of different angles. In Part One the macro context is examined. This is done by setting out the stall for an empirical approach to the subject, by considering the shifts away from determinism in various branches of social theory and then focussing on the realm of management and industrial relations theory. From there two of the main influences of South African participative management

are considered: the political and cultural pressures which were a major factor in prompting the initial moves by various managements in the direction of participative change programmes, and the international managerial influences which played a significant role in shaping the programmes chosen. South African participative management is then discussed more specifically, both by examining general themes in its development - political, economic and cultural - and by examining the experience of various companies which have adopted participative programmes of one kind or another. Finally, it looks at the post-apartheid state of participative management, with particular reference to the changes in the Labour Relations Act. Part Two examines the experience of PG Bison. It begins with a picture of the business before considering the influences and pressures which prompted it to launch its TPQ programme. Thereafter the programme itself is examined - by examining its component parts and how these changed over time and by considering the reactions of employees, managers and shareholders.

NOTES

1. Interview, Christo Nel, February 3 1989.

2. The adjective 'participatory' would seem preferable.

3. K F Walker, "Workers's participation in management: concepts and reality", in B Barrett, E Rhodes and J Beishen (eds) Industrial Relations in the Wider Society, Open University, London, 1975, p 436.

4. D Farnham and J Pimlott: Understanding Industrial Relations (2nd edition), Cassell, London, 1983, p 421.

5. John Viljoen, "Worker Participation in a South African Context,", South African Journal of Labour Relations, Vol 10, No 1, March 1986, p 53.

6. M Salamon, Industrial Relations: Theory and Practice, Princtice/Hall International, London, 1987, p 302.

7. Though this is an area which most trades unions, including those more sympathetic to the broader goals of participative management, tend to tread lightly because of their effect, or perceived effect, on worker solidarity and morale.

8. However, in themselves these schemes do not usually represent an increase in employee power within the company, and therefore unless employees are involved in the decision making around such programmes, they do not fall easily within even the broadest definitions of participative management.

9. Salamon, op cit, p 300.

10. Loet Douwes-Dekker, "Workers' Participation in South Africa: Some Suggestions," IR Journal, 4th Quarter, 1987, pp 10 - 11.

11. This point is discussed in chapter four.

12. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," paper, delivered to PG Bison Strategic Business Unit leaders, March 13 1989, p 3.

13. Ibid, pp 5 - 6

14. "Report on Valley Lodge Forum: Minutes and detailed report on Third National meeting," company document, March 30 1992, p 6.

15. "Information Bulletin, Minutes from Second PG Bison National Forum, Hunter's Rest, Octobe 13 - 15 1991," company document, November 1991, p 14.

16. Institute for Transformation and Interdependence Strategy and Action.

17. Interview, Petrus Esterhuizen, May 2 1991.

18. Elias Monage, interview, August 24 1992.

19. S Buhlungu, "Review of Conflict and Cooperation: case studies in worker participation by Jul Maller," South African Labour Bulletin, vol 18, no 7, September/October 1992.

20. As is discussed in chapter 5 among the companies whose participative programmes were influenced by PG Bison's were PG Glass, SA Breweries, Nampak, Premier, Gencor and Cashbuild.

21. Interview, Halton Cheadle, February 1 1995; Clive Thompson: "Labour law's third revolution," Weekly Mail and Guardian, February 3 1995; Mail and Guardian July 7 1995; The Citizen, July 18 1995; Republic of South Africa Government Gazette, 10 February 1995, No 16259, "Draft Negotiating Document in the Form of a Labour Relations Bill.

PART ONE: THE INTERNATIONAL AND SOUTH AFRICAN CONTEXT FOR PARTICIPATIVE MANAGEMENT

CHAPTER TWO

THEORIES AND FACTS

2.1 INTRODUCTION

Among the central questions to be answered in this study is this one: why did a significant number of South Africa's CEOs and MD's adopt participatory managerial programmes at their companies in the late 1980s and early 1990s? Several related questions arise from it: first, what was the nature of the influence on these directors which prompted them down this path? How, for instance, did the country's political conflict affect their initiatives? Were there significant pressures from trades unions to follow this root, or, alternatively, were they motivated by the option of subverting their unions? Were there conflicts within the firms - between black and white employees for instance - prompting them along this path? Was it a question of improving performance or responding to technological changes? What was the impact of international developments - of new management 'philosophies' and techniques and new approaches to organising production? And to what extent can the genesis of the process be attributed to the 'visions' of a group of far-sighted company executives? Second, what options were available to these companies at that time, and what were their intentions in following them? Did they aim to increase the involvement of their workers in the management of the company, or were they merely trying to win a period of industrial peace? Was it a case of cooling an overheated employee base, or offering safer channels for political passion, or

making a contribution to social and political change? Or were they reluctantly pressured along this path, without long term strategies? Third, what were the implications of the introduction of participatory management programmes? Did they remain employer-driven and stay within the bounds originally forecast? Or did union or political pressures shift their focus? Did these programmes achieve their initial goals of industrial peace, a reduction in racial tensions, improved performance and a better trained, more willing workforce? And did their initiatives survive as long-term programmes or falter when new priorities emerged or when the country's political climate changed?

There is no single answer to the central question, nor to those following from it, because one is dealing with a wide spectrum of organisations and individuals, each with its own problems, needs and idiosyncracies. One is therefore looking at tendencies, and by generalising, ordering these according to commonality and significance. While there are other ways of approaching the subject[1], when dealt with in this way, one is already indicating an empirical analytical slant because the approach suggests the prime task is to consider several issues rooted in an assessment of fact and opinion. While this may be informed by considerations at a higher level of abstraction (through drawing on what seems applicable within the realm of social theory), these theories are at best useful tools rather than the main issue of concern.

It is here one needs to consider aspects of the universe of social theory: What is there to draw from? Which tools are available? Are there any overarching propositions about how the world works which may help to explain the phenomenon under consideration? These questions are considered from two angles. In 2.2 the focus is on the changes within political, economic and managerial ideology, particularly over the eight years since the fall of collapse of communism

began. The angle is one of assessing the impact of the end of the Cold War in this respect, with the main argument relating to its effect, when combined with pre-existing tendencies, in reducing the scope, ambition of several major branches of social theory. In particular two broad "schools" of thought rooted in 19th century concepts of human progress, are considered, both of which have considerable relevance for the subject at hand: Marxist political and social theory and neo-Classical (or as it is now more commonly called, neo-liberal or supply side) economic theory. The purpose of this exercise is to establish the case for approaching the subject with a degree of theoretical eclecticism and with an empirical bias. In 2.3 the focus shifts to the specific consideration of how the advent of participative management and the post-fordist industrial system from which it emerged, has been explained, both by managerial industrial relations specialists and by trade unionists and their academic backers. Here the work of the labour process school of theorists is considered in particular, mainly because of its influence on the trade union side of the South African debate. Finally, in 2.4 the relevance of the case studies chosen is considered with respect to their representivity.

2.2 THE END OF THE COLD WAR AND THE DECLINE OF IDEOLOGY

Within the two years at the turn of the decade, the implosion of the communist world had virtually been concluded and the ideological certainties which dominated global politics since the end of the second world war had evaporated. No longer were there two global power blocs, hinged to competing ideologies, shadow boxing each other, doing their utmost, in their different ways, to ensure that nations within their competing 'spheres of influence' remained politically and economically compliant, as they had done throughout the 45 year Cold War[2]. The world was now safe for democracy, or so it seemed. With communism removed as a

primarily threat to liberal democracy and liberal economics, the first flushes of victory prompted a spell of triumphalism by the purveyors of the 'New World Order' and for a couple of years an international state of grace (in relative terms) seemed to exist. But this was quickly followed by a morning-after global headache as the realities of the social and economic problems, the nascent tribal conflicts, the suppressed religious and political tensions, raised their invariably ugly heads.

Yet the point made by that most eloquent of triumphalists, Francis Fukuyama, remains valid: that when set against liberal democracy on a world scale, "it is difficult to identify plausible ideological competitors, and there are few alternative institutional arrangements that elicit any enthusiasm"[3] (although this offered little hint of the internal strains the existing liberal democracies were under). The obvious competitors - tribalism and extreme nationalism[4], neo-fascism[5] a revived neo-Bolshevism[6] and even fundamentalist Islam[7], are, despite their considerable successes, unable to provide a viable alternative to Western capitalism or develop a global appeal. A more serious competitor, Fukuyama argues, is Asian paternalistic authoritarianism, in most cases built around the moral codes and social and familial structures of Confucianism, though he makes the point that this too is a regional phenomenon, and concedes that it can co-exist with liberal democratic structures (as in Japan) as well as with semi-authoritarian states like Singapore and Malaysia[8] and dictatorship (China). His argument is reinforced by the growth in the number of states based on liberal democratic principles, particularly in Africa, Eastern Europe and Latin America during the first half of the 1990s[9].

Within advanced industrialised states, this new reality, in which the only global challenger to liberal democracy was removed, had a profound effect on the nature and tone of political

discourse. In one swoop the justification for the continued expansion of military industrial complexes and intelligence and security networks was removed, along with much of the rationale for various 'restrictions' on liberal democracy the Cold War ostensibly legitimised[10]. The left no longer existed as an alternative to liberal democracy, a reality which forced several parties and governments of the right to look elsewhere for their source of oppositional raison d'etre and, indeed, cohesion.[11] As the parameters of political debate narrowed, so the nuances within these parameters, became more defined and hotly contested. The results have been incohesive, unpredictable and uncertain at the national party-political level. In the US, a more aggressive turn to the right occurred, with the old, external enemy of communism making way for a more focussed identification of internal enemies, combined with a more virulent assertion of the economic, moral and religious imperatives of the previous decade, even though, in its more extreme forms, this remains a minority pursuit[12]. Within and beyond the US, there has also been a shift in the direction of freer markets, pruned bureaucracies and lower taxes - developments accompanying profound changes in the world economy and increased public cynicism about government generally, although the American variant of the rightward turn has not been mirrored in most other advanced industrialised countries, and indeed, in contrast to the 1980s[13], several have shown limited tendencies in a different direction[14], while others have been marked by uncertainty and flux of the unravelling of Cold War alliances[15], with a common feature being the exposure of large scale corruption, previously obscured by the consensus around security during the Cold War[16].

But it would be facile to deduce tendencies in political discourse merely from assessing whether patterns of party-political dominance can be detected internationally. For one thing,

the short-hand categories of political pigeon-holing no longer exist in the same forms as previously. What is 'liberal', 'conservative', 'left' and 'right' have shifted, and have become confused as players associated with one category adopt positions previously associated with the opposing category, and therefore help alter the definition of the position itself[17]. While it may be correct to say that within what remains of the old definitions, parties of both left and right have tended to move rightwards, the more significant point is that within the narrowing poles of political debate in the industrialised democracies, the definitions that seemed adequate in the Cold War era, no longer suffice. And the confusion has not merely been one of definition. A great deal that seemed set in stone within the framework of liberal democratic politics and economics, is now more open for debate. In one sense it could be argued that the end of Communism was not so much a social force in itself in changing the world, as a catalyst for unveiling more deep-rooted social forces which the Cold War had obscured. The end of communism as a global system opened serious debate in the West in areas previously considered sacrosanct or not taken seriously It also had an impact in the domain of political, cultural and economic theory, placing under particular strain those views which explained the world in terms of a coherent global logic or a single force running through history.

The point here is that no social theory can flourish (nor, strictly, exist) without reference to an empirical base - to the 'real world' - and this applies regardless of its level of abstraction. Where social facts consistently contradict key premises of the theory, it begins to become discredited (though it might be argued that even outside of the religious domain there is no direct correlation between belief and evidence). Certainly this relation between the reality and

the theories which claim to reflect it, can be demonstrated with regard to the fate of that most ambitious of world views, Marxism.

2.2.1 The death of communism and rise of 'stakeholder capitalism'

The decline of historical materialism as an analytical 'tool' within Western academia pre-dated the fall of the Berlin wall, but it was this event and the series of after-shocks as the 'domino effect' hit one Soviet bloc regime after another, that finished off its claim as a contender. As Anthony Giddens put it: "Marx and Engels are almost forgotten, consigned to the lumber room of history, where they thought capitalism would eventually find itself.[18]" Western Marxist and communist parties, including those avowedly anti-Soviet (with the quixotic exception of the Trotskyists), collapsed (or quickly changed their names, identities and constitutions, along with their journals and newspapers). Their academic and public representatives either disappeared from view or re-emerged with lighter ideological baggage and much of what remained of the more militantly leftwing union leadership was swept away by the changed intellectual and political tide. One reason for this demise was the visible failure (and in most cases disappearance) of socialism in virtually all its applied forms, whether as variants of 'Actually Existing Socialism' in the Soviet Union and Eastern Europe, Chinese Maoism, Yugoslavian market socialism, African socialism, socialism in Africa and, to a certain extent, what remains of the Cuban, Vietnamese and North Korean experiments[19]. Marxists may previously have been able to explain the failures and excesses of these regimes in terms of anomalies, mis-applications of texts, or as something other than the genuine item, but the speed of their implosion forced a profound crisis in what remained of the confidence in the underlying ideology.

While Western Marxists had once criticised communist regimes for their lack of democracy, it became apparent that a curtailment of political democracy had been essential to their survival for the very reason that they appeared unable to curtail economic choice, which was the essence of the system's rationale, while allowing genuine political choice. Beyond this contradiction between political democracy and economic compulsion, the economics of the system could not be sustained without the state taking the place of the market (and therefore the individual) - even when, in its later days, market reforms were cobbled onto the existing forms of state ownership. Ironically, the last Soviet leader Mikhail Gorbachev, located this problem in his final testament on socialism, when he noted that the main "shortcoming" of "actually existing socialism" was "above all the lack of inner stimuli for self improvement" (which under capitalism, he noted, was the profit motive)[20]. The idea that a complex economic system could be organised by a single centralised force (the state) was disproved. Beyond the military domain, the system showed little capacity for innovation and for advancing research and development and was unable to compete in any sustainable respect with the economies of the West. In contrast to Marx's predication of the withering away of the state, it was growing, both in its capacity as organiser of economic activity and as suppressor of political dissent. It absorbed a growing proportion of the surplus produced, thereby exacerbating a decline in living standards in most of these countries. The seeds of its destruction therefore lay less in the Cold War itself (though the arms race was clearly a contributing factor) and more in its own internal logic, or lack of it. What had once seemed to be the great alternative to capitalism, was exposed as a brief and brutal historical experiment which failed.

But if the application of Marxism in organising society did not delivered as promised, did this necessarily negate Marxist analysis of capitalism? The answer seemed to be that the two were not unrelated. A philosophical pillar of Marxism is the Hegelian notion of the dialectic: thesis, antithesis, synthesis - where history is viewed as a conflictual, but ultimately coherent, evolutionary progression, from the pre-history of hunter gatherer society to the end of history where society is free from fundamental contradictions. However, unlike Hegel, Marx's notion of the dialectic is rooted in the material world, and more specifically in production. His social theory begins with the belief that all history is the history of class struggle. Classes are defined not as status or income groups but as a relationship to the means of production. Each mode of production has two essential classes - one producing, the other owning and controlling. This dialectic, found in the conflict between the contending classes, leads to a fresh synthesis, in the form of a new, higher mode of production which contains its own central contradiction which again is played out between the contending classes. In this way capitalism is viewed as rising, phoenix-like, out of feudalism. But it too contains within it the seeds of its own destruction, found in the contradiction between the forces and the relations of production (the producing class - the workers - are increasingly alienated from ownership of the means of production, while at the same time being collectivised in larger numbers through the expansion of the forces of production). At the point where the workers finally shed their 'chains' and seize ownership of the means of production from the bourgeoisie, capitalism is succeeded by socialism, which matures into communism - a classless society where no fundamental conflicts exist. The dispossessed classes, as history's agents, will have fulfilled the society's ultimate destiny.[21]

An immediate problem for those wedded to this system of thought came with the removal of those who claimed to be furthest along this evolutionary road (the various socialist countries), and the flaws in Marx's prognoses it suggested[22]. This had a profound effect in prompting a reassessment of the basic principles. But the problems in this system of thought went deeper than that. The empirical data on the progress of capitalism itself was contradicting Marxist analysis in a way that went right to the root of his system of thought. To take an example of significance for the themes of this study: the increasing collectivisation of workers in large factories as part of the concentration of capital Marx observed and predicted, could no longer be said to apply in the last quarter of the twentieth century. In the advanced industrialised countries the opposite tendency existed: towards smaller concentrations of employees, cottage industries, sub-contracting and diversification, and away from the deskilling of assembly line production, with new computer and information technologies contributing to a decentralisation of aspects of economic power.[23] Moreover the centrality of production, and particularly the producing class, within historical materialist thought, was thrown into question when applied to social formations where production, and manufacturing in particular, was absorbing a decreasing proportion of the employee base, relative, in particular, to the service industries. History's agents under capitalism - the industrial proletariat - were a declining force.

This raised further questions about the applicability of Marx's production-related definition of class, in that it was no longer clear precisely who, if anyone, history's agents were. Even in the industrial realm, the relationship between who owned and who produced became blurred, as did the related distinction between intellectual and manual labour, which was a dominant feature of capitalism until the early 1970s. One did not need to go to the extremes of this view (as Peter Drucker did when he argued that the means of production were now

literally owned by the workers because those means were in their heads and fingertips[24]) to acknowledge that in a growing section of industry, when it came to recruiting core employees, it was intelligence and imagination as much as 'skills', let alone manual labour power, which was being purchased, and as Charles Handy put it, "intelligence is a leaky form of property"[25]. With the emergence of new forms of management, and the disappearance of layers of middle managers, there was also a blurring of the roles traditionally played by workers and managers. This point is made Tom Peters when he wrote: "All jobs (in developed countries at least) are fast becoming professional service firm jobs. Managers are disappearing. 'Workers' are all becoming 'managers'"[26]. Too stark a formulation, perhaps, but certainly the distinction between the two categories is no longer as clear as it once was. Furthermore, within the Japanese industrial tradition, the individuals forming the top layer of management are not seen as representatives of the owners (usually the financiers) but rather of the workers, and are rewarded accordingly[27], raising questions as to whether owners and controllers of the means of production should always be slotted into the same class category. In many cases the idea of separate categories of owners and controllers on the one hand, and producers on the other, as the two fundamental classes, no longer applies as anything other than, at best, a shaky abstract theoretical category. Even if one extends such a definition beyond the realms of production, the majority of people in the advanced industrialised countries would not fit easily into either category, nor, for that matter into what Marxists, with great debate over definitions, have termed the old or 'new' petty bourgeoisie (though at times they might fit into several or all of these categories).

With the working class, by any definition, representing declining proportions of the populations of industrialised countries, the notion of workers seizing control of the means of

production to create a world free from exploitation moved from quaint to ridiculous. Marxist class categories had become shifting and uncertain, and therefore of declining utility as analytical constructs or as a basis for political organisation[28]. This shift in intellectual focus contributed to the crisis of confidence among leftist formations in the West, which led to their further marginalisation as a discreet political form. Those remaining, point to the social necessity for radical critiques and action, but have yet to find the analytical or political tools for a remedy. As Goran Therborn acknowledged: "At this juncture of history, after the exhaustion of the October Revolution and the decline of the industrial working class, the future relevance of the Marxian dialectic of modernity has to be thought anew. If there is anything valid in ideas about the processes of economic and cultural globalization, to separate humanity between divisions of history and post-history makes no sense. On the contrary, global interdependence and global chasms of misery and affluence are simultaneously growing. Polarisations of life chances, if not of rival powers, are building in the developed metropoles too. A dialectical understanding of this unity of opposites is called for today, hardly less than at the time of Karl Marx."[29] It is hardly worth adding that a firm basis for such an approach has yet to be discovered.

But it was not only Marxism and its political formations, which hit an identity crisis after the Cold War. The ideas underpinning social democracy have also fell into disrepute, and, for that matter, the spirited intellectual revival of Keynesianism has yet to find a viable political sponsor after its stagflation-related demise in the early 1970s. While social democracy was always an opponent of communism, at the same time its political survival was linked to it. The origins of German social market theory and practice, and of social democracy more generally, lay both in opposition to fascism and communism and the accords and compromises

of its heyday happened not so much on their own steam, but rather as a consequence of the political and ideological conflicts of the Cold War, particularly in Western Europe[30], and it was during communism's final decade that these accords lost their currency and began to unravel, partly because of the success of neo-liberal critiques of the operation of the welfare state (as a result of their failure not only in aiding the creation of wealth but also in successfully redistributing it, and also because of the growth of their bureaucracies.)

The previously unknown phenomenon of privatisation became a fait accompli in successfully undoing the nationalisations which were part of the post-war social contract. The success of monetarist policies in reducing world inflation (albeit with a consequent falloff in real growth), the removal of barriers to international trade and the declining importance of nation-states, removed many policy options which were once staples of social democracy, and which were also followed with less enthusiasm by conservative and Christian Democrat parties. The withering of the state appeared to be coming not through communism, as Marx and Engels had predicted, but through a deepening of capitalist relations, or more precisely, through the globalisation of corporate power, the money markets and information technology. This dilemma for social democrats - of where to turn their fire now that the statist option had been removed - was ably expressed by a German social democrat Gerhard Schroder, who accused his own party of trying to find artificial differences with their rivals. "This seems to be connected with the disappearance of the old difference of systems, between capitalism and socialism. I sometimes have the impression our party is looking for a substitute for the old conflict of systems"[31]. The more successful social democratic parties[32] tended to offer little more at the economic level than running the existing system better than their neo-liberal opponents, and in a slightly more equitable way[33], but without tampering with fundamentals.

The options explored by the left's remaining political advocates ranged from communalism to neo-Keynesianism, and often a combination of the two, but there was a recognition that socialism and even the social democratic compromise had vanished from the political equation. Alternatively, as with the British Labour Party, the terms socialism and social democracy were redefined to accommodate new realities. Its advocates tended to talk of interest groups rather than classes, devolving power rather than centralising it, building community life rather than state institutions, and of redistributing opportunity, not income, and they generally agree that the welfare state required radical reform.

Nevertheless, underlying this jargon are conceptions of society and of the human subject within it, which diverge significantly from the neo classical economic approach, and even more starkly from Marxism. Individuals are not viewed as agents of immutable historical forces (such as the market in liberal economics, or social classes as in Marxism), and therefore the notion of an inherent conflict between capital and labour, within the firm and society, is rejected, and replaced by the pluralist notion of 'stakeholders' - all having their own interests and sometimes their own corners to fight, but all reliant on one another. At the macro level the market is viewed as a necessary but imperfect instrument for building an efficient economy, with the national state accorded limited interventionist economic roles - in, for example, training, labour relations policy and industrialisation strategy, all of which tend to be anathema to neo-liberals. In Britain, and the United States, some of these ideas have coalesced into the notion of the 'stakeholder society' - a term vigorously promoted by the British Labour Party and other centre-left forums and trade unions[35] as encapsulating a fairer, more efficient society, and equally vigorously attacked by the Conservative Party and other free marketeers as a form of corporatism which would allow greater power to unions and

other vested interest groups[36], and attacked by the what remains of the far left as at best vacuous set of platitudes which offer no hope of a departure from the capitalist status quo, and at worst a dangerous threat to working class interests[37].

While the word 'stakeholder' originated from American settlers staking their claims in the West, the term 'stakeholder company' was coined in its current context by American business strategists in the late 1950s, and was used to promote the notion of a company being an institution containing reciprocal claims between those with a stake in its success. It gained popular currency after it was advocated by Galbraith in his book, The New Industrial State, first published 1967[38], when it was used to define the objectives of corporations more broadly than simply maximising their profits. The stakeholder corporation was an example of capitalism with a social conscience, in which employees, suppliers, customers, bankers and, in some cases, the 'community' were seen as legitimate players, alongside management and shareholders. Although it was used more widely in the US during the 1970s and 1980s - often by managers appealing to broader 'stakeholder' interests when trying to block hostile takeover bids - it was seldom applied beyond the level of the corporation, nor packaged into any kind of legislative programme, in the sense subsequently considered by the British Labour Party and its intellectual backers. Today, it continues to be widely used at the company level - not least by several major corporations themselves[39] - as well as by politicians advocating legislative in the direction of securing profit sharing, increased employee shareownership and a more long-term approach to investment[40]. Tony Blair, for instance, advocates his vision of the corporation as a community of interests. "It is surely time to assess how we shift the emphasis in corporate ethos - from the company being a mere vehicle for the capital market to be traded, bought and sold as a commodity - towards a vision of the company as a

community or partnership in which each employee has a stake, and where the company's responsibilities are more clearly delineated," he said.[41]

But the stakeholder notion has expanded beyond its original paramaters to be applied more broadly to nation states and particularly the way their economies are structured - the core motivation being that a society characterised by a high degree of social cohesion, where everyone has a stake in its success, as well as by vigorous wealth creation, tends to be more successful than one characterised by aggressive individualism. Blair stresses this dimension of inclusiveness in macro economic thinking. "The economics of the centre and the centre-left today should be geared to the creation of a stakeholder economy which involves all our people, not a privileged few, or even a better-off 30 percent or 40 percent or 50 percent. If we fail in that, we waste talent, squander potential wealth-creating ability and deny the basis of trust upon which a cohesive society - one nation - is built."[42] At a policy level, however, the rhetoric is not been accompanied by suggestions of fundamental restructuring, even within the capitalist framework, but rather by a shift in emphasis. Its advocates are adamant it does not imply a return to 1970s-style corporatism and public ownership, but instead, in rejecting unfettered free market capitalism, they talk in vague terms about 'empowerment', 'community building', 'decentralisation', 'partnership' and giving individuals a 'stake'[43]. In Britain, where the idea is currently being advanced and opposed with most vigour, specific policies beyond the realms of the company and the financial sector mentioned above, have gone little further than advocating increased attention on education and training, and on reducing youth unemployment, as well as a greater emphasis on broadening access to computer and related technologies.[44] More generally there is a stress on the social context of markets, on the need for strong communities and a basis of trust in capitalism and on the obligations as well as

rights that the system implies for owners. As John Kay and Will Hutton put it: "The key stakeholder value is inclusion, rather than the equality sought by the Old Left or the individual autonomy stressed by the New Right."[45]

2.2.2 New challenges to neo-classical social theory

As illustrated at the party-political level above, the post-Cold War confusion of identity, and direction, while certainly most profound on the left, was not confined to this pole. For if capitalism and liberal democracy were victorious, the very fact of this victory opened these systems to far more intense naval gazing than was possible while there was a communist alternative to fight. The fault lines in conventional wisdom in a range of areas - from constitutional politics[46], to managerial theory[47] - were exposed to a far brighter critical light. But it is in the failures of modern capitalism, and the theories advanced to explain them, that potentially the most significant challenge exists to the dominant force in late 20th century Western social analysis: the faith in the rationality of the market and its ability to dispense the greatest good for all, as well as the assumptions about human nature underpinning this belief system.

While liberal economic and political thought of the last two centuries may have been less prescriptive than their socialist counterparts, they have also wrested on certain bedrock beliefs about the direction of history and mankind's social evolution, albeit with radically different conclusions from that of Marxism. The notion of a train of history - that the development of human society is not open ended - can be detected in most of the major 19th century political and economic philosophers. For Hegel, human progress was motivated by the desire for

recognition as human beings (their sense of self-worth and status and desire for autonomy as free individuals), with the destination being the liberal state[47]. A less definitive variant of the notion that history has a destination, can be seen through the Anglo-Saxon liberalism of Hobbes, who saw the process driven by enlightened self-interest - desire, combined with reason[49]. One can detect similar assumptions behind the thinking in the late 18th century of the moral philosopher and founder of modern economics, Adam Smith. His belief in the 'invisible hand' of market forces which, ultimately, benefit not only the self-interested entrepreneur and worker, but society in general - and its corollary that any interference with this self-regulating harmony would reduce society's wealth - formed the basis for modern economic theory[50]. In each case there is a belief in the logic of the market, in history as a coherent process and in a destination of the common good - all deriving from the 17th century Newtonian conception that the laws of nature necessarily produce a natural harmony, which is replicated in social affairs. In this view, as in Marxism, the human subject is, in essence, an economic actor, though where it diverges from Marxism is in its focus on the market, rather than production, as the motor force in history. The objective interest of the individual is to pursue the best bargain and act out his role as a bearer of these market relations which ultimately have the effect of creating a society which operates for the best interests of all.

In similar vein, for Fukuyama, the most prominent of the modern Hegelians, the destination at the "end of history" (by which is meant that there would be "no further progress of underlying principles and institutions because all the really big questions had been settled"[51]) is liberal democracy and the means of getting there is the combination of 'science' (when coupled with enterprise, through capitalism) and Hegelian 'recognition'. He first proposed this thesis in 1989, arguing that a consensus had emerged throughout the world on the legitimacy

of liberal democracy; that it had conquered rival ideologies, from hereditary monarchy to communism and that it possibly constituted the "final form of human government" and the "end point of mankind's ideological evolution", and therefore represented the "end of history" in that, from then on, human progress was free from fundamental internal contradictions.[52] Drawing in particular on the Hegelian belief that the evolution of human society was not open-ended (in Hegel's view it also ended with the liberal state), he elaborated on this basic thesis in his seminal book published three years later. His emphasis was on those elements indicating rationality, order and direction. "All countries undergoing economic modernisation must increasingly resemble one another: they must unify nationally on the basis of a centralised state, urbanise, replace traditional forms of social organisation like tribe, sect and family with economically rational ones based on function and efficiency, and provide for the universal education of their citizens. Such societies have become increasingly linked with one another through global markets and the spread of a universal consumer culture. Moreover the logic of modern natural science would seem to dictate a universal evolution in the direction of capitalism".[53]

This equation of capitalism, science, markets and progress, has certainly not been unquestioned since the collapse of communism. In particular, the hegemony of neo-liberal[54] economics within Western academic and governmental institutions during the 1980s, has come under serious challenge from ideas based on variants of chaos theory, and, more prominently, neo-Keynesian theories, as well as from some remaining within the neo-classical tradition. They have questioned not only the conclusions, but also the premises of what had become conventional economic wisdom. It is notable that these challenges have only come to the fore within the more flexible intellectual climate that has existed since the fall of the Berlin wall.

One reason lies again in that illusive commodity, 'objective reality'. While there is an element of truth in the cliche, 'facts are always open to interpretation', it is also true that a preponderance of facts of a particular kind will add weight to one interpretation or another. After two decades of monetarist policy, not only in the advanced industrialised nations, but also in its exported versions in Chile, Israel, Poland, the Czech Republic and in Russia, as well as, by osmosis, in numerous other states including South Africa, some of the results are in and they are not all flattering to the theoretical assumptions from which the policies were derived.

In most countries where neo-liberal, and specifically monetarist, economic theory was vigorously applied, there was a failure to deliver on the key promise of combining low inflation with steady growth and manageable unemployment levels (and thereby refuting the Keynesian argument that there is, indeed, a necessary trade off between the two), let alone fulfilling fiscal promises such as reducing overall state expenditure, cutting middle class taxes and, most particularly balancing budgets. And, in some countries, public faith in the merits of privatisation and deregulation was undermined by the social consequences of these policies, in terms of education, welfare services, crime control, public health and environmental well-being.[55] While inflation was reduced globally, particularly in those countries pursuing tight monetary policies, the supposed corollary of a steadily growing economic 'cake' from which all could draw larger slices did not materialise in much of the Western world. The case for a link between inflation, fiscal policy and the general level of economic activity, which monetarists deny, was bolstered[56]. Instead of sustained stability, boom and bust cycles continued through the 1980s while in the 1990s low inflation has been combined with low rates of growth. Furthermore, the promised 'trickle down' of wealth from top to bottom did

not happen for those on the lower rungs of the economic ladder. In fact in those countries most assertively pursuing a neo-liberal economic agenda, the gap in wealth between rich and poor grew considerably, partly as a result of reduced taxes for the rich and reduced welfare benefits for the poor[57]. A central argument of supply side economics is that savings and investment would be boosted by reductions in the top bracket of income tax. But this did not occur, particularly in the US where investment as a proportion of the GDP remained constant, and personal savings declined, despite substantial cuts in income and corporate tax since 1980.[58] One reason was that the middle and working classes had to shoulder an increased share of the tax burden[59], and were therefore less able to sustain previous rates of savings and of consumption, leading to a decline in growth rates.[60] Moreover, in most advanced industrialised states, and particularly in Western Europe, unemployment levels rose well above the levels experienced in the 1970s[61]. It would be overstating the case to blame this situation purely on the neo-liberal economic agenda which dominated the 1980s[62], but this experience undoubtedly diminished the confidence of many economists in monetarist orthodoxies.

Another challenge to neo-liberal economics has come from the greater focus on the Eastern economies, and particularly on the successes of the 'Asian Tigers', which in several respects have followed economic models at variance with the supply side formula. The Western political right has tended to concentrate approvingly on some of their authoritarian dimensions[63] as well as on the free trade policies and low levels of regulation and taxation[64], which are seen as driving the impressive growth process. But the economic element seized upon by neo-Keynesians and acknowledged by some of their critics is the role played by the state and cultural institutions in fostering rapid economic growth. The governments of all the East Asian economies other than Hong Kong, and most particularly

Japan, have adopted policies of sustained, aggressive and detailed industrial planning, export and import management, credit allocation and other forms of 'intervention' (albeit with lower taxation levels and public spending than most OECD countries[65]), and therefore their sustained growth at rates far higher than the OECD average[66] cannot be seen as representing a triumph for supply side capitalism[67]. In the face of such evidence, even the former neo-liberal triumphalist Fukuyama shifted in the direction of economic and political relativism and against the traditional neo-classical economic view which concentrates solely on markets in considering the conditions for economic performance. Rather reluctantly he accepted that in certain cultures, such as Korea and Japan, state intervention can contribute to economic success[68]. "Orthodox neo-classical economists say the market is everything and that the State always produces inefficiencies. What is missing from this debate is an awareness of culture. The issue is: in what cultures is the State necessary and effective?"[69].

But the differences from the Western model of development go beyond economic policy. During the Cold War, Japan and the Asian Tigers and cubs, were often seen simplistically as part of the Western system, leading to an underplaying of their cultural, economic and political differences with the Western democracies. More recently the differences have been stressed. As Martin Jacques observed of Japan: "It has reached modernity and acquired its characteristics, but it remains distinct. .... It has succeeded in assimilating Western ideas and practices while retaining a strong sense of self, aided, of course by the fact that it has never been colonised. In the relationship between group and individual, the emphasis on education, the place of the family and the nature of the political system, Japan differs markedly from the West. Modernisation has not been synonymous with Westernisation."[70] Fukuyama saw more profound similarities between Japan and the United States, and placed greater stress on the

differences between Japan and the Asian Tigers[71], but, by 1995, he was making similar noises with reference to the cultural component in economic affairs: essentially that modernity depends on pre-modern sources of social capital (though he ignores the evidence that in most successful modern societies the two tend to work against each other). Drawing on Weber's studies on social and ethical habits and religious codes in the emergence of capitalism in the West[72], he emphasised the 'social virtues' derived from pre-modern community and family structures in the development of capitalism, in the US (where he says this social capital is no longer being renewed because individualism is winning out over more collective forms social existence), in Japan and the Asian Tigers. His point is that economic activity is not carried out by individuals, but by people acting in association, whether in small groups or large organisations, and that this cooperation depends on shared values, which emerge more from culture than the economy.[73]

The relevance of this for the issue at hand is that it indicates a diminution in faith in the market to produce a linear trajectory in terms of social and political systems, an awareness that the state and other non-market forces can contribute to economic prosperity and an acknowledgement that economics is, in essence, a cultural discipline. Partly as a result of this openness to the economic lessons of the East Asian success story, as well as from some of the failures of Western economic policy outlined above, and the consistent failures the forecasts of economists, some of the certainties of monetarism and neo-liberalism - that economies are inherently self-regulating, that governments have no role to play in stabilising output at the macro level and their sole economic function is to control the money supply and balance the budgets, and that there is no such thing as involuntary unemployment - have come under attack in a way that seemed unlikely in the late eighties. This point is well made by

Hutton: "The flaws in free-market theory are not more widely recognised because the twentieth century, at least until the collapse of the Soviet Union, has been riven by great ideological competition. Part of market theory's job was to offer a view of capitalism at least as rosy as that offered of a planned economy by Marxism. If socialism claimed to know a route to wealth, freedom and human happiness, then free-market capitalism - as long as it conformed to the dictates of free market theory - could do better. With the collapse of communism it is possible to argue that capitalism does indeed need to be managed and that wealth creation is a social act - without being labelled a communist subversive. At the very moment of capitalism's greatest triumph there is a crisis in its dominant theory and a renewed willingness to examine alternatives.[74]"

This has prompted a drive to return to basics and examine the philosophical paradigm of neo-classical economics, which is based on a view of harmony, both in nature and in social affairs. Its underlying assumption is that the economic world is governed by the same laws as the natural world, and if not interfered with, will achieve the same harmony. Aside from this fallacy, the faith of neo-classical economists in natural economic harmony, universal laws and predictable behavior, has long been subject to vigorous contention - perhaps most prominently by Keynes. Without getting onto his prescriptions about the multiplier effect of increasing investment[75] and its impact on unemployment[76] - it is worth stressing how central the notion of uncertainty was to his theoretical framework. He argued against the view that the future can be predicted according to mathematical formulae. "Human decisions affecting the future, whether personal or political or economic, cannot depend upon strict mathematical expectation, since the basis for making such calculations do not exist," he wrote, noting that in making economic decisions human beings often relied on "whim, sentiment or chance."[77]

His theory stresses that the existence of money and of production in the modern capitalist economy, means that it has completely different, more complex, less predictable and more uncertain motions than the barter economy of neo-classical fantasy. "We have only the vaguest idea of any but the most direct consequences of our acts ... our knowledge of the future is fluctuating, vague and uncertain", he wrote.[78]

In the late 1980s and 1990s a new wave of neo-Keynesian economists, as well as others from outside this tradition, chipped away at neo-classical assumptions about human nature and its relation to economics: that the human being is by nature a trader, able to weigh up the pros and cons of various economic courses of action and accurately rank his choices; that there are finite limits to his options; that the results of these choices are optimal for everyone and cannot be improved on and that the existence of money does not change the operation of these fundamental processes and stands apart from the real world of production and exchange. They argued that the neo-classical insistence on the rationality and balance of the market fails to describe the actual behaviour of actual people in a modern money-based exchange economy.[79] This perspective is backed up by empirical evidence from some economists outside the Keynesian tradition. Paul Ormerod, attacks the analytical premises used to by economists allow their mathematical predictions, and argues that the core nuggets of neo-classical economic thought do not correspond to reality and remain shackled in their 19th-Century paradigm with its insistence on universal laws and assumptions about predictable behaviour. Among other things, he argues that consumer choice cannot be assumed to be rational, that there can be many possible outcomes to market behaviour, that markets have no inherent tendency towards the best outcomes or towards stability and that market outcomes are related to culture, institutional forms and history, and can be shaped by a variety of social

institutions.[80] Paul Krugman points to "accidents of history" which allow an "illogical" but self-perpetuating momentum to develop.[81] Suppliers develop around the original manufacturers, local universities specialise in related research and the market is cornered, leading to a situation where no producer can afford to locate elsewhere[82]. This argument has thrown into question conventional wisdom about trade patterns and about one of the premises of neo-Classical economics: that there is always a point where marginal costs exceed marginal gains[83] and has provided a substantial challenge to monetarism at both the theoretical and policy levels.[84]

2.2.3 Postmodernism, disgorganisation and chaos

Beyond the specifics of the economic debate, it was the loose array of ideas focussing on the relation between reality and representation and on ideological forms and their depiction, in the mass media and popular culture, which fell under the wide broad umbrella of postmodernism, which many cultural and social theorists turned to, and which began to predominate in the 1970s and 1980s (though at the artistic and literary level it first achieved currency in the late 1950s). Those following this route invariably withdrew from any form of political prescription, preferring to go with the uncertain flow of the post-modern or post-traditional world. Like modernism, from which it arose, the term postmodernism has been used to define a cultural and social epoch as well as a variety of ways of understanding and relating to it[85]. It became, not just a cultural theory and form of cultural expression, but culture itself. As Malcolm Bradbury put it, by the 1980s the acceptance of postmodernism, "as an all-inclusive definition of a cultural epoch typified by stylistic glut, pluralism, parody and quotation, the disappearance of traditional cultural hierarchies and the randomisation of

cultural production, had become commonplace." It had "long since ceased to be a style, an aesthetic or a metaphysic; it had become a fate or condition."[86] This condition applied not only to art, architecture, literature and other cultural forms, but the human condition more generally, and therefore made its mark in most branches of social theory, to the point where the term lost so much of its specificity that it began to fall into disuse (along with the historical epoch it was meant to encapsulate).

An aspect of postmodernist-influenced social theory involved a shift away from the pre-occupation with class and a more intense focus on culture (particularly mass cultural forms) and on non-class dimensions of society. This implied a complete break with determinism and with the notion of a global theoretical construct which could explain the laws of motion of society. In its deconstruction variant it focused on the capriciousness of all forms of theoretical discourse, the relativity of meaning, the decline of the grand narrative and the dissipation of the central historical plot in favour a diffuse series of often unrelated subtexts. The focus was less on history itself but rather on the mass 'sense' of history and on the history of 'style', of nostalgia, of recreations and the Hollywood remake. Every image seemed self-consciously derivative of another which preceded it. With the technological acceleration of the late 20th century, form became everything, content nothing. For those hoping to change the world, or even understand it, one of the problems of much of the self-consciously postmodernist writing was that it deliberately offered little more than a reflection of the seeming meaninglessness of human existence of the late twentieth century because it tended to eschew the notion of deeper meanings, let alone historical forces. For David Harvey postmodernism "swims, even wallows, in the fragmentary and the chaotic currents of change as if that is all there is. ... To the degree that it dies try to legitimate itself by reference to the

past ... postmodernism typically harks back to that wing of thought, Nietzsche in particular, that emphasises the deep chaos of modern life and its intractability before rational thought".[87]

While the skepticism of this form of relativism has frequently been attacked, the challenge to the idea of a train of history which it represents is one even its many critics have struggled to counter in terms of viable theoretical alternatives. For example, in arguing passionately against the nihilism of post-modernist thought, Giddens acknowledges that the guiding principle of our age, even in the natural sciences, is methodological doubt - that we can't be sure of our most cherished ideas, that everything is revisable, and he recognises the attraction of this Nietzschean world view: "A world dominated by the influence of globalization and social reflexivity might seem one of hopeless fragmentation and contextuality. This is the view of post-modernism; and it isn't difficult to see why some of its advocates have been so attracted by Nietzsche. For aren't there many truths about how the world is, as well as about what the good life should be? And if there are many truths - as many as there are human contexts of action - doesn't all in the end depend on power? Perhaps we should just salute Nietzsche and all go on our independent ways, leaving the world to rot as it may?" [88]. His answer is that the Nietzchean route leads to social and ecological disintegration and a world of multiple fundamentalism. He argues for a new form of ethical humanism based on a global cosmopolitanism, but has little option but to acknowledge that along with the shared values arising from global interdependence, globalisation is characterised by manufactured uncertainty, unpredictability and fragmentation raising the empirical possibility of a 'disastrous' scenario.[89]

Even those social theorists still drawing in part on the concepts of class, along with others from very different traditions, have tended to focus on the 'disorder' of the modern capitalist system and away from past prognoses about its destination - in part because destinations seemed so much harder to predict or even define than before. This became more prevalent once it was apparent that the control of world destiny, world events and global threats and dangers had diminished rather than increased, as it was supposed to, after the end of the Cold War. Much of this predates the demise of communism and relates to the fundamental economic, political, scientific, technological and cultural changes in the West. In the realm of culture, post-modernism had long portrayed 'reality' as transitory, fragmentary, absurd or chaotic and, inevitably, this ethos of uncertainty began to be expressed in attempts to analyse society.

In the mid-1980s, some social theorists writing within a left tradition argued that the stage of 'organised' capitalism was coming to an end, albeit sporadically and unevenly, and that the trend of the late 20th century was towards 'disorganisation'. For instance drawing from (and yet subverting) Weber and Marx and less critically from branches of postmodernist thought, Scott Lash and John Urry pointed to a range of features suggesting the ascendancy of 'disorganisation' within the modern world system. These can be paraphrased as follows: The growth of a world market combined with the increasing scale of industrial, banking and commercial enterprises, meaning that national markets became less regulated by nationally based corporations; the expansion of the number of white collar workers, managers, professionals and others from the middle classes; the decline in the size of the core working class; the decline of national level collective bargaining, accompanied by a shift to flexible forms of work organisation and a fall in the numbers employed in extractive and manufacturing industries; the decline in the welfare state; the greater independence of large

monopolies from direct control by individual nation states; the spread of capitalism into Third World countries and the related shift in the structure of First World economies towards the service industries; an increase in cultural fragmentation with the emergence of the 'global village' which undermined the construction of individual national identities; the growth in the number of nation-states implicated in capitalist production and the number of sectors organised on this basis; the decline in the number of regional economies in which social and political relations were shaped by a few central industries, as a result of new forms of the spatial division of labour; a decline in the average plant size because of shifts in industrial structure, labour-saving capital investment and the hiving off of labour intensive activities to the Third World; the decline in the size of industrial inner cities and increase in the population of smaller towns and semi-rural areas, and, the mass distribution of post-modernist forms.[90]

Whether it is correct to categorise all these elements of globalisation as inherently disorganising, rather than reorganising, is a matter of debate - in terms of semantics and substance and it is worth noting what remains of the opposite emphasis within the left tradition. Noamh Chomsky, for instance, argues that the re-ordering process involved in the shift from national economies to a single global economy has increased the power of capital and contributed to "a structure of governance that's coalescing around ... transnational corporations"[91] Less convincingly he writes of "a de facto world government" including the World Bank, IMF, Gatt, the World Trade Organisation, and the G7 group, although his general point, that these institutions, when combined with the expanded global scope of transnational corporations, contribute to removing power from parliamentary institutions, and to ensuring that the continuity of economic policy is insulated from politics[92], is self-evident.

However, 'globalisation' is not only an economic phenomenon, as Chomsky suggests, and, despite the breakdown in national boundaries, does not imply the creation of a single 'world system'. Rather, as Giddens argues, it concerns the transformation of space and time, mainly as a result of the emergence of instant global communication and far faster means of transportation which effected both large scale systems and day to day activities, and in turn, is affected by them.[93] Contrary to those who portray it as a linear process, it involves a complex interplay of sometimes contradictory forces. The revival of ethnic nationalism, for example, is, in part, a direct consequence of the 'globalising' tendencies which appear to be a force in the opposite direction. What is particularly interesting about Lash and Urry's formulation of this phenomenon is that in most respects the 'disorganising' tendencies they pointed to have been significantly enhanced or exacerbated by the massive shifts in international political, economic and cultural power relations as a result of the demise of communism (though in this respect cause and effect are hard to separate). The general thrust of their approach, in the direction of flux and uncertainty in the world - rather than the new order Chomsky suggests - appears to have been borne out over the last decade, and one could add several other 'disorganising' forces which have subsequently emerged - political[94], economic[95], technological[96] and perhaps most particularly in the natural world (or at least in its inter-relation with society) where the anthropocentric faith of previous centuries, that the human species is independent of nature, and its master, has been devastated by recent indications of nature's 'rebellion' against human hubris, from new antibiotic resistent viruses, to the growing hole in the ozone layer, the decline in male fertility and the transfer of incurable animal diseases to humans[97].

What is apparent is that the direction followed by much of social theory and, indeed much of the theory of the natural sciences and of mathematics, in the 1990s, tends towards a stress on the complex, unpredictable, turbulent and 'chaotic' nature of the world. The application of the false assumption of the natural order of Newtonian physics to the world of production, trade and banking, let alone of politics, is, at last, being revealed for the archaic fallacy that it is. The alternative, at the level of theory, is to embrace or at least recognise, the disorder and 'chaos' existing in human affairs - which, of course, is not the same thing as saying that events occur randomly and without any order. The most common example is what has become known as the "butterfly effect", whereby the fluttering of the wings of a butterfly on one end of the world can set off a hurricane on the other[98] - the point being that the most minute change in the starting conditions of a system can lead, over time, to radically different behaviour. The assumption is that the labyrinth of the parts that make natural world, and the relation between cause and effect within it are more complex and therefore less discernably ordered than scientists once assumed. New mathematical theorems on fractals and the greater range of computers have opened the way to investigating the physical behaviour of aspects of the natural world which would previously have been impossible. Increasingly, as a result of this, the conventional wisdom that one could accurately predict the future through the application of scientific methodology has fallen into disrepute, partly because it is now widely accepted that it is impossible to measure accurately all the starting conditions of a system and that the implication of a slight inaccuracy or a disregarded item of data in any 'chaotic' system, will necessarily increase rapidly over time. What is suggested by some within in this branch of scientific discourse is that the 'ordered chaos' of nature is a consequence of intricate interactions, which can suddenly be destabilised - a period termed "the edge of chaos" when the complex system has the potential to be adaptable and spontaneous. This leads to a

breakdown in the previous state of precarious harmony and a period of turbulence, out of which a new order may emerge for a time. A range of phenomena, from the emergence of the first living cell to sudden animal population explosions and new disease patters, violent storms and earthquakes, are approached in this way.[99] And if that sounds like a variation of dialectics, the crucial difference is that there is no assumptions about cause and effect, let alone destination.

Applying such thinking directly to the world of human interaction (as, in his own way, Engels did in the 19th century and some theorists are doing today[100]), opens profound ontological questions beyond the scope of this study.[101] Nevertheless, what this focus on unpredictability in human relations has helped demonstrate is that history is more open-ended than the political and economic philosophies of the 19th century allowed, and that this volatility and state of disorder has become more marked and therefore more apparent in the last decades of this century. This point is put vividly by Lash and Urry in their reworking of Marx and Engels[102]: "The world of a 'disorganized capitalism' is one in which the 'fixed, fast-frozen relations' or organised capitalist relations have been swept away. Societies are being transformed from above, from below and from within. All that is solid about organised capitalism, class, industry, cities, collectivity, nation-state, even the word, melts into air."[103] The point is that there is no train of history leading inexorably towards a higher plain, nor is there any hierarchy of social causation which is universally applicable. One does not need to follow the 'great men' school of history to acknowledge that small acts taken by individuals can have unintended consequences way beyond what was inevitable, to the point, at times, of significantly altering the direction of history.[104]

This contention is reinforced by the record of social scientists in predicting the future. As Eric Hobsbawm argues, despite the use of more advanced models, unprecedented inputs of data and more complex machinery than was previously available, the record of economists in predicting the great post-second world war changes was dismal, and that of the 'political predictors' no better. "(V)ery few of the dramatic events in world history have been either predicted or expected. I would even guess that the predictability of the 20th-century history has become distinctly lower since the second world war. ... After 1945, did the economists predict the '30 glorious years' of the great world boom? No. They expected a postwar slump. Did they predict the end of the Golden Age at the start of the 1970s? The OECD predicted continued, even accelerated, growth of 5 percent per annum. Did they predict the present economic troubles, which are sufficiently serious to have broken the half-century's taboo on the use of the word 'depression'? Not much."[105] Furthermore, the volatility and therefore unpredictability of the world today appears more profound than at any period since the end of the last World War. Whether described as the 'edge of chaos' or merely as an 'age of uncertainty' there is a growing consensus that chains of causation are seldom linear, lines of demarcation between what is economic, political, judicial, cultural and religious, are blurred, and that social patterns are at best tendencies rather than iron-caste rules - easily broken and less certain than once assumed. The stature of the 19th century ideologies, and the political and economic systems of which accompanied them, has diminished and many of their most cherished premises have been punctured. As Therborn, writing from within a Marxist tradition acknowledges, "(W)ithin the normal pursuits of scholarship and science, all 'isms' are bound to disappear sooner or later."[106] This realisation has prompted an overdue modesty on the part of social analysts, both in terms of the range they claim for their theories, and the global

applicability of their conclusions. This is illustrated by drawing from the views of social theorists from a number of perspectives.

The radical Weberian sociologist Giddens focusses on the unpredictable beat of what he calls "manufactured uncertainty" which has emerged contr. to the expectations of socialists: "The world of the late twentieth century, one must conclude, has not turned out as the founders of socialism anticipated when they sought to give direction to history by overcoming tradition and dogma. They believed ... that the more we, as collective humanity, get to know about social and material reality, the more we shall be able to control them in our interests. In the case of social life in particular, human beings can become not just the authors but the masters of their destiny. Events have not borne out these ideas. The world we live in today is not one subject to tight human mastery - the stuff of the ambitions of the left and, one could say, the nightmares of the right. Almost to the contrary, it is one of dislocation and uncertainty, a 'runaway world'. And, disturbingly, what was supposed to create greater and greater uncertainty - the advance of human knowledge and 'controlled intervention' into society and nature - is actually deeply involved with this unpredictability."[107]

Hobsbawm - himself a former communist fallen among social democrats - concludes his most recent book on the 20th century by pointing to the unchecked advance of capital, detached from national controls or cultural constraints, which, he argues, have prompted a resurgence of uncertainty, decomposition and global crisis, and could well lead to demographic explosion, ecological hazard, economic disorder and social anomie, and the political impotence to deal with any of these. While making no claims to have answers to this depressing malaise, he stresses the necessity for change: "We have reached a point of historic crisis. The forces

generated by the techno-scientific economy are now great enough to destroy the environment, the material foundations of human life. The structures of human societies themselves, including some of the social foundations of the capitalist economy, are on the point of being destroyed by the erosion of what we have inherited from the human past. Our world risks both explosion and implosion. It must change."[108]

If this dark prognosis reflects the defeatism of the left, and therefore errs towards the bleak, it provides a useful antidote to the triumphalism of the early post-Cold War victory, of which Fukuyama's sunny conclusions about the end of history were the most vivid example. But even Fukuyama has shifted tack - if not about the dominance of liberal democracy, then about his faith in some precepts of liberal economics, in the problem-solving potential of the market and the view that its progress is the most important issue facing humankind. He argues against the idea that the economy is simply a battlefield for individuals to satisfy their selfish desires. Instead it is a "rich tapestry of status, ethical habits and moral obligations". And he argues: "We all know we are going to be living in liberal democracies and capitalist systems plugged into the global economy. The real ground of interest is going to shift elsewhere. It is not going to be things like ideology and institutions. It's going to be things like civil society and culture because those have not converged around the world to the same degree and in many ways I don't think they are going to converge either."[109]

The intellectual decline of faith in ideology (and particularly its more prescriptive variants) was reinforced by the collapse of communism. This certainly had the effect of opening the curtain on previously obscured currents within the capitalist political economies, and of revealing points of breakdown more significant in the long term than those between the

previously competing world systems. Assumptions of a conflictual order have given way to those focussing on a chaotic disorder. Certainties coherent historical processes have been replaced by presumptions of incoherence. The idea of an end to history, whether communist or liberal, now seems ridiculous. In so many ways the little universe of social theory has imploded and from the perspective of the second half of the last decade of the twentieth century, what one is left with is a great deal of caution when applying theoretical models to analysing any social phenomenon, including changes in industrial relations and in management 'science', and it is therefore with this minimalist approach to theory that the subject of participative management in South Africa is faced.

2.3 UNDERSTANDING MANAGERIAL MOTIVATION

2.3.1 The impact of disorganisation on managerial theory

Managerial 'science' has never been a branch of scholarship which has consciously adopted heavyweight ideological baggage, but it has not been immune to the influences of those which have. Certainly it could be argued that the end of communism, when combined with the disorganising political and economic tendencies discussed above, has indirectly contributed to loosening the bonds of accepted wisdom, and perhaps to opening the possibility of significant challenges to the structures of corporate power.

To begin with an extreme view of what these challenges represent, Hirst suggests that "authoritarian managers may be one of the main victims of the end of the Cold War", and argues that "we may be at a point when legitimacy of the defence of management privilege

as if it were identical with the rights of private property is about to take a tumble"[110]. Few within the business world would accept this perspective, and there is little evidence of a serious threat to managerial privilege. However, his related argument, that the century-long "social war" between the competing systems ("as bitter as the religious wars of the sixteenth and seventeenth centuries"[111]), stifled debate in this area, is certainly valid. He argues that because Soviet socialism represented a threat to private property and democracy, therefore "to alter the former in any significant way was to weaken the latter".[112] This contributed to mass support for the defence of existing property rights and a conflation of these with the structures of corporate power, even though the former pre-dated the latter by over a century[113]. After the Cold War these structures became subject to contention - both through opening windows which were closed for the previous 70 years and because markets became so much more volatile and competitive.

Even more important than the impact of communism's demise were the challenges to established patterns of managerial thinking and behaviour emanating from within the business loop, and taking hold, first in the United States and later internationally, largely as a response to the intensity of competition from east Asia. The prescriptions emerging both from academic management theorists and their more popular counterparts shifted from an obsession with order towards embracing the state of chaos they had come to recognise and finding organisational forms to ride it. As technologies changed, the focus moved towards creating flatter managerial structures by paring layers of management and reducing the distinction between managers and workers through tapping the creative potential of employees at all levels. This goal was reflected in the lexicon of business jargon. Aside from the plethora of phrases topped or tailed by 'excellence', Mission Statement staples included words like

'empowerment','continuous improvement', 'flexibility' and 'learning organisation' - all suggesting innovation was a key to success. This was given powerful popular expression through books like Peters' best-selling tome, Thriving on Chaos[114] which begins with the premise that the United States is in a state of accelerating decline. He argues that the American technocratic enterprise is in danger of extinction and that predictability at both the micro and macro level is a thing of the past. His solution is not essentially new, and is derived partially from the experience of Japanese managerial systems within an American context. This involves a move towards a more innovative company, shorn of layers of middle management, driven by self-managing teams, far more responsive to the needs, views and initiatives of all employees, as well as of customers, and with a greater focus on continuous training and retraining. Five years later in his next tome[115], both his analysis and his prescriptions went further in these respects, focusing on the need to meet this 'chaos' with 'disorganisation', where everyone is a 'brain worker', where middle management is virtually extinct and where the methods and structures of top-down multi-national corporations are a thing of the past.[116] He gleefully acknowledges this change of tack: "I've finally shaken off the vestiges of 30 years of traditional thinking. ... I've allowed myself the unalloyed pleasure of enjoying the mess of market economies, powered by lunatics and dreamers, by failure far more than success."[117]

This kind of analysis, is not confined to the proselytizers of the international managerial seminar circuit. Nor have the suggested solutions all followed the 'lean but mean' prescriptions at the heart of Peters' approach and which have characterised the response of most American and British companies to this situation. For instance, the Irish management theorist Charles Handy goes further than Peters in his recognition of the implications of

'chaos', and is rather less optimistic in his prognosis. "It hasn't worked. Management and control are breaking down everywhere. The new world order looks very likely to end in disorder. We can't make things happen the way we want them to at home, at work, or in government, certainly not in the world as a whole. There are, it is now clear, limits to management."[118] Peters' conclusions focus on restructuring businesses and changing the attitudes of businessmen towards embracing chaos, but Handy, while accepting such prescriptions, dismisses the notion that the 'invisible hand' of the market "would mysteriously arrange things so that it all worked out for the best of all".[119] Instead, in addition to fulsome praise for aspects of Japanese and German business methods, his conclusions hint at stakeholder-oriented macro solutions involving greater investment in the public sector to support the private sector, more capitalist self-restraint and mechanisms to ensure that more of the wealth created does indeed "trickle down" to the poor. "We thought that capitalism was the answer", he says, "but some of the hungry and homeless are not so sure."[120]

In similar vein the British business historian Anthony Sampson writes morosely about one aspect of disorganisation: the decline of the "company man". This he attributes to several economic factors: the challenges from global (and particularly Japanese) competition, which prompted changes in the "rules" of management; the take-over and corporate raiding wave of the 1980s, along with the deregulation promoted by a decade of radical Republican and Conservative rule which contributed to "undermining" American, and later British, corporations from within, and prompted the 'downsizing' drive and "cult of leadership" at the expense of scientific management and bureaucratic systems; and advances in information technology which meant that computers replaced people (particularly middle managers whose power had depended on information control), resulting in the 'corporate heroes' of the 1980s

being the CEOs who "let go" the greatest proportion of employees. Sampson, however, stresses this is primarily an Anglo-American phenomenon, and points to the way Japanese and German corporations have succeeded in retaining managerial jobs and remaining efficient, while accepting wider responsibility for the long-term interests of their communities.[121]

The radical conclusions about the future of management of the likes of Handy, Sampson and in a different form, Ricardo Semler[122], have yet to reach hegemonic status, but together with the chaos-embracing views of the likes of Peters, they indicate that what previously passed for managerial ideology is now subject to vigorous challenge. As discussed in more detail in chapter four, management practices which seemed set in stone, no longer deliver the goods. The world of business has become too unsettled and uncertain to be tamed by a single global model. As Martin Jacques put it, "management theory become one of the most interesting and innovative intellectual disciplines around."[123]

2.3.2 Managerial constraints and choices

Until recently the ideological universes of business and trades unions in South Africa, and of the academic schools and disciplines associated with these contending forces, tended to be hermetically sealed - exposed to each other only in collective bargaining or other conflictual forums. One result was that those from within the South African labour milieu tended to focus a great deal on managerial motivations for introducing participatory programmes, and for entering the political arena, while this question was not one that exercised the minds of those within the realm of business studies in South Africa with any vigour. One reason was that, until recently, business analysts tended to concern themselves primarily with what worked and

what didn't within the managerial realm. The focus was on case studies dealing with the practicalities of managerial operations, and its theoretical dimension concentrated more on organisational considerations than on questions of causation. At least until the Wiehahn industrial relations reforms the operational perspective from within the world of business often went little further than the view that executive directors were the servants of shareholders and would take whatever steps they deemed necessary to secure their interests (with the corollary that workers were just another factor of production and that trades unions represented at best a necessary evil and at worst an interference with contractual freedom). Within this framework questions of motivation, causation and managerial ideology seemed out of place: management was motivated by the interests of shareholders; its decisions were 'caused' by its reading of the strategies necessary to achieve these; its ideology, if one existed, hinged around the profit motive. Which is not to say that all managerial writing analysed business decision making from an entirely voluntarist perspective (in isolation of cultural, economic and political circumstance). For instance, several of those South African executive directors responsible for conceiving participative management programmes from the late 1980s, made explicit reference to the socio-political context which prompted them to change their managerial 'philosophies' and embark on experimental organisational journeys.[124]

More recently, as is discussed above, from within the business discourse more generally there has been a substantial shakeup in terms of conventional wisdom. One area where this has been manifest relates to assumptions of a direct and necessary correlation of interest between shareholders and management. Arising from this, the question of the pressures and influences which impact upon managerial decisions has begun to enter the discussion, albeit in a very different terms from those offered by industrial sociologists. Peters, for example, focuses on

increased competition (primarily from Japan) and on changing technologies, particularly with respect to 'nformation, as being the motivating forces for a change towards the more flexible, less hierarchical, less centralised approaches to management: "The genies are not going back into their lamps. The information technology revolution is just gathering steam. The biotechnology revolution, the materials revolution and the telecommunications revolution (each dependent, in large measure, upon the infernal computing machine) are/will be almost as profound. ... Then there's the spread of capitalism in general ... Expect to hear ever wilder stories from ever wilder places."[125]

Business oriented industrial relations specialists have dealt more explicitly with the question of why CEOs embark on particular strategies with respect to their employees. The point is often made that for most managements the prime consideration within industrial relations programmes is to ensure the most effective operation of the company in order to support its bottom line objectives - profit, long term viability, survival and expansion. The focus therefore moves towards options to assist them along this path. Michael Salamon considers this in terms of possibilities existing between two polar choices. "On the one hand management may need to maintain unilateral control of the organisation through safeguarding and if possible extending its 'managerial prerogative', ie, the widest possible freedom and discretion to act as it sees best in operational decisions. Alternatively, management may seek to include employees and their representatives in the decision making process and 'manage by agreement', ie, accept the principle of joint regulation of the organisation's operations through the mechanisms of the industrial relations system."[126] While such opposites certainly exist within the realm of industrial relations, managements seldom face a free, either-or choice in the matter. As Paul TLompson points out, "direct control and responsible autonomy are best

seen as opposite ends of a continuum of practices rather than as all-encompassing strategies."[127] He adds that when control is seen in the latter sense, "it tends to overemphasise the degree of long-term conscious planning by management."[128] What this alludes to is that the reality of much of business strategy is that managerial decisions are so often made in an ad-hoc or responsive way. A "crisis" develops; it needs to be solved; a handful of individuals and often a single individual make an instant decision on the matter; a week later, when the implications of that decision seem unfavourable, it is changed.

Following from this is a consideration of the parameters within which such decisions - ad hoc or long-term - are made within each company. Poole argues that management decision-making on industrial relations is best understood if it is recognised it emerge from an interaction between constraints and choices. The former arise from economic and political pressures within the company's environment, and tend to "set boundaries to the probable strategic choices", to "place certain identifiable limitations upon the total amount of control vested in members of the enterprise", and also to "direct choices along particular channels while curtailing other modes of initiative."[129] This model would seem to be feasible start for analysing the decisions of various South African companies to break with their traditions and enter the terrain of participative management - a focus within each organisation both on the nature of the interplay between constraints (economic, political and otherwise) and choices combined with a consideration of the power structure - of where control lies and how it is distributed, though an important additional consideration is that of the ideological framework and cultural domain of those empowered to make decisions and of those with the power to provide constraints.

In his study of the views of British managers and shopstewards on why participation was introduced, Dickson identifies four categories of response: 1. Moral (the belief in the right of employees to participate in decisions affecting them); 2. Power (the pragmatic recognition of employees' collective power within the company); 3. Union (direct union activity pushing management to increase participation); 4. Political (pressure from the political system for organisations to adopt more participative arrangements). He found that management tended to emphasise union pressure more than the shop stewards, suggesting that unionists believe participation and unionism are distinct and competing categories.[130] This gap might be explained by a point made by Salamon: for management the focus of participative programmes is task-centred strategies aimed at involving individual employees whereas unions favour indirect forms based on their established representative role through collective bargaining.[131] The implication for management, is that employee participation may be motivated by a desire to bypass unions or diffuse aspects of their power. This is also stressed by the South African managerial theorist Frank Horwitz: "The scope and level of involvement tends to focus primarily on enhancing productivity at individual and small-group level. The participative goals often tend to be managerially defined in efficiency terms, for example, quality circles. ... The increasing popularity of direct employee communication and involvement, while having important advantages for management and employees, can mask a deeper underlying distaste for unionism. Attendant managerial strategies seek to formulate more 'effective' techniques for humanising the work environment, gaining cooperation and competing with the union for employee support."[132]

Salamon goes beyond the question of union-related pressures, to consider some of the broader political and economic considerations of why employee participation became a managerial

option for business in Britain. He points in particular to the social, cultural and economic changes of the 1960s and 1970s, which, in the industrial sphere, prompted a rise in the aspirations of employees at precisely the time that the growing size and complexity of industrial organisations was increasing their sense of alienation. "This led to attention shifting away from the purely legal and economic aspects of the contractual relationship between employer and employee and towards the psychological and sociological aspects of the relationship between the individual and his work situation. There is now a greater acceptance of the notion that industrial organisations have both an economic function ... and a social function (the provision of a satisfactory and meaningful work environment for the people who produce those goods and services)."[133] He adds the consideration of the technological, industrial and economic shifts since the early 1960s, noting that in order to keep pace with these changes it was necessary for managements to involve employees in decisions which effected their lives. Through drawing on employees' knowledge and experience a more committed workforce became possible with consequent improvements in working practices and productivity. These developments were reinforced by political debate over the apparent contradiction between democracy outside the workplace and the lack of participation within industrial organisations, as well as interventions in this direction by governments and the desire of some companies to accept more social responsibility for their decisions [134]

As argued in the course of this study, all these elements, though perhaps with a different weighting[135], can be said to apply to the introduction of employee participation programmes in South Africa in the 1980s. Yet research and analysis from both the managerial and the union perspectives within South Africa on this question, has generally not achieved this kind of multi-causal balance. As mentioned above, managerial analyses have tended to underplay

questions of societal constraint and pressure and to frame the issue in terms of a set of choices available to management. On the other hand, perspectives from trades unions, and union-supporting academics, have tended to look at power and constraint from a macro perspective and to underplay the element of choice within individual companies. This latter perspective has had a considerable impact on the course of the debate around employee participation in South Africa - influencing the response taken by union members and more particularly, union organisers and officials. It is therefore worth examining some of its theoretical and political roots in more detail.

2.3.3 Conflict, cooperation and the labour process

In the 1970s and early 1980s (and in South Africa, into the 1990s) the dominant set of ideas on participative management from within the left academic milieu, emerged from what was termed the Labour Process School. Following Thompson, its basic theoretical assumptions included the following: 1. The capital-labour relation is 'privileged' as a focus for analysis because it is the labour process which generates surplus value and reproduces the economy. 2. The logic of accumulation forces capital constantly to revolutionise the production process, but also sets limits to the use of workers' creative capacities and constrains attempts to dispense with hierarchical relations. 3. There is a control imperative because market mechanisms alone cannot regulate the labour process. 4. The social relation between capital and labour is based on 'structured antagonism', though this need not manifest itself in visible conflict.[136] A prime area of focus was to analyse the changes in managerial practice which were taking root, and to consider whether these represented a substantial departure from previous methods associated with the assembly line, or whether they were really part of a

continuum - merely another dimension of a universal system of managerial control. But before examining this debate it is worth mentioning the historical changes they were trying to explain.

Towards the end of the 19th century the greater concentration of capital and consequent complexity of production, and the growing numbers of workers employed in single factories, meant that a line of responsibility between managers ar ' orkers emerged and the position of foremen and supervisors became increasingly crucial. In addition, the methods of what became known as scientific management began to emerge along with the new forms of company that arose during this period (with the business corporation emerging from family firms and chartered companies). One approach to management which became particularly significant, especially in the United States (though by no means universally applied), was Taylorism, which, following Harry Braverman, involved the dissociation of the labour process from the skills of the worker through the fragmentation of jobs into their constituent parts (deskilling), the separation of conception from control, the issuing of detailed instructions to each worker for the performance of every task and the use of this monopoly of knowledge to control each step of the labour process and its mode of execution, mainly through the use of time and motion studies.[137] With the emergence of the assembly line - initially with the production of the Model T Ford in 1916 - the methods of scientific management were extended into what became known as 'fordism', a system in which workers were required to repeat the same motion time and time again (and which the labour process school theorists argued was based in management's increased control which was largely rooted in the technological structure of the labour process[138]). This resulted in larger, and more productive

factories, and more standardised products, but also in larger and better organised trades unions, which, in a variety of ways, fought to resist increasing managerial control.

But while worker resistance played a role in challenging this system, fordism's major flaw was its rigidity and tendency to stifle the creativity of shopfloor workers. From the late 1960s there was a shift away from 'pure' forms of fordism and towards approaches designed to give workers greater incentive and increased flexibility in their jobs, and towards viewing labour as a resource more than a cost. By the late 1970s various forms of this approach were becoming prevalent (though still far from dominant) through, for example, profit sharing and employee share ownership schemes, job enrichment programmes of various kinds, national work reform schemes in some of the social democratic countries, the advent of what Michael Piore and Charles Sabel called "flexible specialisation"[139] (involving more adaptable work organisation catering for sophisticated markets) and the use of quality circles and other methods of channeling the expertise of employees. The labour process theorists sought to counter the arguments of those such as Dickson who wrote of job enrichment as a "work revolution"[140] and, later, Piore and Sabel, who argued there had been a rupture with the past domination of fordism[141] because the market and technological conditions for these forms no longer existed. Piore and Sabel described the emergence of flexible specialisation as a new and distinct form of work organisation.[142] In stark contrast the labour process theorists argued that the significance of these changes was overstated and that they did not represent a fundamental transformation of the capitalist labour process in any respect.

This perspective is drawn from the view that conflict between workers and employers is inherent in the relation and unavoidable.[143] Within this essentially Marxist understanding of

the capital-labour relation, the tendency in the earlier writing was to view job enrichment programmes and managerial attempts to establish co-operative relations with unions essentially in terms of control - as attempts to reign in unions, curtail militancy and co-opt workers into self-regulation. The most influential of the early protagonists w.. Braverman who described job enrichment programmes as merely a style of Taylorism. According to his deskilling thesis, only an end to capitalism could bring about an end to Taylorism.[144] Andre Gorz took the argument further, describing post-fordist managerial trends as a "new manipulation rather than a solution to basic contradictions."[145] And in a later example of this approach, Richard Peet places even less significance on co-operative managerial practices, characterising them as an aberration, which, because of competition and the nature of the capitalist labour process, will inevitably be reversed. "Enlightened relations, existing for a time and in certain places, in the end become antagonistic relations. Cooperation is transformed into coercion by competitive necessity."[146] Burroway also emphasises the managerial imperative of control, but builds the elements of shop floor conflict and worker resistance into his argument. He likens the factory to an "internal state" and the worker to an "industrial citizen", with the collective bargaining rules and grievance procedures playing the role of institutionalising conflict and prompting workers to internalise the system of control[147]. He suggests that while managerial innovations such as job enrichment may occasionally be "concessions in advance" by enlightened management, they are more frequently accommodations resulting from shopfloor struggle, or consequences of the competitive position of the company.[148] Edwards takes this case further, arguing that "intensified class struggle" caused simple control to give way to a period of experimentation which included scientific management, welfare schemes and company unionism - all dependent on the physical or social structure of the workplace rather than the power or personality of the employer. He identifies a shift in structural forms of

control from simple control (small businesses), to technical control (assembly line) to bureaucratic control (systematic administrative structures) and argues that "each form of control corresponds to a definite stage in the development of the most important or representative firms."[149]

Even within the early formulations of the labour process school there was debate over how to understand various dimensions of control, and over the place of worker resistance within it. In common with several others who questioned the absolute domination of Taylorist methods, Andrew Friedman criticises Braverman for confusing one strategy of exercising managerial control under capitalism (Taylorism) with managerial authority itself, adding that "given the reality of worker resistance, often it is not the most appropriate." The forms of control chosen are the result of confrontation and accommodation. Various strategies are possible, with the options open to management determined by the combination of worker resistance and market pressure.[150] Elsewhere Friedman describes two parallel tendencies: the need for managerial "monopoly of conception" and the need for a degree of creative participation or "responsible autonomy" from workers - in order to maintain production. A reason for the latter is the "maintenance of managerial authority by getting workers to identify with the competitive aims of the enterprise so that they will act 'responsibly' with the minimum of supervision."[151] During the 1980s there was a move away from this primary focus on control within the labour process. Among the most influential to make a partial break with the school's premises were Cressey and MacInnes, whose work on Ford in Britain had an influence on the union debate in South Africa. They question the absolute power of capital within the factory, and concomitantly dispute the idea of the "real subordination of labour". Instead they point to what they term the dual nature of the labour process, arguing that capital

needs to encourage cooperation with its work force precisely because it has handed over the use of the means of production to it. It employs labour to create exchange values but labour 'employs' capital through its use of machinery and equipment. Capital constantly needs to revolutionise production and the role played by labour within it, and through allowing labour to use the means of production, the employer is encouraged to build a cooperative relationship with its workforce in order to increase productivity, which, in turn, prompts moves to create an environment in which workers use their initiative. The implication is that coercion is only one possible managerial strategy, and that management may choose to hand over control of small areas of production to the workers in the hope that efficiency will be improved through harnessing the resources and their knowledge and extending their participation in aspects of decision making. The corollary is that workers are bound up with the interests of the unit of capital which employs them, and therefore, in addition to resisting subordination, need to cooperate with their employers. On both sides, therefore, cooperation and conflict are built into the system.[152]

In line with most labour process school theorists writing in the late 1980s and 1990s Thompson accepts Cressey and MacInnes's view of the 'two-fold nature' of the capital-labour relation - ie. that cooperation and the generation of consent are systematically built into it - and argues that this represents a clear advance on the control versus resistance models of the earlier labour process discourse. He rejects the notion that changes in work organisation necessitate a major theoretical shift but, arguing from a perspective which is materialist but not Marxist, he warns against theoretical determinism, noting that an analysis of the labour process "cannot provide a predictive theory concerning the behaviour of employers and workers based on identifiable sets of interests generated within production."[153] A similar

conclusion is reached in this respect by Stephen Wood who stresses that the impact of technological changes and of new management concepts "will vary depending on the starting point, the sector and even the firm". He adds there is no reason to suggest that changes in work organisation are all headed in the same direction.[154] What Taylor and Woods point to is a central weakness of the school: an obsession with the managerial imperative for control and a blindness to the dimension of choice in managerial decision making. Related to this is a tendency to conflate a variety of managerial approaches under the same heading. While most labour process school theorists recognised that Taylorism was too narrow a concept to cover the range of techniques associated with mass production, and that it was not applied as universally as Braverman argued, they shared a similar reluctance to countenance the existence of labour processes which superseded the broader notion of fordism. Some embraced the terms neo-fordism or even post-fordism[155] within narrow parameters, but tended to neglect suggestions that this involved a qualitatively different set of relations from that covered by fordism. Their insistence on this point arose from the view that management's prime aim was control. Adjustments to the absolute control associated with Taylorism and fordism, where acknowledged, tended to be viewed either as direct consequences of workers' resistance and labour scarcity, or as reflecting changes in technology, but their significance was invariably understated.

One reason for this is the Marxist premises most within this school adopted. In its classical form Marxism presents an archetype of advanced capitalist production and makes little allowance for substantive alternatives within it. The capitalist mode of production is defined by the creation of surplus value through the unique characteristics of labour as a commodity. Capital's power to transform labour power into labour depends on its control over the means

of production and therefore over the labour process and over labour itself. The labourer has nothing to sell once he has sold his labour power to the capitalist. The conflict built into the system centres on 'exploitation' - capital has an interest in maximising surplus value extracted from the labour power at its disposable (by paying for a smaller proportion of it), while labour has an interest in reducing it, ultimately through the threat of withholding its labour power collectively. This arises because as a result of the labour process, labourers become incorporated with capital and therefore work in cooperation to create surplus value for capital, and through working together labour begins to resist the rule of capital.[156] As Marx put it in the first volume of Capital: "The directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus-value and consequently to exploit labour-power to the greatest possible extent. As the number of cooperating labourers increases, so too does their resistance to the domination by capital, and with it, the necessity for capital to overcome this resistance by counter-pressure. The control exercised by the capitalist is not only a special function, due to the nature of the social labour process, but it is at the same time, a function of the exploitation of a social labour process, and is consequently rooted in the unavoidable antagonism between the exploiter and the living and labouring raw materials he exploits."[157]

While Marx showed an awareness of apparently successful companies operating on a non-conflictual basis between labour and capital[158], he made no allowance for this possibility in his theoretical model. Instead, he used military metaphors to describe the methods of "despotic" control required by the capitalists. "An industrial army of workmen, under the command of a capitalist, requires, like a real army, officers (managers), and sergeants (foremen, overlookers), who, while the work is being done, command in the name of the

capitalist".[159] Within this analytical framework the scope for alternatives is virtually non-existent, and there is little room for any conclusion other than dismissing co-operative experiments as a ruse. This, essentially, is the approach followed by the likes of Braverman, Gorz, Burroway, Friedman and most of the other early Marxist labour process theorists. Even for those allowing for the existence of non-Taylorist developments within capitalism, post-fordism was viewed more as a variant of fordism than a substantial departure from it because, essentially, it remains within the parameters of the capitalist labour process. The only real alternatives allowable are those which are other than capitalist - feudalist or socialist, for example.

In this respect the position first formulated by Cressey and MacInnes represents a significant departure not recognised by orthodox Marxism - that consent as well as coercion, cooperation in addition to conflict, are built into the capitalist labour process. Yet when considered from outside of a Marxist framework it is hard to be other than underwhelmed by the significance of this observation. Among pluralist managerial industrial relations specialists (though not necessarily among neo-classical economists who view labour as no more than a factor of production), this is no more than the stuff of conventional wisdom - capital and labour are dependent on each other, yet have distinct interests. Capital strives to increase profits, labour to increase wage packets, yet neither can manage without the other and therefore they are reliant on each other's cooperation. If capital pays wages that are regarded as too low, its workforce will strike, sabotage the machinery, or cease to work efficiently. If labour continually strikes in demand for unrealistic wage packets, and refuses to return to work, and if industrial peace cannot be secured, ultimately capital's entire project is threatened and the factory will face closure or the firm liquidation, threatening the livelihood of workers.

Furthermore, with the development of technology the relative size of capital's wage bill tends to diminish because workers are replaced by machines, with the implication that capital becomes more reliant on fewer workers per unit of production and therefore, all other things being equal (which they often aren't[160]) will have a greater incentive to seek cooperation rather than conflict with their core workers.

An added dimension relates to the diffusion of traditional class lines within capitalist enterprise, and the shift from blue collar to white collar employment. This has been accompanied by a diminution of the industrial working class and the growth of the middle classes in most advanced industrialised countries. Among other things this means that capital's salary bill increases relative to its wage bill, traditional forms of labour solidarity are undermined or replaced by new forms, and the education levels required by employees increases. In Marxist terms, the abstract categories of ownership-control on the one hand and labour power on the other, remain, essentially, unchanged, but it is important to draw a sharp distinction between these categories and the subjects who fill them, not only for reasons of theoretical clarity, but because the class position of the individuals has tended to become blurred within modern enterprise, with the possibility frequently existing for subjects being producers (workers), owners (shareholders) and managers at the same time. Even more pertinent for the position of producers is the capital they bring into the enterprise through their knowledge and experience, which may allow them to take on decision making roles through, for example, the operation of computer technology and related information systems. In Cressey and MacInnes's terms the capital these employees "employ" (that is handed over to them in the course of their working day) has greater relative value than in fordist production systems. It is no longer simply their labour power which they have to sell but their brain

power as well. In this way, in contrast to Marxist prognoses, the division of labour between mental and manual work is being broken down, particularly within industrial production in the advanced capitalist economies.[161]

Seen in this light, the combination of the information technology 'revolution' and the related development of new forms of work organisation, does seem to represent a departure from fordism of greater significance than the labour process school theorists allow. The most telling criticisms of the notion of the 'flexible specialisation rupture' (that the old system of fordist mass production is giving way to a new form of production based on flexible new technologies and working methods) is that it too is over-deterministic and lumps together several distinct developments under the same heading[162]. It also operates from the shaky assumption (in common with Braverman) that Taylorism was the prototype of the previous era, and that a new system has emerged, characterised by Japanese-style quality circles, teamworking, quality of life work programmes, functional flexibility, and computer-driven technologies, along which path all will head. This is partially negated by the variety of options in terms of work organisation which still exist under capitalist production, and, in fact, existed under fordism. For this reason, the looser term post-fordism is preferred as a generic description for a phenomenon which nevertheless seems to represent a decisive departure from the fordist package, and which is certainly more prevalent in the mid-1990s than it was a decade earlier when the terms post-fordism and flexible specialisation first entered the common lexicon.[163]

An added problem from some labour process theorists who critiqued Braverman's static formulae, and more particularly the analysis emerging from the South African trades union

movement, is a tendency to overstate and universalise the role played by worker resistance and labour organisation in pushing managements along this course. In much of the South African writing it is simply asserted as an a priori article of faith that it was the workers who pulled the trigger and that management had no option but to respond as they did. Countering this kind of determinism, Laclau makes the point, in contrast to Marxist approaches, that while conflicts obviously exist between workers and capitalists, it does not follow that an inherent antagonism is built into the system, or, as he puts it, that such conflicts "spring from the logical analysis of the wage labour/capital relationship".[164] And he goes on to argue: "To show that capitalist relations of production are intrinsically antagonistic would therefore mean demonstrating that the antagonism stems logically from the relationship between the buyer and seller of labour power. But this is exactly what cannot be done. Could it be argued that the relationship is intrinsically antagonistic because it is based on unequal exchange and because the capitalist extracts surplus value from the worker. The answer to this question is 'no' because it is only if the worker resists such extraction that the relationship becomes antagonistic; and there is nothing in the category of 'seller of labour power' to suggest that such resistance is a logical conclusion."

Writing from within the labour process tradition, Thompson makes a similar point, cautioning against determinism in the use of class categories and noting that "the form, content and historical development of changes in the labour process have to be established empirically, rather than 'read off' from any general categories." He adds there are "no specific imperatives in the spheres of control, skill or indeed anything else"[165]. It is worth mentioning for example that post-fordist schemes were introduced in the United States and to a lesser extent in Britain, at the beginning of a period of sustained decline in the size and strength in the

trade union movement, which has continued until recently. Likewise several South African companies who pioneered participative management projects, such as Cashbuild, did so from a weak and unthreatening trade union base, and with a workforce which was already compliant.

Another weakness is that the focus on structural causation - on imperatives of productivity and inherent class conflict - blinds labour process theorists to the role played by individual CEOs and others in positions of power within companies. Poole warns against the folly of taking a rigid approach to understanding managerial decision-making, arguing this would mean that "the crucial role of choice in the formulation of strategy tends to be organised out."[166] His argument is that management's decisions contain a strong subjective element and are not simply imposed by circumstances. These choices do not always emerge out of long-term planning, but are frequently made on a 'rule of thumb', 'spur of the moment' basis by those wielding power, within the parameters of the constraints they are working under. The point here is that the categories of ownership/control and non-ownership do not determine the response of the subjects operating within these categories. Human beings are not, as Marx would have it, class actors striving, ultimately, for autonomy and collective harmony, nor, as Adam Smith would have it, market agents, striving through enlightened self interest for the greater good. Rather, following Laclau, social identity is bound up with its contingent conditions of existence and cannot be seen as self-sufficient and filled with prior attributes. As he expresses it with reference to industrial conflict: "Insofar as an antagonism exists between a worker and a capitalist, such antagonism is not inherent to the relations of production themselves but occurs between the latter and the identity of the agent outside."[167] He illustrates this as follows: "For example a decent standard of living is impossible when

wages fall below a certain level; and fluctuations in the labour market affect housing conditions or the workers' access to consumer goods. In this case, however, the conflict is not internal to capitalist relations of production (in which the worker counts merely as a seller of labour power), but takes place between the relations of production and the workers's identity outside of them."[168]

Yet this entire dimension - the impact of the world outside the office and shopfloor - is all but ignored by the labour process school theorists. In this respect Giddens' approach to the origins of post-fordism is instructive. In contrast to the conventional wisdom that its advent was caused by technological changes, he situates it within the context of the greater social reflexivity of the post-traditionalist world. "(T)he underlying reason for the growth of 'flexible production' and 'bottom-up decision-making' is that a universe of high reflexivity leads to greater autonomy of action, which the enterprise must recognise and draw on."[169] Likewise Harvey sees 'flexible accumulation' as a break with the rigidity of the Keynesian-Fordist political and economic compromise - forced on the capitalist world by the oil price induced recession of 1973. "The 1970s and 1980s have ... been a troubled period of economic restructuring and social and political readjustment. In the social space created by all this flux and uncertainty, a series of novel experiments in the realms of industrial organisation as well as in political and social life have begun to take shape. These experiments may represent the early stirrings of the passage to an entirely new regime of accumulation, coupled with a quite different system of political and social regulation."[170]

Robin Murray situates the challenge to the dominance of fordism within the dimension of the broader cultural and political upheaval of the 1960s. "In 1968 this challenge exploded in

Europe and the USA. It was a cultural as much as an industrial revolt, attacking the central principles of fordism, its definitions of work and consumption, its shaping of towns and its overriding nature. From that time on we can see a fracturing of the foundations of predictability on which fordism is based."[171] Murray argues that most companies adopting post-fordist programmes have viewed them more as frameworks for learning than as instruments of control, and he sees them as being integrally related to lessons learnt from the cultural changes that have persisted since the 1960s. "On the bookshelf Peters and Waterman replace F W Taylor. ... Majorities are being transformed into minorities, as we enter the age of proportional representation. And under the shadow of Chernobyl even fordism's scientific modernism is being brought to book, as we realise there is more than one way up the technological mountain. Not all of these can be read off from the new production systems. Some are rooted in the popular opposition to fordism. They represent an alternative version of post-fordism, which flowered after 1968 in the community movements and the new craft trades unionism of alternative plans. Their organisational forms - networks, work-place democracy, co-operatives, the dissolving of the platform speaker into meetings in the round - have echoes in the new textbooks of management, indeed capital has been quick to take up progressive innovations for its own purposes. There are then many sources and contested versions of post-fordist culture. What they share is a break with the era of Ford."[172]

While this may be an over-romantic version of post-fordism, it has the advantage of recognising that its source is not only found within the realm of production, and indeed that it is a phenomenon which is not restricted to the workplace. Rather, the form of the capital-labour relation, whether adversarial, cooperative or some combination of the two, is influenced by a range of cultural, political and economic considerations external to the capital-labour

relations. This point can be emphasised with respect to South African participative management. As argued in the course of the succeeding chapters it was a development motivated by the country's political situation, and by the related cultural gulf between white managers and black workers - as a means of attempting to narrow this gap, and of dealing with and containing some of conflicts, crises and problems which apartheid, and the anti-apartheid 'struggle' threw up.

2.3.4 South African trades unions and labour process theory

One of the few South African academic studies focussing on the emergence of participative management was conducted by the Wits University industrial sociologist Judy Maller whose work in the late 1980s and early 1990s embraced Cressey and MacInnes's approach of stressing that subordination and consent were both essential elements to the labour process. Her interest is mainly in worker responses to managerial strategies, rather than the separate but related dimensions of work organisation and new technology which were a key aspect of much of the debate international debate. In applying the theory of the "dual nature" of the capital-labour relation to South African conditions, she regards participative management as a possible though not inevitable managerial strategy to elicit worker consent. In contrast to those like Thompson who caution against making generalised empirical assumptions from a theoretical base[173], she argues this strategy was primarily a response to worker organisation and resistance, based on management's "need to elicit the active co-operation of its workforce in the pursuit of increased productivity," and its intention "is one of institutionalising and containing conflict."[174] Her view as to whether this represents a danger or an opportunity for labour hangs uneasily between two stools. On the one hand she points to "the

contradictory effect of opening up greater space for labour - to push back the frontier of control in the factory and to increase its claims on social wealth."[175] But she also counsels a rejection of the managerial project per se. In her 1992 book on the subject, she writes: "The project of participative management which seeks to undermine unions is ... rejected: it does not empower workers nor allow them to influence decision making. Instead it attempts to alter the balance of power to retain managerial prerogative."[176] The union response she advocates is one that attempts to embrace both of these emphases. She terms it "adversarial participation" - taking part in certain participative programmes on the unions' own terms, and where possible at their initiative, primarily through the collective bargaining procedure.

Throughout the 1980s and the early 1990s there was a heated debate within the union movement and among their academic and political backers concerning a range of issues arising from within the participative management project. These included the extent to which unions should involve themselves in participatory structures established or proposed by management, the value or otherwise of employee shareownership (ESOP) schemes, productivity agreements and joint management-worker forums[177], and whether and how labour and business should cooperate in future industrial policy in South Africa[178]. The fissures emerged on the question of whether working with management in cooperative forums, both at the level of the firm and nationally, could further the interests of members by improving their day to day working conditions and longer term bargaining position, or would diminish worker solidarity, create divisions and undermine the unions' socialist project. The common ground was that the long-term interests of the workers lay in socialism and that the class interests of workers and owners/managers (there was seldom a distinction drawn between the two) were inherently antagonistic.

The general suspicion of participative programmes among South African trades unions has its origin in practical experience - of managerial racism, strike breaking and union bashing, collaboration between bosses and the apartheid state, and low wages and unsafe working conditions. Arising from this experience, the tone of the overt antagonism and ongoing conflict that has been a feature of South African industrial relations was set through the struggles for union rights and for higher wages and better working conditions. This experiential dimension was the most important factor in influencing union perspectives. But other subjective influences at the level of ideology which are also worth noting. One was Marxism, or Marxist-inspired thinking in various competing currents, which enveloped the culture of resistance within the country as well as in the exile world and had a profound, if disparate, influence on union perspectives. Its forms ranged from the formulaic, Soviet-derived Marxism of the South African Communist Party to the syndicalism of elements of the international union movement. An important source of influence can be detected from the industrial sociology and other departments at several English language South African universities[179], with much of their work drawing from studies by socialist academics, mainly from Britain (and the intellectual influence of British leftwing academia on the union movement in South Africa certainly went well beyond this[180]). The positions adopted by the 'independent' South African trades unions in the late 1980s on the issue of participation, tended to echo the premises of the academic perspectives, particularly those emerging from the labour process school. This in turn had a profound influence on the course taken by participative management programmes in South Africa. In contrast to Germany (where corporatism had been an essential ingredient of industrial relations since the war), Japan (where militant unions had been broken in the 1950s and where a cooperative work culture was deeply entrenched) and the United States (where unions were in a state of prolonged

decline and were largely irrelevant to the implementation of TQM), South African CEOs were faced with a union culture deeply suspicious, and frequently strongly antagonistic to participatory managerial programmes, and, as is discussed in chapter six, to a considerable extent this remains the case today, alb[illegible] in a mitigated form.

This high level of suspicion and the consequent approach of confining cooperative forums, was probably more marked among union officials than among the ordinary membership. As shown below with respect to PG Bison, while rank and file union members and some regional officials were often keen to embrace such programmes, it was the officials who tended to counsel caution or outright opposition. This meant those within management responsible for implementing such initiatives had to proceed cautiously when dealing with unions - taking a step by step approach, emphasising aspects attractive to the unions like literacy and anti-racist programmes. They also had to build union objections into their programmes, demands and recommendations which they might not otherwise have done, and this meant that at most companies unions were drawn in as part of the process and not bypassed. Much of the content of the opposition from the unions and their academic backers, concerned questions of motivation and causation, with the assumption that management was either introducing these schemes as part of an assertive attempt to improve productivity and undermine union strength, or that it was a defensive response to political and union pressures, or both. The general premise invariably began with a suspicion of managerial design and motive, with some protagonists nevertheless advising participation under certain circumstances, along the lines proposed at an academic level, by Maller, among others.

Nowhere was the debate over managerial motives and how to respond to them more explicit and publicised than from within Ppwawu, the union which had to respond to participative programmes at PG Bison and later at Nampak and Carlton Paper. On the one hand there were significant voices within the union giving a positive endorsement to this form of stakeholder programme. For example, at a PG Bison National Forum meeting, Ppwawu regional organiser, Phineas Masombuka embraced the company's participative programme with considerable enthusiasm: "In the past business was characterised by a master-servant relationship. It is quite encouraging for PG Bison to opt for a different route - away from confrontation, towards giving workers a say. Others will follow suit. So the new ideas auger well. ... PG Bison will always be remembered. It will go down in history for setting an example on how to change labour relations."[181] On the other hand there were those like former national organiser Rob Rees and former assistant national organiser Sakhela Buhlungu who were implacably opposed to all participative programmes as well as to national-level co-determinism and called on unions to "challenge the current politics of class compromise"[182]. This was considered the only way to prevent the decline of the union movement. "Class compromise cannot survive with strong workers' control. Conversely, increasing class compromise will lead to a decline in participation and the ultimate defeat of our movement. We should not forget that the bosses and the workers can never be on the same side - unless workers accept the bosses' right to exploit, pay starvation wages and attack workers"[183], Rees wrote. Buhlungu expressed concern about the implications of worker participation schemes for the "struggle for socialism", and lamented the fact that "until recently" it was taken for granted within the union movement that "transformation meant the destruction of the capitalist system."[184] The defeat of capitalism and victory for socialism were the only democratic alternatives for workers. "We saw democracy as being possible only under this system. We all assumed that

capitalism was full of internal contradictions which would eventually lead to its overthrow through revolutionary struggle or class conflict, not class co-operation. At the workplace this would lead to the takeover and running of factories by workers through democratically elected committees."[185]

Eventually the formal position emerging from Ppwawu was one which, in both practical and theoretical terms, fell between these two stools - advocating "adversarial participation", along the lines proposed by Maller, and undoubtably influenced by her perspective[186]. Arguing for this position, Ppwawu officials Welcome Ntshangase and Apollis Solomons wrote that the reason for management embarking on participative programmes was a combination of pressure from unions and the need for improved productivity and quality - an understanding differing substantially from those who viewed it as an assertive managerial strategy with the prime aim of defeating the unions. "In the face of stiff international competition," they wrote, "South African companies will have to increase the quality of their products. But the development of the productive forces and the growth of the unions make it impossible for management to use coercive methods to increase productivity and ensure efficiency and quality of work. Instead management must elicit the co-operation of workers by creating a working environment which encourages workers to use their brain power and initiative."[187]

While this approach is an advance on the rigidity of some of the others cited above, it still suffers from the determinism integral to so much of the writing focussing on the labour process. In this case co-operative managerial policies are read off as an inevitable consequence of the development of the 'productive forces', rather than a possible response to these changes (as well as to other considerations) likely to be influenced by range of other stimuli, most

located outside the factory gates. To build this argument it is necessary to consider the nature of these other pressures and influences, and then to examine how they affected managements at various companies, which can best be approached through the means of case studies.

2.4 THE RELEVANCE OF CASE STUDIES

What the preceding discussion suggests is that in answering the main question posed at the outset - why did several large South African corporations adopt participative management strategies in the 1980s - and various others which arise from it, a degree of eclecticism is essential. This means taking what is useful from different, sometimes competing, analytical approaches and throwing out the rest. Furthermore, it suggests a slant towards an empirical emphasis is warranted, albeit without veering too far down the road of empiricism (where all facts are treated as equal and all abstract theoretical discourse rejected). Certainly an empirical bias is preferable to squeezing the facts into one or another universal theoretical model in order to establish a pre-ordained conclusion. Therefore in order to build the case for one of the premises stated in the opening chapter - that participative management in South Africa should be regarded as a political phenomenon (albeit one powerfully influenced by a range of pressures and influences) - it is necessary to establish a basis for this through factual example. This raises the question of the applicability of case studies. Their purpose is to illustrate more general points of contention through an focus on examples. This, however, requires that the examples chosen have a broader relevance and resonance within their field.

As the primary case study, PG Bison fulfilled these criteria. First, it was a large, publicly-owned company with significant manufacturing and retail components and a presence in most

of the country's provinces. Second, it had a wide spread of ethnic, political, regional and union identities among its employees and directors. Former CEO Leon Cohen saw the company as "in all respects ... a microcosm of the country ... comprising five thousand people from all walks of life - extreme right to extreme left, from rich to poor, educated to illiterate, make and female, all races and religions."[188] Third, its process of implementing participative management was overtly politicised, not only in its original conception, but in the way it was received. Again, as Cohen put it: "The people in the business were representative of the broad groupings and views of South Africans. People did not leave their politics, fears, anxieties and beliefs at the gate when they came to work."[189] Fourth, its experience with participative management had a considerable influence within the business, labour and political domains, as well as being publicised more generally[190], and therefore was not merely an interesting anomaly, but rather an example which had an impact on the development of the phenomenon more broadly. The secondary case studies - Cashbuild, VW, Nampak, Premier, SAB, First National, Nedcor, Gencor and Eskom - provide a broader point of reference which adds to the general picture.

Together these examples offer a sufficiently wide sample to provide a broad sense of the motivating forces behind South African participative management as well as its parameters and effects. These examples and the development of participative management in South Africa more generally, are considered within the context of the changing role played by the business community within the country's political terrain and of international precedent, particularly in Japan, Germany, the United States, Great Britain and Sweden. Some of the issues relating to the theoretical debates touched on above, are built into the discussion around the primary case study, PG Bison.

NOTES

1. One option is to start from a theoretical premise about social change or a more specific set of premises rooted in one or another branch of social theory, and then attempt to apply this to the set of facts at one's disposal. Another is to start with an empirical hypothesis founded upon a more abstract conception.

2. This is not to suggest a direct comparison between Soviet and Western methods of ensuring such compliance. In the former, military and economic control was more absolute, and there was a greater willingness to use the threat of full-scale military invasion (Hungary, Czechoslovakia, Afghanistan). However, it would also be wrong to draw too big a gulf between the two. Contrary to the spirit of Fukuyama's contention that no democracy has ever declared war on another, one can point to direct American military involvement in initiating, controlling and funding military interventions against several other democracies during the Cold War when perceived US interests were threatened, including the Dominican Republic, Guatamala and Allende's Chile, as well as direct and indirect military interventions against governments within the US 'sphere of influence' which could not be defined as democratic (Vietnam, Laos, Cambodia, Zaire, Angola, Granada, Nicaragua, Panama). The French played a similar role with respect to several of its former colonies in Africa.

3. Francis Fukuyama, "The Primacy of Culture," Journal of Democracy, Volume 6, number 1, January 1995, p 9.

4. The end of the Cold War rapidly prompted challenges to the national boundaries set at Versailles and Potsdam. The genie of suppressed national and tribal identity was released, often with extreme xenophobic violence. This was apparent throughout the former Soviet Union and Yugoslavia, and in different forms (not always directly related to the end of the Cold War) with the Kashmiris in India, the Tamils in Sri Lanka, the separatists in the Sudan and the Basque province of Spain, the anti-colonial movements in East Timor and Tibet, the war between Tutsis and Hutus in the Great Lakes region of Africa,among others. Among the most extreme expressions of resurgent ethnic nationalism emerged mainly in the countries of the former Eastern bloc and Yugoslavia, either as governments (most notably in Serbia and Croatia - the former arising out of the former socialist government, the latter drawing on proto-fascist traditions), and/or as national movements (ie, Russian, Czechnian, Moldovan, Hungarian, Slovakian and Bosnian Serb). The point here is that while such ethnic groups, and the conflicts they participate in, may represent a threat to democracy in certain cases (that in the former states of Yugoslavia being the most extreme), they do not, by their nature, represent a prototype for others to follow, are limited in their geographical range.

5. One could point to strong neo-fascist currents within several Latin American countries such as Guatemala, El Salvador, Honduras and Chile (though in each of these cases, in a more muted form than a decade ago), as well as a more assertive and coordinated neo-fascist presence in parts of western Europe (Italy, Austria, Germany, France, Spain, Belgium and the Netherlands), the United States, Turkey and Japan. But the growth of neo-fascism, while having greater international reach, shows little indication of becoming a significant threat to liberal democracy.

6. At most what could be argued is that political parties formerly espousing communism have displayed more resilience than was generally predicted in the first flushes of celebration after the system's global demise. Among the former Eastern European socialist states, parties formerly allied to communist doctrine have been elected in Hungary, Poland, Lithuania, Estonia, Turkmenistan, Georgia, Moldovia, Serbia, Romania, Bulgaria, Slovakia and also, at the parliamentary though not the presidential level, in Russia (though they subsequently lost power in Bulgaria, Romania, Estonia and Slovakia). They have also gained in strength in several other countries, most notably (eastern)

Germany. Outside of this region, formerly Soviet-aligned parties have won or retained power in elections in Nepal, Angola, Mozambique, Namibia and South Africa while governments formerly advocating Bolshevism have retained power without democratic elections in Cuba, Vietnam, North Korea and China. Several points are worth asserting in mitigation: first, with the demise of the Soviet Union and its satellites, the conditions for creating a socialist political and military power bloc on a global scale no longer existed; second, the economic conditions for creating any form of socialism on a national or regional basis, no longer existed (if, indeed, they ever did); third, few of the political parties in the countries mentioned above advocate a return to state socialism. Most propose little more than slowing the transition to capitalism (in the former socialist world) or introducing limited social democratic measures, and several - most notably in Russia - married social democratic tendencies with a more virulent form of nationalism.

7. The spread of Islamic fundamentalism represents a more energetic challenge to liberal democracy. Several countries are ruled by undemocratic governments espousing fundamentalist variants of Islam, including Iran, Iraq, Sudan, Syria and Afghanistan, while several other north African, Asian and Middle East governments which are less fundamentalist are increasingly under threat from Islamic fundamentalist movements (most notably Algeria and Egypt), and others are impeded in their ability to govern democratically (Pakistan, the Palestinian administration in the West Bank and even the secular state of Turkey). More commonly they have had the effect of strengthening the hold religious conservatives within government and the state (most notably Saudi Arabia, but also in numerous other Islamic-influenced dictatorships or authoritarian regimes, including Nigeria, Indonesia, Yemen, Kuwait and Lybia). Of those countries and regional states with Islamic majorities very few - Turkey, Pakistan, the Muslim component of the Bosnian state and some of the Islamic states of the former Soviet Union - have governments which have shown any sustained inclination towards liberal democracy - and in each of these cases there are severe qualifications to this inclination. Some existing democracies have also been strongly affected by Islamic fundamentalism, not so much by its growth within their own populations (though this has been a feature of the past decade in France, the US, Britain and India), but more through new sources of terrorism at a time when the threat of secular ideological terrorism had receded. Most notable here have been the terror attacks by Algerian Islamists against the former colonial power of France, the Kashmiri separatist struggles in India and the bombing of the World Trade Centre by Egyptian Islamic terrorists. In the eyes of some western governments Islamic fundamentalism has become the new international villain, a successor to the 'Evil Empire' of communism. One effect of this has been to reinforce the hand of intelligence and security lobbies within these states. In global terms, however, it is easy to overstate this threat. Very few Islamic states (and none espousing fundamentalism) have succeeded in building viable, integrated economies, let alone creating realistic alternatives to capitalism and its appeal appears to be limited to the minority of states with large Islamic populations. As Fukuyama puts it: "(N)o fundamentalist state has proved it can master the process of industrialisation. Even those lucky enough to have inherited natural-resource wealth have not dealt effectively with the social problems that helped bring them to power; ... This only reinforces Islamic fundamentalism's lack of appeal for everyone not culturally Islamic to begin with." (Francis Fukuyama, "The Primacy of Culture", Journal of Democracy, volume 6, number 1, January 1995.

8. Ibid, pp 9 - 14. He regards this as a challenger to liberal democracy in that its essence "is a society built not around individual rights, but around a deeply ingrained moral code that is the basis for strong social structures and community life." (ibid, p 12). It is the coherence of its social structures, the moral education which accompanies them, and particularly the subordination of individuals to the family, rather than its institutions, which defines it. Therefore it is compatible with democracy (Japan), with a semi-authoritarian state (Singapore) and, particularly in its Sinitic form (where the ruler's authority is modelled on that of the father) with dictatorship. While this does not, in itself, represent a global challenge to the individualism of liberal democracy (mainly because this is also a regional phenomenon but also because it has proved to be compatible with democracy), it provides a serious

challenge to Western liberal thinking because of all the alternatives, "only Asians have been able to master the modern technological world and create capitalist societies competitive with those of the West - indeed, some would argue, superior in many ways" (ibid, p 11).

9. According to a recent count by Freedom House - in its annual survey of "Freedom in the World" there were 76 "free" countries (defined in terms of the extent to which they comply to basic liberal democratic principles) by the end of 1994, compared with 65 at the beginning of 1990, (cited in editorial on "Democracy's Future", Journal of Democracy, volume 6, number 1, January 1995, p 4. In this period the shift from dictatorship to multi-party democracy was most remarkable in Africa. Between 1990 and 1994 30 countries held multi-party elections, with two thirds of these judged to be free and fair by international observers, and in 11 countries incumbents were voted out of power. It is worth mentioning though that many other countries (particularly in Africa, Latin America, the Caribbean and parts of the former Eastern Bloc) appear to exist in the grey area between democracy and authoritarian rule - closer to liberal democratic ideals than before but falling short in several areas, most notably their weak political institutions and constitutional arrangements which do not fulfil all the minimum conditions of democracy.

10. Examples of such restrictions include the Official Secrets Act and related code of secrecy regarding state business in Britain, the barring of visas to ideologically unsound would-be visitors in the United States and the 1953 ban on the Communist Party (through the constitutional court) in Germany. More significant though has been the powerful role of intelligence agencies within the state, and the restrictions on individual freedoms this has allowed them within their own domains, and, more particularly, the interventions within the domains of other states. Within multi-party democracies in the Western sphere of influence these interventions have ranged from directing or backing the establishment of client Christian Democratic-type parties in Europe and Asia (particularly in Italy, Germany and Japan) after the war, to helping unseat Gough Whitlam's Labour government in Australia, to advising, funding, arming and assisting a coup against a democratically elected government in Chile, and prior to that in several other countries, most notably Guatemala and the Dominican Republic. Perhaps the most startling example of restrictions in democratic practice emerged from Italy, where, as is now unfolding through countless trials, the dominant party, the Christian Democrats, was engaged in large-scale vote buying through the Mafia over several decades as part of a long-running plan, backed by the US and the Catholic church, to ensure that the Communists never attained power. Together with other anti-democratic moves, from the ubiquitous role played by the Masonic Lodges in ensuring an extra-legal and often illegal consensus between the key power players in society, to the alleged complicity in political murders by Christian Democratic leaders, this puts in serious doubt the existence of anything approaching a genuine democracy during these years in Italy.

11. In Britain, for instance, after a period of uncertainty, the right found its new bete noire in Brussels (as the home of EC and symbol for every vice from bureaucratic red tape to political correctness). Once the party of European integration, Tory energies shifted towards the threat that further integration represented to British sovereignty. In the US, the Republican Party and the far right, found their new raison d'etre in the enemies of liberalism, feminism and multi-culturalism.

12. In the US the shift of political discourse to the right which had been a feature since the tax revolts of 1978, appeared to fray in the early nineties, and again during 1996. First, the 'pragmatic' conservatism of the centrist Republicanism of the Bush presidency followed by the election of a representative of the Democrat centre-right in Bill Clinton in 1992. In this period, which came in the immediate aftermath of the collapse of Communism, the more coherent national agenda of the Republican far right had not yet emerged in the clear form it did in 1994 when the old enemies of the Cold War had successfully been replaced by internal enemies (particularly liberalism and big government) combined with a more restrictive definition of American identity and a more absolute variant of supply side economic policy. While its success at the party political level has been less than

absolute, it does appear to be more than a short-term tendency, despite the setback of the 1996 presidential election. There are several underlying reason why this shift has taken place. It has arisen a context of prolonged, though uneven economic decline, if not always in absolute terms, then relative to certain other nation-states and regions, and most particularly Japan (though this has, at times, been overemphasised, ignoring the fact that the US still dominates world production in several industries, and research and development more generally, as well as the current boom in the economy, particularly in terms of job creation). However, this relative decline can be identified as becoming apparent at least as early as the 1973 Opec oil price hike. Combined with this was the challenge to national identity in a nation where individual identify (and particularly male identity) is bound up so closely with the robustness of national symbols, through the defeat in the Vietnam war. In a country where the balance of powers between federal and state governments was always precarious, and where there has long been powerful body of opinion viewing government as, at best, a necessary evil, the challenges to the federal government, were given further impetus by the Watergate hearings and the anti-state youth culture which flowered in the 1960s. In addition the disintegration of inner cities in the absence of a welfare net, and the consequent rise in violent crime, and the visible failure of the mythical 'melting pot' to do its bit in integrating most non-white minorities, has prompted the popular shift towards harsher law and order policies, while the threat to jobs from Asian and Hispanic immigration (as well as from the export of jobs to the developing world), and also the more assertive position of women in the job market, has contributed to 'white male rebellion' which has been a feature of the mid-nineties. Several more subjective factors (themselves related to the changing national climate) have also come into play, including the rapid growth of a fundamentalist brand of Christianity, particularly through various Pentecostal networks, and their coalescence as a highly organised rightwing political force

13. During the 1980s most industrialised liberal democracies were dominated by stable governments headed by parties with a rightward bent and several led by a single president or prime minister - the US Republicans under Ronald Reagan, the British Conservatives under Margaret Thatcher, the German Christian Democrats under Helmut Kohl, the Italian Christian Democrats under alliances dominated by Giulio Andreotti, the Japanese Liberal Democrats and the Canadian Conservatives. A similar appearance of stability existed in France under Mitterand's nominally socialist presidency, which, in its second term, took a sharp turn to the right to adopt a strict monetarist package. In addition during much of the 1980s conservative parties or coalitions ruled in several other Western European states including Belgium, Norway, Sweden, Denmark, Greece and Portugal. Supply side economists of a monetarist bent were also 'exported' as policy advisers to, among others, Menachim Begin's Israel, Pinochet's Chile, and, at the end of the decade, to the emerging governments of the former communist states, most particularly Poland, Czechoslovakia, the Czech Republic and Russia.

14. Including Britain, Portugal, Greece, Finland, Sweden, Norway, Iceland, Denmark, Belgium, Italy, Malta and New Zealand.

15. In Britain the shift in political discourse since the turn of the decade has tended to be away from the aggressive individualism of the Thatcher years, contributing to the decline in Conservative Party fortunes. A more marked decline saw the ruling Canadian Conservative party reduced to a single seat in 1993. In Italy the political system disintegrated as a direct result of the anti-corruption drive which followed the collapse of the Cold War hegemony of the Christian Democratic Party and has yet to fully recover, or to re-emerge in a coherent new form, though the 1996 victory of the centre-left Olive Branch coalition offered the fleeting possibility of a new consensus. For similar corruption-related reasons, the 45 year dominance of the Liberal Democrats was temporarily shaken up in Japan while in India the grip on power of the statist Congress party has weakened considerably. Throughout Scandinavia, spells of conservative rule gave way to the return of a far less ambitious variant of social democracy, a development which had previously occurred in Greece and was repeated in Portugal. In France a decade dominated by Mitterand socialists gave way to a Gaulist return (ironically, on a

platform which offered Keynesian solutions to unemployment to counter the monetarism of the socialist years), while in Germany the centre-right Christian Democratic alliance has held on for 14 years (including the seven years since re-unification) without undoing the major tenets of the welfare state. In Australia the Labour Party held power for a similar length of time on a platform stressing free trade before being unseated in 1996, while in New Zealand the welfare state was rapidly dismantled during the decade of conservative rule. In Spain socialist governments held sway for 20 years, until the scourge of corruption and other forms of illegal state action led to a centre-right coalition government. In several other advanced industrialised nations - such as Austria, Belgium and the Netherlands - there has been no sustained dominance between Christian Democrat and Social Democrat parties and alliance politics of a kind completely foreign to the American and British constitutional systems have continued to predominate. Overall, in the advanced industrialised democracies, the picture at the party political level, does not suggest a shift to a coherent rightwing agenda of the kind that swept the US.

16. This was most apparent in Italy, where the entire political system during the Cold War years was exposed as being based on the 'Tangenti' system of bribes, kickbacks, patronage and large-scale Mafia-linked votes selling. While the impetus for the still incomplete break-down of this system came from underlying social factors (perhaps most significantly the loosening of the tight family ties that allowed the system of patronage to flourish, as a result of industrialisation and the migration from south to north), it was brought to the fore by political developments which emerged as a result of the collapse of communism. Particularly in the early post-war years, the CIA, with the backing of the Catholic church and organised crime, covertly supported and funded the Christian Democrats, and, to a lesser extent the socialists, to undermine the perceived threat of a Communist victory. However, Italy was no exception in this regard. In Japan the exposure of a kickback system between Liberal Democratic politicians and leading businessmen, led to the Liberal Democrats being swept from power for the first time since the war. In France, both the Gaulist and Socialist parties were hit by a series of corruption scandals while Belgium was shaken by a series of corruption revelation reaching to the heart of government. In Spain the 14-year-old government of socialist premier Felipe Gonzalez was unsettled by evidence of kickbacks on contracts and the bugging of opponents. While Britain and the US have been less exposed to this form of corruption, there is evidence that it is more widespread than once assumed and even in Germany evidence of corruption is growing. In the country's financial capital, Frankfurt, in 1994 there were 11 498 cases of official corruption, most involving kickbacks to civil servants, compared with 361 in 1988 (The Observer, April 16 1995).

17. In Britain a 'Europhile' position (advocating closer ties and fewer restrictions on relations with the rest of the EU) was, in the 1970s, associated with the majority of the Conservative Party, while a 'Europhobe' position was most closely (though not exclusively) associated with the left of the Labour Party. In the 1990s the majority of the party of the left (Labour) is seen as pro-Europe, while the Conservative Party has adopted increasingly anti-European positions. In the US in the 1980s, Republican governments were associated with expansive foreign policies backed by strong military intervention and with aggressive free trade policies, while their successors in the post-communist 1990s have increasingly been associated with isolationism and, in some cases, protectionism (in contrast to a Democrat President associated with the Gatt free trade agreement and military interventions in Haiti, Somalia and Bosnia). More starkly, in Russia, the forces of what were once considered to be the left (the communists) came to be referred to as the conservatives (accurately, as 'conservative' is a relative, not an absolute, noun or adjective) but also, frequently, as the 'right'. Even the word 'liberal' has lost much of its definition. What it means politically in the US (where the word is associated by its opponents, with, among other negatives, the bureaucratic state, social libertarianism, welfare expenditure and multi-culturalism) is not the same as what it means in South Africa (where it has become associated mainly with a free market, federalist opposition to apartheid), and is the opposite of what the term has come to mean economically (where 'liberal economics' has become common currency to describe supply side, monetarist, positions). The confusion about terminology - about

what is right and left - is illustrated by two examples from Europe in April 1996. Lord McAlpine, former Tory party treasurer, argued: "(N)ow we need our trade union movement's muscle to protect our interests ... against bureaucratic-infested Brussels." (Daily Express, April 19, 1996). Two days later Italy's Olive Tree coalition, dominated by former leaders of the Communist Party, won power and this immediately had the effect of boosting the Lira, because of business confidence in the coalition's stability and austerity programmes. (Evening Standard, April 22 1996) McAlpine, who, in the 1980s raised millions for Margaret Thatcher and backed her moves to cripple union power, still described himself as being on the far right. The Olive Tree coalition, whose predecessors would not have been permitted to take power during the Cold War, described itself as a centre-left group.

18. Anthony Giddens, "The Observer Essay: Government's last gasp?", The Observer, July 9 1995.

19. While socialism was abandoned in such cases, their governments were compelled to submit in varying degrees to market forces, and their economies - or at least their state components - provided little in the way of reassurance for those with a lingering hope for a revival in the fortunes of Marxism-Leninism.

20. Mikhail Gorbachev, Perestroika, Collins, London, 1987.

21. This is probably stated most succinctly in their seminal work, The Communist Manifesto (Marx, Karl and Engels, Friedrich: The Communist Manifesto, in David McLellan (ed): Karl Marx: Selected Writings, Oxford University Press, Oxford, 1977.

22. Most palpably with regard to the withering of the state, but also in terms of the underlying economic logic of these systems.

23. As Eileen Appelbaum and Peter Albin put it in their study of the computerisation of the insurance industry, these technologies are "well suited to the integration of tasks and the decentralisation of control and decision making." ("Computer rationalisation and the transformation of work: Lessons from the insurance industry," in Stephen Wood: The Transformation of Work, Unwin Hyman, London, 1989, p 248.

24. Peter Drucker, Post-Capitalist Society, Butterworth-Heinemann, Oxford, 1993.

25. Charles Handy, The Empty Raincoat, Hutchinson, London, 1994, p 24.

26. Tom Peters, Liberation Management, Macmillan, London, 1992, p 758.

27. Handy, op cit, pp 153 - 154.

28. Most successful political parties have ceased to be class based in the way they were in previous eras, while in most advanced industrialised countries considerations of race, sex and, in particular, generation, seem to be more significant in influencing social attitudes, actions and divisions.

29. Goran Therborn, "Dialectics of Modernity: On Critical Theory and the Legacy of Twentieth-Century Marxism," New Left Review, no 215, January/February 1996, pp 80 - 81.

30. For instance in the early years after the second World War, the German Social Democratic Party (SPD) was still ostensibly Marxist in economics, Italy and France had large Bolshevist communist parties closely tied to the Soviet Union, while the British Labour Party had a strong current which was neutral in foreign policy and left-wing socialist in economic policy. It was in this context that the social-democratic compromise was secured - and was accepted by capital and most parties of the right because the alternative seemed far worse.

31. Interview in Der Spiegel quoted in The Guardian Outlook, September 23 1995.

32. For instance, in Britain, Australia, Portugal, Denmark, Sweden and Norway - all of which have moved decisively away from past policies focussing on nationalisation, higher taxation and bureaucratic interventionism.

33. By, for example, closing tax loopholes and reorganising spending priorities, improving education and training, decentralising aspects of national economies, and, in some cases, by the limited Keynesian measures of taking a more interventionist role in macro-economic management and through policies to encourage investment and savings, but certainly without the threat of significantly higher taxation, let alone re-nationalisation programmes.

34. See for example Hutton, op cit; John Kay, The Business of Economics, Oxford University Press, London, 1996, and for an implicit, business-oriented perspective in this direction, Charles Handy, op cit.

35. In Britain the notion of 'stakeholder' capitalism and the 'stakeholder' society/economy/firm has been backed by a variety of actors on the centre-left both before and after the Labour Party leader, Tony Blair, gave the idea national prominence. These have included, for example, the leader of the Trades Union Congress John Monks, the national secretary of one of Britain's largest union, the Transport and General Workers Union, Jack Dromey, the general secretary of the Fabian Society Simon Crine, and various prominent neo-Keynesian economists and centre left social theorists and commentators such as John Kay, John Gray, Ed Mayo, David Marquand and Will Hutton. The idea was also proposed by the Liberal Democrat's Dahrendorf Commission in 1995.

36. Dr Brian Mahwinney, chairman of the Conservative Party, attacked it in the following terms: "It's essence is corporatism. Welcome back all the old friends - the trade unions, the vested interest groups, the Labour-dominated local authorities ... it's second hand socialist policies wrapped up in Tory ribbons. ... It is a devious way to attempt to bring in new taxes through the back door." Similarly, British Prime Minister, John Major, said: "It is entrenched and steeped in the traditions of the left, of socialism, of corporatism." Likewise, Dr Madsen Pirie, president of the Adam Smith Institute described the "stakeholder society" as "backdoor taxation", adding, "it means that business will be obliged by law to finance certain activities - the social programme ...". (quoted in The Guardian, January 17 1996).

37. The leftwing Labour MP Ken Livingstone reacted to the stakeholder idea in the following terms: "It's warm words time again. I haven't a clue what it means. If anyone does could they let me know?" (Ibid). Others on the far left such as the Mineworkers Union leader Arthur Scargill and the Socialist Workers Party portrayed it as a devious threat to worker solidarity and to socialism.

38. J K Galbraith, The New Industrial State, Houghton Mifflin, Boston, 1971.

39. In Britain, for instance, several leading corporations describe themselves as 'stakeholder companies', including Marks and Spencer, BP, and British Telecom. Among the first to embrace this specific self-description in South Africa were the executive directors at PG Bison, where CEO Leon Cohen and executive director Christo Nel first used the term in 1987.

40. If the Labour Party's still-loose prescriptions in this area are to be followed, at a policy level in Britain this might involve measures to counter 'short-termism', by, for instance, requiring takeovers to be justified in the public interest, increasing certain union rights for workers, and offering capital gains tax incentives to companies prioritising long-term investment. A more ambitious version, might, in addition, involve policies prompting or even compelling pension funds towards long term

investments, promoting business expansion through a national development bank, legislating for joint management-worker cooperative structures within companies and encouraging employee shareownership schemes. (See Will Hutton, The State We're In, Jonathan Cape, London, 1995).

41. Quoted in The Guardian, January 9 1996.

42. Quoted in The Guardian, January 17 1995.

43. This loose thrust is encapsulated by the Labour Party MP Peter Mandleson and the public policy consultant Roger Liddle, in their book The Blair Revolution - can New Labour deliver? (Faber, London, 1996). They write: "New Labour's distinctive emphasis is on community. This is not a soft, romantic concept - old dears at bingo nights in draughty halls, or the world of the tightly-knit mining community that now is dying away. Community is a robust and powerful idea, and is the heart of the stakeholder economy New Labour wishes to create. It means teamwork - working and acting together in companies, in local neighbourhoods, in the country as a whole to get things done. It means mutuality - rights and responsibilities going hand in hand. It means justice - that all interests are served, not just those of the rich and powerful. This concept of community is more than an individual obligation to be kind, loving and charitable: First, everyone should have a stake in society and no one should be excluded from it. That is why the abolition of long-term unemployment is central to Labour policy. Secondly, individuals cannot reach their full potential alone, and nor will the "free" market ensure it either. They need the opportunities that come from being part of a strong community that acts together to back up their efforts - for example, by ensuring a high-quality education system and a health service. Thirdly, rights carry with them obligations. Yes, young people have rights to a much wider range of opportunity, but with the backing of the wider community goes an obligation to the wider community. Yes, companies should enjoy the freedom to compete in a dynamic market, but along with that freedom goes responsibility to all their stakeholders - workers, shareholders, bankers, long-term sub-contractors and customers. ... We know that we live in a new global economy and that there is no alternative to that. We stand for a strong society and an efficient economy because we need both, and each needs the other. That is the essence of our belief in One Nation policies and the principle of the stakeholder economy."

44. Possible legislative implications from a Labour Party government in Britain could involve state-funded jobs, education and training programmes aimed at taking youth off the dole and into work, the introduction of a minimum wage, various programmes to ensure lifelong learning opportunities for workers, increased provision of nursery education and a focus on "wiring up" schools and libraries to ensure greater access to computer technology.

45. Quoted in, "Only working together will save the economy," The Observer, October 13 1996. See also, John Kay, The Business of Economics, Oxford University Press, London, 1996 and Will Hutton, The State We're In, op cit.

46. The version of democracy in which citizens vote every few years in order to give absolutist powers to an elected party to govern as they like until the next election - epitomised by the Westminster system - is, like so many other shibboleths of Western socio-economic thought and practice, coming under serious intellectual and political challenge. One reason is that the gap has widened between the speed of communication of ideas facilitated by the 'desktop revolution' and the ponderous workings of party political democracy, in which, in most cases, people have little effective power over the day-to-day workings of government. This may be a contributing factor to the fall-off in party-political participation, and election percentage polls, particularly with respect to the youth, a development which seems to reflect a wider sense of despair, and lack of confidence in the dominant values of the system. (See "Generation X and the New Work Ethic", Demos research report, London, 1994 and "Freedom's Children: Work, relationships and politics for 18 - 34 year olds", Demos report, London, 1995). When

combined with evidence of corruption referred to above, this has contributed to a weakening of the significance of party politics and of government, and therefore, by proxy, the strengthening of the neo-liberal agenda. Only in Italy was the crisis of legitimacy so profound as to force an overhaul of the entire political system, though in various ways there have been limited signs of adaption elsewhere. One example is the widespread interest in issues of citizenship and constitutional reform in response to what Lord Halisham called the "elective dictatorship" of the Westminster system in Britain, which led to the launch of the Charter 88 campaign for constitutional change. These concerns were taken up by both the Labour and Liberal-Democrat parties through their advocacy of significant constitutional change, with reform proposals including consideration of a referendum on proportional representation, the elimination of the hereditary vote in the House of Lords, and the creation of a tier of regional government and the strengthening of local government, significantly weakened and replaced by unelected quasi-state bodies ('quangos') during the Tory years. In the US an example of a different kind is the increasing use of referenda to decide major political issues in several states. Another is the Republican agenda to prune back the federal state and reduce the privileges of congressmen. Other responses - which in some cases are more proof of the inadequacy institutions than an antidote to them - have included the higher profile of single issue campaigns beyond the realm of party politics (with environmental campaigns on the one hand and religious fundamentalist on the other being the most significant), as well as the emergence of populist presidential and other candidates from outside the major, established parties, some of whom own and control sections the mass media or have the personal resources to strongly influence it, and who are able to attract a significant proportion of the popular vote (Ross Perot, Silvio Berlosconi, Winston Peters, James Goldsmith). A related development has been the growth of far right parties, previously regarded as fringe phenomena. The point here is that the collapse of communism has been one of several catalytic factors prizing open areas of constitutional politics which for so long had seemed sacrosanct.

47. See 2.3 below.

48. Georg Hegel, "Hegel's Philosophy of Right, Oxford University Press, London, 1967 and The Philosophy of History, Dover Publications, New York, 1956.

49. Thomas Hobbes, Leviathon, Parts 1 and 2, Bobbs-Merill, Indianaspolis, 1958.

50. Adam Smith, The Wealth of Nations Penguin, New York, 1979

51. Francis Fukuyama, The End of History and the Last Man, London, Penguin, 1992, p XII.

52. Francis Fukuyama, "The End of History?", The National Interest, no 16, Summer, 1989, pp 3 - 18).

53. Fukuyama, The End of History, op cit, pp xiv - xv.

54. The term neo-liberalism, usually reserved for the economic radicalism and aggressive individualism of the new right and sometimes to the political manifestations of this radicalism, is derived from the neo-classical liberalism of free market economics, rather than the political liberalism associated with an emphasis on human rights, the rule of law and equality of opportunity. It is distinguished from the more general term "conservatism", which has no inherent ideological slant beyond reflecting a desire to conserve - the opposite thrust from neo-liberal radicalism. This often appears confusing because - partly for reasons of emotional impulse, but more particularly out of political necessity - economic neo-liberals have tended to associate themselves with political conservatives and traditionalists, particularly on questions of the nation, crime and punishment, the military, the family and gender. The rhetoric of libertarianism which is a byproduct of their economic world view, frequently founders on the rocks of this traditionalism. Few prominant political neo-liberals in the West are prepared to

follow the logic of their views to the areas of, say, policy on legalising drugs or radically slashing defence expenditure, and this often leads to an uneasy co-existence of contradictory political philosophies. For example, neo-liberals advocate the extension of the market to all walks of life - a factor which has contributed to the "threats" to community and family life which neo-liberals so furvently claim to cherish and defend.

55. A vivid example of came in Britain in 1996, when government deregulation of the meat industry contributed to the livestock feeding practices (specifically the use of sheep brains, some of which were contaminated with Scrapies as a protein supplement for cows) which may have prompted the mass infection of British herds with BSE ("Mad Cow" disease), and its transfer to human beings in the form of Creutzfeldt-Jacob Disease.

56. According to the monetarist view, growth is delivered by low taxes and low inflation, not fiscal policy or general levels of economic activity. Inflation is purely as a monetary phenomenon, and the prime role of government economic policy is to set a monetary target, set interest rates at a level which prevents inflation and balance the budget. The combination of low rates of growth and low rates of inflation has provided substance to the challenge to this view. Among other things this has suggested that changes in fiscal policy, and changes in the interest rate, have a major impact on the level of demand in the economy, and on the composition of that demand.

57. US Federal Reserve statistics indicate that the percentage of America's wealth owned by the wealthiest one percer of the population rose from 20 percent in 1980 to nearly 40 percent in 1995 (figures quoted in The Independent April 18, 1995). According to figures cited by Handy, the top 10 percent of earners in the United States are paid six times as much as the bottom 10 percent, whereas the ratio in Germany is 2:1. (Handy, op cit, p 27). In Britain the overall trend during the 20th century has been towards a reduction in the relative wealth of the richest one percent (from 59 percent of the nation's wealth in 1920 to 18 percent in 1994, according to research conducted by Edward Wolff), though this was reversed in the 1980s. According to a British government report, between 1979 and 1990 the income of the bottom 10 percent declined by 14 percent in real terms while the average household income rose by 36 percent. (Handy, op cit, p 12). By 1995 the richest 25 percent in Britain owned 71 percent of the wealth, according to Wolff. (op cit)

58. In the US the top rate of income tax fell from 70 percent in 1980 to 31 percent in 1990, but the US savings rate fell from 8.2 percent to 5 percent while between 1950 and 1990 investment as a proportion of the GDP remained at 10 percent, while corporation tax fell from 26 percent to 9 percent. (US Department of Commerce figures quoted in The Guardian, November 4 1996).

59. This has happened partly through VAT and sales taxes and through the flat rate social security taxes.

60. Between 1960 and 1990 the average annual GDP growth rate fell from 4.3 percent to 1.7 percent, while in same period the top marginal rate of taxation fell from 78 percent to 31 percent. (The Guardian, op cit).

61. According to statistics released by the EC, the Deutsche bank and the OECD almost 18 million people in Europe, or 11 percent of the workforce were unemployed at the beginning of 1994, compared with under 6.5 percent in the US. Unemployment levels were highest in Western Europe among the 18 - 25 age group, with 24 percent of France's unemployed coming from this category, 30 percent of Britain's and 48 percent of Italy's. In most countries these figures represent a steady rise from the situation at the start of the 1980s. For instance between 1930 and 1994 unemployment levels rose from 6.5 percent to 11.7 percent in Italy, 7.2 to 10.5 percent in Canada, and between 1980 and September 1995, 6 to 11.5 percent in France and 5.8 to 8.1 percent in Britain and even in "Job for

Life" Japan the unemployment percentage rose from 1.8 percent 3.2 percent (and 6.1 percent in the 15 - 24 age bracket). (Statistics quoted in Independent on Sunday, March 20 1994, Time International, February 7 1994, Evening Standard September 29 1995, The Sunday Telegraph, October 1 1995; The Times, November 2 1995)

62. This would ignore 'globalisation' which has contributed to the diminution in the power of nation states (and the concomitant increase in power of a range of other institutions - regional and multi-national bodies, transnational corporations, the bond markets, even the internet). In many respects neo-liberal economic policies were a response to this shift in power, and the related need to create a more attractive climate for investment in the face of increased competition from the East, as well as a response to demographic forces which, particularly in Europe, have seen ageing populations more reliant on welfare payouts (resulting in capital being absorbed through these high social costs and not into investment) and have prompted even social democratic parties into policies aimed at restructuring and pruning the welfare state. Here the tendency in, for example, the Labour Parties in Australia and Britain, the Portuguese socialists, and the Scandinavian social democratic parties, as well as among the 'Clinton Democratics' in the US - has been to shift welfare support into a mechanism for encouraging training to 'empower' individuals and move them away from the 'culture of dependency', while at the same time reducing some of the scope of its universality and encouraging private rather than state pensions. The US, with its more flexible, less regulated, less unionised labour market, lower taxes and social expenditure and higher income differential, has been more successful in creating jobs during economic upturns than Western Europe. Between 1970 and 1990 the US economy created 38 million jobs against 10 million in Europe, while between 1960 and 1992 total US employment doubled (creating 32.8 million new private sector jobs and six million in the public sector) while jobs in what are now the EU countries rose by 10 percent (of which only 3 million were new private sector jobs, compared with 7 million in the public sector). However, real wages in the United States rose by less than half a percent each year - one third the rate in Western Europe. (OECD statistics quoted in Independent on Sunday and Time International, op cit). The US, however, has not escaped the impact of the overall loss of higher paid manufacturing jobs, with new jobs being created largely in the lower paid service sector or on a part-time basis. For instance a net total of 176 000 manufacturing jobs disappeared in the United States in 1993, according to US Labour department figures quoted in Time International (op cit), with workers being required to work longer hours than previously at lower rates of pay. According to Juliet Schor, the average Americans worked 164 hours per year more in 1992 than 20 years previously. (cited in The Overworked American, New York, Basic Books, 1992). It is also worth pointing to the social costs of the US system, with, for example its starker social divisions and far higher levels of violent crime. For instance, according to FBI figures, the number of murder victims in the US in 1993 was 24 500 compared with 675 in England and Wales. (figures quoted in The Times, December 28 1994).

63. Such as the law and order policies and curtailment of trades union rights in Singapore and Malaysia.

64. Particularly Hong Kong.

65. In 1993 Japan's total tax receipts amounted to 29 percent of its GDP - the same as that in the US, but significantly lower than that in Britain (35 percent) or the Western European average (41 percent). (figures quoted in The Times, November 2 1995).

66. The average growth of GDP per capita between 1965 and 1990 was 5.6 percent in what the World Bank calls the High Performing Asian Economies (Japan, Taiwan, Singapore, Hong Kong, Indonesia, Malaysia and Thailand), compared with 2.3 percent in the OECD economies,

1.8 percent in Latin America and the Caribbean and 0.1 percent in sub-Sahara Africa. ("The East Asian Miracle," World Bank research report, Oxford University Press, London, 1993).

67. While there are significant differences in the economic, cultural and political systems of the East Asian nations, there is enough common ground to generalise. In most East Asian economies, and particularly Japan, there is a far greater emphasis on co-operation, trust, tradition and continuity both within and between enterprises - enhanced by the culture of life-time employment and job security and the far lower level of labour mobility. Contracts are less price mediated than in the West, and wealth creation and productivity are seen to come from co-operative, long-term relationships. The business culture is also more production-oriented than in the West. In Japan, and to a lesser extent several of the other East Asian economies, it is also notable that the financial markets are more regulated and less market-based than their major competitors, and the required returns are also far lower - a factor that has encouraged the high rates of investment in these economies. The interventionist role of the state in encouraging and directing growth and investment in most of the East Asian economies has gone way beyond the regulation of the financial markets. (See for instance, Paul Hirst, op cit, pp 125 - 127 and Will Hutton, op cit, pp 270 - 271). In many ways similar observations can be made about the role of the state in these economies. The situation in Japan is discussed in chapter four, while in Taiwan and South Korea governments intervened to prevent blockages in markets and coordination failures, in the nationalisation of banks and in large-scale public investment, as well as in creating a highly skilled and well educated workforce, while in Malaysia, the state, and more particularly the extended family of the prime minister, Mahathir Mohamad, has played an even more direct role in sponsoring the economic growth. In South Korea the banking system was nationalised while in Taiwan the Statute for Encouragement of Investment was promulgated and the state actively promoted the dissemination of foreign technology. In both economies there was extensive public investment in areas the market tended to avoid (for instance in establishing a state-owned steel mill in Korea and plastics, cement and glass firms in Taiwan - all measures which, in their own ways encouraging investment and helped to foster the subsequent export-led growth.

68. Francis Fukuyama, Trust: The Social Virtues and the Creation of Prosperity, Hamish Hamilton, London, 1995.

69. Quoted in "The seer who had a second look," The Times, October 2 1995 and threshed out in Trust: The Social Virtues and the Creation of Prosperity, Hamish Hamilton, New York, 1995.

70. Martin Jacques, "The Culture Essay: Western culture defies the rising Eastern Sun," The Culture, November 13 1994.

71. He argues that capitalist societies with strong family structures but weak civic or community structures tend to be characterised, at the economic level, by a predominance of small businesses because the level of trust required for large businesses often does not exist. Examples he cites include China, Taiwan, Singapore, France, Italy and Spain. Japan and Germany, on the other hand, can be distinguished from these in that they have a significant network of community and voluntary groups not based on kinship, which help generate the social capital required for creating larger enterprises which dominate the economies of both the United States and Japan. In this respect, he argues, Japan, resembles the United States, which is also characterised a dense network of voluntary groups, albeit of a less hierarchical

nature than in Japan. He acknowledges that the State plays a larger role in Japanese society and business life than in the US, but suggests that this is a secondary factor in Japan's economic growth. However, because individualism is triumphing over community life in the US (pointing both to the fall in membership of voluntary groups as well as to the breakdown of traditional family structures), the historical fund of social capital is being depleted rather than renewed. (Francis Fukuyama, Trust: The Social Virtues, op cit.)

72. In answering the question of why capitalism emerged in the west rather than anywhere else, Weber stressed the role of Protestantism in providing the ethical context for business to thrive. He pointed out that capitalism required a climate of trust which could not be delivered solely by the business contract and in the West this was delivered by the bond of trust created by the Protestant ethic. (Max Weber, The Protestant Ethic and the Spirit of Capitalism, London, Unwin Paperbacks, 1985). Fukuyama draws from this emphasis in considering why capitalism was successfully transplanted into the East Asian societies with such success - though instead of the Protestant ethic, he examines a broader range of cultural considerations which come under the heading "social capital" (Fukuyama, op cit).

73. Francis Fukuyama, Ibid.

74. Hutton, op cit, pp 237 - 238.

75. The central policy prescriptions of Keynes (and most modern neo-Keynesians) focus on increasing prosperity by increasing investment in the economy. The argument is that if investment is increased (through, for instance, increased government expenditure during a recession - often known as pump-priming) it can lead to increased growth, which in turn prompts higher savings, and further investment. This argument about the 'multiplier' effect of investment is in many respects the opposite of the neo-Classical view that it is high savings which produce high investment (and which therefore suggest policies to encourage savings - mainly through controlling the money supply and thereby "cooling" the economy by controlling inflation).

76. Neo-Classical economists continue to argue that there can be no such thing as involuntary unemployment - defined in terms of unemployed people being willing to work at the going wage, given the opportunity. Keynesians argue the state of the labour market is largely dependent on factors outside of employee's control - and in particular to the level of investment in the economy, and reject the idea that in a low-investment cycle, workers can simply price themselves into jobs by accepting lower wages.

77. JM Keynes, "The General theory of Employment, Interest and Money," Quarterly Journal of Economics, February 1939, p 163.

78. Ibid, p 213.

79. Hutton puts it like this: "Try as they may, free market economists ... have been unable to box human and economic activity into the same constructs that make the ideas work in theory. The complexity and variety of rationalities of human response do not fit the narrow requirements of economic rationality. In the real world in which goods are produced, rather than the state of nature in which they are hunted and gathered, it turns out - contrary to the theory - that production can be increased without returns falling. It can be difficult to soak

up demand. And it proves impossible to provide a watertight account of how the simple exercise of choice and its impact on market processes can bring the market economy to an unimprovable outcome. Markets turn out to be unstable, irrational and quite capable of producing perverse results - exactly what happens in real life." (Hutton, op cit, pp 227 - 228)

80. Paul Omerod, op cit.

81. For example, the layout of a typewriter keyboard, the Sheffield steel industry, the Japanese car industry.

82. Interview in The Guardian, June 5 1995 and expanded on in Paul Krugman's book, Peddling Prosperity, Norton, New York, 1994.

83. The neo-Classical view is based on the assumption that the laws of supply and demand produce predictable outcomes, which is based on the notion that there is a stable point of balance where marginal gain from one form of economic transaction is canceled out by an equivalent marginal loss. Critics of this view of market rationality argue it assumes a pattern of costs and rewards not existing in the real world. The marginal costs of increasing a firm's output can fall continually, thereby removing limits to expansion - a situation common in the experience of large firms which are able to retain a substantial lead over their competition, allowing their costs to keep on falling. Massive investments in marketing, purchasing networks and distribution can create virtually unassailable positions within a particular market. The corollary is that gains need not fall at the margin, particularly where conspicuous consumption is concerned, for the simple reason that human beings do not always purchase according to what the market might consider rational reasons. (See for instance, Paul Omerod, The Death of Economics, Faber, London, 1994; Hutton, op cit, and Krugman, op cit.)

84. The policy implication - though not one that Krugman embraces - seems to be that if governments or private investors can foster these clusters of economic advantage, and succeed in "locking in" an early competitive advantage, this can result in 'virtuous cycles' which can boost growth and raise living standards - precisely what happened in several of the East Asian economies.

85. Tracing the history of its use, from post-war, existentialist origins, through the 1960's counter-culture to structuralism, deconstructruction and onto its modern, all-inclusive definition, Bradbury concludes: "Thus, over time, the term has co-existed with nearly all the things a post-war cultural life could exist with: existentialism and post-existentialism, structuralism and post-structuralism, deconstruction and post-deconstruction, feminism and post-feminism, the new historicism and the post-new historicism. One of its characteristics is the addition of the post-prefix to almost all things. It has meant everything and nothing, presumably roughly miming the condition of culture, or post-culture, it has meant to describe and define." ("From here to modernity", Prospect, Issue Three, December 1995, p 37. This article also appeared in the December 1995 edition of International Affairs).

86. Ibid.

87. David Harvey, The Condition of Postmodernity, Blackwell, Cambridge and Oxford, 1991, p 41.

88. Anthony Giddens, Beyond Left and Right, Polity Press, Cambridge, 1995, p 252.

89. Ibid, p 253.

90. Scott Lash and John Urry, The End of Organized Capitalism, Polity Press, Cambridge, 1988, pp 5 - 7.

91. Noamh Chomsky, "Profits of doom", lecture delivered in London, May 25 1994, published in New Statesman and Society, June 3 1994, p 24.

92. Ibid

93. Giddens, Beyond Left and Right, op cit, pp 4 - 5.

94. The most significant of these was the collapse of the former Eastern Bloc socialist states, their fragmentation into smaller nations, principalities and tribes and the parallel growth of often-xenophobic forms of ethnic nationalism, which has been a parallel development to the weakening of the nation state more generally. In one sense it represents a desire, in a post-modern age to return to pre-modern forms of organisation, though more specifically, in several cases, it represents a release of ethnic and tribal identities which had been suppressed during the Cold War. This has been accompanied by a reduction in the willingness for Western governments to intervene substantially - either to support struggles for self-determination (which was once a centre piece of the anti-communist thrust) or, at the other extreme to prevent 'ethnic cleansing', unless their own economic and geo-political interests are directly and seriously affected (as was the case with the Gulf War and, eventually, the Bosnia).

95. Perhaps the most notable disorganising feature has been the trend towards financial deregulation and the globalisation of the major stock markets of London, New York and Tokyo. These are now interlinked through continuous interactive trading, with the result that their exchanges are, as Hirst put it, "vulnerable to rapid movements of large volumes of footloose capital." (see Paul Hirst, Associative Democracy, Polity Press, London, 1994, p 113).

96. The micro computer 'revolution' and related developments in mass communication has been the most significant technological advance of the past half century, and has made a major contribution towards breaking down existing power structures, replacing them with new ones, reducing the power of nation states, diluting local cultural and national traditions and increasing the volatility of markets and of economic transactions more generally. New technologies have the capacity to cross borders, interact with one another and to bypass the censor. To take one example, governments have lost much of their powers of censorship through their inability to control access to the Internet and block reception of satellite television channels.

97. Examples which suggest the faith in human mastery over nation has been misplaced include: the inability of international organisations to control the global effects of pollution and other environmental threats (of which the growing hole in the ozone layer and the 'greenhouse' effect of rising temperatures are vivid indicators); the emergence of new plagues, disease patterns and antibiotic-resistant strains of virus that medical science seems unable to

control, and perhaps was inadvertently responsible for in the first place, and which threaten to prompt a return to the days when people routinely died of common infections (the wave of mass tuberculosis infection perhaps being an even more decisive indicator than the HIV plague), the transfer of fatal animal diseases such as BSE to humans (in the form of Creutzfeld-Jacob Disease), either as a result of eating herbivores which had been fed the remains of Scrapies-contaminated sheep offal or as a result of the introduction of organo-phosphates into the feeding system; the decline in male fertility in western Europe as a consequence of oestrogen-rich pollutants; the production of monocultures exceptionally vulnerable to disease through the development of high-yielding strains as a result of genetic engineering in the agricultural sphere; and, from a different perspective, the failure to stem the rate of population growth in much of the Third World.

98. As one pamphlet on the subject put it: "Because we can never measure the starting conditions exactly, chaotic systems are unpredictable. The weather is the classic example of a chaotic system: if a butterfly in Bognor flaps its wings it could, in theory, change the weather conditions enough to cause a hurricane in Hawaii" ("Chaos: making sense of disorder," pamphlet produced by the British Science Museum, London, 1995).

99. See M. Mitchell Waldrop, Complexity, the emerging science at the edge of order and chaos, Simon and Shuster, New York, 1992.

100. Frederich Engels, Dialectics of Nature, Lawrence and Wishart, London, 1987.

101. Among those who have taken this path are scientists at the Santa Fe Institute who first coined the term 'complexity theory', and whose work is described by Waldrop (op cit). They argue their theories have as much relevance to aspects of the economy (oil prices, the motion of the stock market) and other aspects of social relations (such as race relations) as to the world of particle physics. In one sense this kind of thinking is reminiscent of the spurious logic employed by Engels when he used his observations about 'evidence' of dialectics in the natural sciences, and transposed this as proof for his production-based theory of dialectics in the human world, without adequately demonstrating why the one should somehow be related to the other (op cit). The assumption that the motions of molecules, genes, viruses, tectonic plates, tides and weather patterns, have any bearing on how human beings act in concert is a startling one, that verges on metaphysics (which is not necessarily to say it is not valid). From available evidence, there appears to be no inherent reason why there should be any direct relation between the two beyond the way in they impact upon each other.

102. From the introduction to The Communist Manifesto, op cit.

103. Lash and Urry, op cit, pp 312 - 313.

104. A shot by a Serbian set off the First World War. Smuts' refusal to agree to a new delimitation led to the National Party winning power on a minority vote - and holding it for 46 years. A Hungarian minister's decision to relax border control with East Germany prompted the collapse of communism. In each case - and scores more could be cited - there were different historical options which were feasible but for the event mentioned.

105. Eric Hobsbawm, "The time of my life,"1993 Creighton Lecture, republished by New Statesman and Society, October 21 1994, p 31.

106. Goran Therborn, "Dialectics of Modernity: On Critical Theory and the Legacy of Twentieth-Century Marxism," New Left Review, no 215, January/February 1996.

107. Giddens, op cit, p 3.

108. Eric Hobsbawm, The Age of Extremes - The Short 20th Century, 1914 - 1991, Michael Joseph, London, 1994, pp 284 - 285.

109. Interview, The Times, October 2 1995.

110. Hirst, op cit, p 152.

111. Ibid.

112. Ibid.

113. To quote Hirst in full on this point: "Until recently to tamper with the structures of corporate power was to threaten private property, even though those structures were relatively recent products of legislation and the basic forms of private property long pre-dated them. The problem was that state socialism and specifically Soviet-style socialism compounded all forms of property. Socialism as 'class struggle' threatened to eliminate large and small property holders as an economic group, and socialism as 'revolution' threatened the abrogation of individual political rights. These threats were cemented into the global conflict of the Eastern and Western blocs. The fear of a superpower committed to objectives wholly contrary to those of Western citizens united all social groups, from the most powerful manager to the average householder with some savings. Property and democracy were both threatened, and so to alter the former in any significant way was to weaken the latter. Anyone who was not a 'proletarian', i.e. almost anyone, could fear for both their property and their liberty under socialism. Hence the greatest concentrations of unaccountable economic power (both personal and corporate) could enjoy mass support through the defence of existing property rights." (Ibid, p 153)

114. Tom Peters, Thriving On Chaos: Handbook for a Management Revolution, Harper and Row, New York, 1987.

115. Tom Peters, Liberation Management: Necessary Disorganization for the Nanosecond Nineties, Macmillan, London, 1992.

116. Ibid, p xxiv.

117. Ibid, p xxxiv.

118. Charles Handy, op cit, p 16.

119. Ibid, p 15.

120. Ibid, p 16.

121. Anthony Sampson, Company Man: the Rise and Fall of Corporate Life, Harper Collins, London, 1995.

122. Ricardo Semler, Maverick! The Success Story Behind the World's Most Unusual Workplace, Hutchinson, London, 1993. This is discussed in 4.3.6.

123. Martin Jacques, "Room at the Top", Style and Travel, December 5 1993, p 5.

124. See chapter four.

125. Peters, Liberation Management, op cit, p 756.

126. Michael Salamon, Industrial Relations: Theory and Practice, Prenctice/Hall International, London, 1987, p 200.

127. Paul Thompson, The Nature of Work, MacMillan, London, 1989, p 143.

128. Ibid, p 144.

129. M Poole, Management strategies and industrial relations, in M Poole and R Mansfield (eds), Managerial Roles in Industrial Relations, Gower, London, 1980, pp 38 - 49.

130. J Dickson, "The relation of direct and indirect participation," Industrial Relations Journal, vol 12, no 4, 1981, pp 27 - 35.

131. Salamon, op cit, p 321.

132. Frank Horwitz, Managing Resourceful People, Juta, Cape Town, 1991, p 30.

133. Salamon, op cit, pp 297 - 298.

134. Ibid, pp 298 - 299.

135. With the political pressures being far stronger and the technological considerations weaker.

136. Thompson, op cit, pp 242 - 244.

137. Harry Braverman, Labour and Monopoly Capital, Monthly Review Press, New York and London, 1974, pp 112 - 121.

138. See for example, R Edwards, Contested Terrain, Heinemann, London, 1979, p 21.

139. Michael Piore and Charles Sabel, The Second Industrial Divide: Possibilities for Prosperity, Basic Books, New York, 1984.

140. P Dickson, Work Revolution, Allen and Unwin, London, 1977.

141. The distinction generally made between Taylorism and fordism is that the latter is a broader concept. Taylorism encapsulates factory floor management through the study of the motions of specific tasks in order to ensure that no time is wasted, with each worker's role resembling a cog in a large machine. The term fordism covers not only Taylorism but the entire gamut of managerial and technological developments associated with the moving production line. It is, as Wood puts it, "a strategy of work organisation and mechanisation

orientated to mass production and mass marketing." ("The transformation of work?", in S Wood (ed) The Transformation of Work, Unwin Hyman, London, 1989.

142. M Piore and C Sabel, op cit.

143. See Karl Marx, Capital: Volume One, Progress, Moscow, 1986, pp 305 - 317.

144. Braverman, op cit, pp 35 - 39.

145. Andre Gorz, "The Tyranny of the Factory," in A Gorz (ed) The Division of Labour: The Labour Process and Class Struggle in Modern Capitalism, Harvester, Brighton, 1976, p 58.

146. Richard Peet, International capitalism and industrial restructuring: A critical analysis, Allen and Unwin, Boston, 1987, p 15.

147. M Burroway, Manufacturing Consent: Changes in the Labour Process under Monopoly Capitalism, University of Chicago Press, Chicago, 1979, p 113.

148. Ibid, pp 180 - 183.

149. R Edwards, Contested Terrain, Heinemann, London, 1979, p 21.

150. A Friedman, Industry and Labour: Class Struggle at Work and Monopoly Capitalism, Macmillan, London, 1977.

151. A Friedman, "Responsible Autonomy versus Direct Control over the Labour Process," Capital and Class, no 1, 1977, p 48.

152. P Cressy and J MacInnes, op cit, pp 7 - 18.

153. Ibid, p 246.

154. Stephen Wood, "The transformation of work?", in S Wood: The Transformation of Work?, op cit, p 43.

155. These terms have been given various overlapping meanings to encapsulate managerial practices that seem out of sinc with the parameters associated with fordism, including the restructuring of tasks, the internationalisation of production, reskilling, work teams, quality circles, just-in-time production and total automation. There does, however, seem to be some distinction in how they are used. 'Neo-fordism' is used to describe attempts to go beyond fordism without negating its fundamental principles while 'post-fordism' conveys changes beyond the labour process. As Wood put it: "Post-fordism is an era when the neo-Fordist transformation of work is less relevant as a solution to the crisis of Fordism, than as a means of adjusting to a new (post-Fordist) regime of accumulation, which itself may require going beyond neo-Fordist redesigns and involve more restructuring of hierarchical relations." (op cit, p 26).

156. See Marx, Capital: Volume One, op cit, pp 313 - 317.

157. Karl Marx, Capital, Volume One, p 313.

158. In a telling footnote in volume one of Capital (ibid), he cites an example of a Manchester firm, commented on in "that Philistine paper, the Spectator", which he quotes as follows: (T)he first result was a sudden decrease in waste, the men not seeing why they should waste their own property any more than any of their master's ... They showed that associations of workmen could manage shops, mills and almost all forms of industry with success and they immediately improved the condition of the men but then they did not leave a clear place for masters." Marx's only comment on this quotation is: "Quelle horreur!", but he makes no attempt to cater for this kind of possibility in his conception of a relation involving "unavoidable antagonism", characterised by "resistance" and "counter pressure".

159. Ibid, p 314.

160. International competition, the international division of labour and the shift in jobs away from high paying, unionised locations to lower playing unionised locations, has had the opposite effect in certain advanced industrialised economies, particularly the United States, by driving down wages, pushing out unions and making the position of core employees less secure.

161. This generalisation is not to negate existence and growth of large pockets in unskilled labour in certain sectors of economies of the advanced capitalist countries. The most obvious example is the growth of low paid, often temporary or part-time, "MacJobs" in the service and distribution sectors - most particularly in the fast food industry.

162. Wood, for instance, criticises flexible specialisation theory for "overpacking" a variety of elements which are all assumed to be part of the same package and moving in the same direction - ranging from technology to job flexibility - and of neglecting their multi-dimensionality, and argues that elements of job flexibility have always existed and that assembly-style mass production was never the central organising feature of production. (op cit, p 14 - 20 and 42 - 43).

163. A distinction is made between post-fordism and participative management because the latter, while encompassing key aspects of the former, involves a change within the system of industrial relations, rather than in work organisation.

164. Ernesto Laclau, New Reflections on the Revolution, Verso, London, 1990, p 9.

165. Thompson, op cit, p 245.

166. Poole, op cit, pp 197 - 198.

167. Laclau, op cit, p 16.

168. Ibid, p 9.

169. Giddens, op cit, p 7

170. Harvey, op cit, p 145.

171. Robin Murray, "Fordism and Post-Fordism," in Stuart Hall and Martin Jacques (eds), New Times: The Changing Face of Politics in the 1990s, Lawrence and Wishart, London, 1989, p 42.

172. Ibid, pp 47 - 48.

173. Thompson, op cit, p 245.

174. Judy Maller, Participative Management: A New South African Corporate Strategy?, University of the Witwatersrand Masters dissertation, 1989, p 14.

175. Ibid, p 15.

176. Judy Maller, Conflict and Co-operation: case studies in worker participation, Ravan, Johannesburg, 1992, p vi.

177. This debate was carried out in the pages of the South African Labour Bulletin and other publications sympathetic to the independent union movement, such as South African Review, Transformation, Work in Progress and the British journal Capital and Class. A comprehensive summary of all its nuances is beyond the scope of this study, but a few examples during this period can be mentioned. On the issue of Esops the argument concerned whether by agreeing to involve themselves in such schemes, unions would be improving the lot of their members or, as Maller argued, reducing their power, independence of level of solidarity. A debate with similar dimensions involved a range of other participatory options - ie, whether they were purely attempts to coopt and "emasculate" unions and undermine their "socialist project" or whether they could be used or subverted for the purposes of the workers, which, for instance, Maller argued was a possibility with certain participatory structures, albeit within tight constraints. In each of the contributions there was an assumption of an inherent class antagonism between capital and labour, with the differences revolving around labour's strategies for approaching this within the industrial relations realm. Contributions included: Judy Maller, "Perspectives on Productivity in South Africa," South African Review 4, Johannesburg, Ravan, 1987, pp 317 - 332); Martin Nicol, "Promoting Participation in Esops," SALB vol 13 no 8, February 1989, pp 94 - 100; Maller, "Worker Participation: A response to Martin Nicol," SALB vol 14, no 1, April 1989; Yunus Mohamed: "Worker participation: a trojan horse?", SALB, vol 14 no 5, November 1989, pp 93 - 100; Maller: "Employee Share Ownership: Co-option or Co-operation?", South African Review 5, Johannesburg, Ravan, 1989, pp 348 - 356; Maller: Conflict and Co-Operation: case studies in worker participation, Ravan, Johannesburg, 1992; Sakhela Buhlungu: "Review: Conflict and Cooperation: case studies in worker participation," SALB vol 16 no 7, September/October 1992, pp 74 - 76; Bill Freund: "Worker Participation - review of Conflict and Cooperation: case studies in worker participation," Transformation 20, 1992, pp 100 - 101; Tito Mboweni: "The Role of the Trade Union Movement in the Future South Africa", SALB, vol 16 no 8, November/December 1992, pp 25 - 27; Welcome Ntshangase and Apollis Solomons: "Adversarial participation: a union response to participatory management," SALB, vol 17 no 4, July/August 1993, pp 25 - 31.

178. Numsa official Bobby Marie argued Cosatu unions were in danger of losing their militancy and sense of democracy because of changes in the context they were working in, including the shift toward national level negotiations, larger and more organisationally complex unions, more sophisticated managerial participation strategies and the changed

political context which "took away the political challenge which provided a natural bond and coherence." (Bobby Marie, "Cosatu faces an organisational crisis," SALB vol 16 no 5, May/June 1992, p 22). Rob Rees, national organiser of Ppwawu, responded that the reason for the decline in militancy lay in the political direction of the Cosatu leadership, lack of worker control over it and its tendency to involve itself in the "current politics of class compromise (Rob Rees, "More worker's control needed," SALB vol 16 no 7, September/October 1992, p 57). Jeff Schreiner, Numsa national organiser, said that under certain circumstances social contracts were necessary for tactical reasons (Jeff Schreiner, "Fossils from the past: resurrecting and restructuring the National Manpower Commission," SALB vol 16 no 1 July/August 1991), a view shared by Numsa Border Regional Secretary, Enoch Godongwana, who argued in favour of a policy of engagement with capital and the state, "which of course, may lead to a social contract", though he stressed this should be seen as a "building block for further advance ... to socialism" (Enoch Godongwana, "Industrial restructuring and the social contract: reforming capitalism or building blocks for socialism?", SALB vol 16 no 4, April/May 1992, pp 22 - 23). Working from a different angle, Avril Joffe and David Lewis argued that "collaborative relationships - between manufacturers, companies and unions, the industry via employer federations and industrial policy makers - were an essential ingredient of any industrial policy. (Avril Joffe and David Lewis, "A strategy for South African manufacturing," SALB vol 16 no 4, March/April 1992, p 31.) As the 1994 general election drew closer, this became the dominant position within the union movement. The then-SALB editor Karl von Holdt, argued in favour of "strategic unionism" - participating with government and employers in strong tripartite forums, intervening in decision making on labour law, labour market issues and in economic restructuring (Karl von Holdt, "The dangers of corporatism," SALB vol 17 no 1, January/February 1993, pp 46 - 51). Going further along this path, Sactwu made a break with socialism by arguing for a German-style social market economy, for co-determination rather than large scale nationalisation and self-regulation by unions and employers in preference extensive state regulation. It also advocated worker empowerment to take part in decision making in production and factory restructuring. (SACTWU, "A social market economy offers the best hope," SALB vol 7 no 4 July /August 1993, pp 25 - 30). In contrast, Robert Fine and Graham Van Wyk warned: "the rule of capital is being re-imposed on labour in the guise of what is called 'corporatism' ...(T)he adoption of 'corporatism' as a strategy by the mainstream of the labour movement is parasitic on the state and ill equips it to confront this new situation." (Robert Fine and Graham van Wyk, "South Africa: State, Labour, and the Politics of Reconstruction," Capital and Class, 58, Spring 1996, p 20).

179. The origins of the independent union movement indicate the link between the universities and the unions. The formation of several of the unions which later formed Fosatu, was assisted by the Wages Commissions at English language universities, and particularly in Natal after the 1973 strike wave. A similar relation existed between various left-oriented academic departments at Wits University and some Fosatu unions, and between left academics and students at UCT and the General Workers and Food and Canning Workers Unions. Many of these academics and student activists went on to become full-time officials within the union movement. Over the next two decades these universities, and particularly their industrial sociology departments, fed the union movement with a steady stream of officials and related support networks, while some, such as the Sociology of Work Programme within the Industrial Sociology department at the University of the Witwatersrand, played a more direct role in union education and support programmes.

180. Partly through union organisers and union-supporting academics receiving training in Britain and through visits from British trade unionists to South Africa as well as the influence of publications and international forums with connections to the British trades union movement, such as the journal Capital and Class and the Conference of Socialist Economists.

181. Speech by Phineas Masombuka, "Report on Valley Lodge Forum - minutes and detailed report on Third National meeting," PG Bison company document, March 30 1996, p 6.

132. Rees, op cit, p 57.

183. Ibid.

184. Buhlungu, op cit, p 75.

185. Ibid.

186. The 'adversarial participation' position proposed by Ntshangase and Solomons, which became Ppwawu policy, was formulated from a period of study at the Sociology of Work Project (Swop) at the University of the Witwatersrand, which is acknowledged in their work on the issue ("Worker Participative Schemes: A Union Response," position paper for Ppwawu, published by Sociology of Work Programme, University of the Witwatersrand, November 23 1992; "Adversarial participation: a union response to participatory management," SALB vol 17 no 4 July/August 1993). It's perspective reflects, often in identical wording, Maller's work, conducted as a researcher at Swop. As mentioned above she draws extensively from the work of Cressey and MacInnes who argue that capital needs to encourage cooperation with its work force because it has handed over the use of the means of production to it. (P Cressy and J MacInnes, op cit, p 17). This point is argued by both Maller (op cit) and Ntshangase and Solomons (op cit) in their consideration of why managements at some companies have embarked upon participative programmes, and is used to support their advocacy of the "adversarial participation" position.

187. Welcome Ntshangase and Apollis Solomons, "Adversarial participation: a union response to participatory management," SALB vol 17 no 4 July/August 1993, p 31.

188. Leon Cohen, "Social Responsibility: The Practical Role of the Formal Corporate Sector," unpublished paper first delivered to Strategic Business Unit leaders, March 13 1989, pp 5 - 6.

189. Leon Cohen, "PG Bison: A Case Study," address to the Institute of Personnel Management Industrial Relations Conference, Sandton Sun, August 15 1991.

190. One source of its external influence was the work of Christo Nel in Itisa and CBM, and through the many talks and seminar papers delivered by Nel, Leon Cohen, Rob Cohen, Maxine Hart and other managers to representatives of other companies. The PG Bison experience was also used as a case study on participative management by, inter alia, the UCT and Wits Business Schools, the IPM and the CBM and comprised one of the studies in the CBM book, Managing Change: A guide to the role of business in transition Ravan, Johannesburg, 1993. It was regularly cited by ANC representatives as an example worth considering. One example was "The Need for Successful Industrial Relations in the New

South Africa", a speech delivered by the then-ANC Manpower head, Mzwai Piliso at an IPM conference at the Sandton Sun August 15 1991. It PG Bison as one of the few South African companies moving in a direction appropriate to the future of the country. It also received publicity in several business-related publications. Examples included: "Leon Cohen at PG Bison", IPM Journal, vol 8 no 2, July 1989; "Total Productivity and Quality - a holistic strategy for business change," IPM Journal vol 8 no 2, July 1989; "A South African company that wants to be tops" and "Baaskap is bad for your business", Just Managing, November 1990; "Democracy or Democrazy: PG Bison signs on worker participation", Finance Week, June 13 1991; "Managing Corporate Change in a Developing South Africa," Embark December 1992; "Successful Corporate Changes in a Developing South Africa," Business Alert no 141 January 1993; "Retrenchments test the process", Finance Week, April 8 - 14 1993; "Educating for Worker Participation", Financial Mail educational supplement, May 7 1993; "IR at the Crossroads: High or low road for us". The Manpower Brief, October 1993. Examples in publications of more general interest include: "Group Therapy", Leadership vol 7 no 4 1988; "Co-opting workers or tackling the challenges facing business?", Weekly Mail July 20 1990; "Bison brings in a new industrial order", Weekly Mail, February 28 1992; "Don't stop, the door's ajar", Sunday Times, August 18 1992. Examples in labour-oriented publications include: "Worker Participation at PG Bison," SALB, vol 16 no 3, January 1992; "Adversarial participation: a union response to participatory management", SALB, vol 17 no 4, July/August 1993; "Co-determination vs co-option: PPWAWU and PG Bison negotiate restructuring," SALB, vol 18 no 1 January/February 1994.

CHAPTER THREE

BUSINESS AND POLITICS IN SOUTH AFRICA

3.1 INTRODUCTION

Wherever businesses are doing business they cannot but be affected by the political processes within the states where they are situated. One reason for this is that there is a mutuality of interest between business and the state which ensures they can never be divorced from one another. Business is reliant on the state to create or maintain the conditions necessary for it to survive and reproduce itself while the state relies on business to create the wealth on which its own survival depends.

These structural considerations open the way for a network of relations between business, government and the state, at national, regional and local levels. At a minimum businesses will register under company law, submit audits, pay taxes and their operation is governed by a myriad of state, regional and local government laws and regulations concerning, for example, health and safety, hiring and firing their employees, collective bargaining, exchange control, import and export licenses, and even what goods and services they may trade in. In addition, they may wish to bid for tenders put out by one or another branch of government, or to apply for exemptions from this or that regulation or, where such legislation applies, they may make use of state industrial mediation services, or their employees might be subject to military service. Their land may be appropriated for a highway. When their employees steal or assault one another or defraud the company, they may call on the police. When they breach regulations, or have a dispute with an individual or another company, they will use the courts.

In the course of their normal operation they will have to deal with variety of state functionaries - tax inspectors, health and safety inspectors, policemen, magistrates and judges, conciliation board members, officials assessing tender applications and so on.

This much is all self-evident. The point is that as much as many businessmen may eschew politics or describe themselves as a-political, or despise their government or all government, it is something they cannot avoid. By merely being in business they are setting up a variety of relationships which are connected to the political process, even in the least politicised business environment. And this, in turn, tends to prompt a political interest or a variety of political interests, and a more direct engagement with the political processes. In many countries businesses or businessmen may need or wish to bribe state officials to get what they want. Or they may lobby some branch of government or individual within it to have a law changed. They may also provide support for a particular political party because its policies suit their interests (lower taxes/free trade/protection/loosening exchange control/changing the minimum wage), or they may support it to gain some future or present advantage for the company (a state tender for instance), or some advantage for an individual within the company (a knighthood, a place on a "quango"). Equally feasibly, the company may provide political support in a particular direction because its chief executive or chairman simply holds that view, or perhaps because he went to school or university with the party leader, or they belong to the same club. In South Africa, however, the relationship has always been more overtly politicised with its major trading partners, and this has applied even for those companies wishing to remain outside of the political fray. Wherever they turned they would be confronted by issues which had the effect of drawing them deeper into the political process.

They had to negotiate their way around the Group Areas, Population Registration and Separate Amenities Acts, and, in the mining industry, around job reservation. Their black workers were often functionally illiterate as a result of apartheid education policies. At the same time, the land acts and later the 'homeland' system provided subsistence for migrant workers' families, thereby allowing lower wages to be paid, while the pass laws contributed to the control of this labour force and helped channel its supply. On the mines, cheap, unorganised black migrant labour contributed to large dividends for several generations but at the same time these laws impeded the emergence of a permanent, urbanised labour force required, in particular, for the factories. The power of workers to resist was curtailed by a variety of repressive means, including the denial of union rights to black workers until 1980, often with the active collusion of the 'bosses'. This benefitted major sectors of capital - particularly agriculture and mining - but also widened the gap between black and white employees, removed a channel for communication between workers and management and was a cause of the politicised recognition strikes of the 1970s and 1980s.

In most sectors of the economy, there was an in-built ambiguity in the relationship between business and the state. Companies and their directors had to pay high rates of taxation to feed the apartheid bureaucracy and the military, which in turn, however, provided lucrative opportunities for tenders and sub-contracting. They faced exchange control to protect a weak currency. Sanctions and disinvestment had the effect of restricting their scope for imports and exports and of contracting the markets in which they operated, while at the same time offering protection from competition. The lax controls and secrecy within the bureaucracy, combined with the police preoccupation with politics, provided the opportunity for fraud, tax avoidance and graft on an ever-increasing scale. But their work was interrupted by apartheid public

holidays and anti-apartheid stayways. Their white male employees would take compulsory leave of absence to complete military service. Their black workers had to make long, tiring journeys to and from work. By the 1980s they faced trades unions with socialist aspirations who regarded them as part of the apartheid edifice and white employees who wanted this edifice to remain in place. They were confronted with calls to assist state intelligence gathering and security structures and at the same time, pressures to be seen to be opposing the government.

Businesses therefore had to find ways negotiating this relationship with the government, the ruling party and the state, and later with oppositional forces, in order to influence the political situation to their advantage. But they also had to confront the effects of the country's political circumstances on their own operations. One of the major directions this internal thrust took came in the politicised forms of participative management programmes that emerged in the late 1980s and early 1990s, which is discussed in more detail the chapters which follow. However, to understand this it is necessary to present a fuller picture of the scope of their political response, and how it shifted according to different stimuli and pressures

3.2 CAPITAL, THE STATE AND POLITICAL ALLEGIANCE

The primary conflict in South African society during the apartheid years was that between the state and the 'people' (or more specifically, between the white-controlled state and the African, Indian and coloured people). This dominated other divisions within both white and black society, and was of fundamental importance to the ways in which both the business community and organised labour, related to politics. Partly because of what would now be

defined as racist perceptions going back well beyond the time of the arrival of the Dutch from 1662, and partly because the state defined its subjects in racial categories - especially after 1948 - the subjects themselves tended to see this as their first identity. Whether a company director, artisan, civil servant, policeman or prisoner, the defining aspect of a white person's status in life was his or her skin colour, or, more accurately, racial classification, even if day to day activities did not prompt a consciousness of this dimension. And, if anything, this was a more overt consideration for black South Africans, who, whatever their income or status, were reminded daily of their subservient status as a result of their colour and racial classification. This has invariably been a more pertinent factor in determining the parameters and scope of political activity than other lines of division such as class or religion. Except for a statistically insignificant minority, white subjects channeled their political aspirations within the framework of the racially exclusive democracy established at Union after 1910. African subjects, in contrast, had few viable options but to channel their aspirations through organisations, movements and unions which fell outside of this framework, or were subsidiary to it. One result was that white businessmen tended to see their political options in terms of the strictures of white power. As Andrew Torchia put it: "As members of white South African society they ... (are) influenced by the ideology of white supremacy, and their political views are shaped by their personal prejudices and those of their acquaintances as well as by purely economic considerations".[1] This consideration was the major factor de- ing the scope of capital's relation to politics, just as the racial dimension (as defined by the state) was the prime consideration shaping the response of the union movement to politics between the 1970s and 1990s.

This did not mean that there were no major conflicts and differences within the business sector and between it and the state,(or, for that matter, within and between the unions and other mass oppositional formations). Rather, it was this racial identity, and not some abstractly defined class interest, which tended to set the parameters for capital's relation to politics and the state, at least until the late 1980s. As David Welsh argued, "South Africa's business elites are whites before they are entrepreneurs".[2] Within these boundary lines, companies, business organisations and individual businessmen responded in a variety of ways to the political conditions and forces they were confronted with at different times. Before periodising these, it is worth providing a flavour of aspects of the debate on how to characterise the relationship between business, politics and the state in South Africa more generally.

At both the academic and the political levels, the debate in this area in the late apartheid era followed similar lines of contention to that discussed above concerning the motivation for managerial innovations. Leaving aside overtly nationalist conceptions of the state, at the one pole there were those within what could loosely be termed a liberal tradition which operated from an a-priori assumption of an inherent conflict between the interests of capital and the apartheid state. At the other pole, those working from a Marxist-inspired tradition assumed a congruence of interest between capital and the state. Within these poles there have been various shades of emphasis and several notable exceptions[3], but these two broad perspectives tended to remain mutually exclusive, within their own frames of reference - only to debate each other at cross purposes. And their conflicting assumptions carried into the political arena in the 1980s over question of strategies to pursue in bringing apartheid to an end, influencing both business and labour alike.

3.2.1 Liberal focus on dissonance between capital and the state

As discussed in chapter two, a key precept of modern neo-classical economic thought is a faith in the purity of free markets, and their ability to secure the greatest social good when unfettered by state intervention. The role of government is restricted to a few fundamentals, of which securing the peace, maintaining the rule of law and protecting the currency are the most important. It follows from this that beyond these confined limits there is a necessary contradiction between the interests of capital and of the state, particularly if that state is one which restricts economic freedoms, as the apartheid state did - a view first articulated by liberal economic historians like Ralph Horwitz soon after apartheid policy was first formulated[4].

A related, though not necessarily consequential, article of faith focuses on the inherently modernising role of capital: that capitalist economic growth ultimately sweeps away archaic systems of thought and state systems, and all that stands in the way of free enterprise and even of liberal democracy. Perhaps the clearest version of this belief - which contrasted with the earlier liberal prognosis of an 'explosior' between the economic dynamism of the market and the political conservatism of the state[5] or of a stasis as a result of the dominance of the economy by Afrikaner political power[6] - came in a pioneering article, penned in 1964, by Anglo-American economist Michael O'Dowd, who predicted that the catalyst for apartheid's demise would inevitably be the growth of the capitalist economy. The forces unleased by this growth - urbanisation, trades union power, the rise of the black middle class, the needs of local and foreign business - would steadily undermine apartheid until it ceased to be viable by the 1980s and would eventually usher in a Western-style democratic system.[7] A cruder variant of this confidence in the healing powers the market, came from the guru of monetarist

economics, Milton Friedman, who, during a visit to South Africa in 1976, argued the toss for the backing the anti-communist governments in Rhodesia and South Africa and went on to express faith in the power of the market to unravel apartheid: "It is paradoxical yet true that the market mechanism of voting enables people to achieve their own objectives more effectively than the mechanism of voting through a political process. And this is of course enormously important for countries like South Africa ... One of the beauties of the market mechanism is that it is colour blind. It enables people to co-operate together in their daily affairs regardless of whether they agree on political ideology, on religion or an any other aspects of life."[8]

In her considerably more nuanced and less rigid historical approach, Merle Lipton recognised that in the first half of the century farmers and mineowners supported segregatory policies because they facilitated the supply of cheap, unskilled labour, but she stressed the escalating antagonism between capital - particularly manufacturing capital, and the post-1948 South African government, portraying these two forces as being in a state of perpetual conflict, mainly as a result of the need for skilled labour and for a larger internal market.[9] Her argument followed from the view that manufacturers and later mine owners had little vested interest in apartheid policy. "The dominant capitals in SA did not support Afrikaner nationalism; it thrived despite them. ... Today, as during the 1920s, Marxists are mistaken in identifying the interests of capital with the maintenance of a streamlined or 'restructured' apartheid and failing to see that capitalists - despite some reservations and ambivalence - are among the pressures (sic) for its erosion; while white labour and the bureaucracy, despite some changes in attitude, remain its major sources of support."[10]

This perception emerges more starkly in discussions of the forces responsible for bringing apartheid rule to an end. As is discussed in chapter two, Fukuyama assumed an inexorable drive in the direction of liberal democracy as a result of the impact of capitalist enterprise and scientific endeavor and of Hegelian 'recognition'. Applying this to South Africa, he contrasted apartheid with capitalist economics, and argued that the growing gap between the two led to a voluntary abdication of power: "Apartheid was an effort to permit the industrial development of South Africa based on the use of black labour, while at the same time seeking to reverse and prevent the urbanisation of South Africa's blacks that is the natural concomitant of any process of industrialisation. Such an effort at social engineering was both monumental in its ambition and, in retrospect, monumentally foolish in its ultimate aim ... The impossibility of defying the laws of modern economics had, by the late 1980s, led to a revolution in Afrikaner thinking ... The apartheid system's loss of legitimacy among whites was thus ultimately based on its ineffectiveness, and has led to an acceptance on the part of a majority of Afrikaners of a new system of power sharing with blacks. ... What permitted regime change was the voluntary decision on the part of at least certain members of the old regime to give up power in favour of a democratically elected government. While this willing retreat from power was always provided by some immediate crisis, it was ultimately made possible by a growing belief that democracy was the only legitimate source of authority in the modern world. ... So much then, for that bit of conventional wisdom that maintains that 'nobody gives up power voluntarily'".[11]

This view - also adopted in the late 1980s by South African writers such as John Kane-Berman, Hermann Giliomee and Laurie Schlemmer, as well as by various anti-sanctions politicians, newspaper editors and columnists - acquired added urgency when marshalled as

an argument against sanctions and other external pressures. If capitalism and apartheid were assumed, by nature, to be mortal enemies, and the prime factor bringing down apartheid was capitalist economic growth, then it would follow that any political strategy restricting economic growth would be anathema to the goal of ending apartheid. Therefore, in this view, sanctions, the 'armed struggle', even mass political mobilisation, were at best unnecessary and counter-productive (though there were certainly others within the liberal tradition who acknowledged the 'final blow' impact of such measures[12]).

The starkest fallacy in this argument arises from the rigidity of its simplistic contemporary conclusions: that economic growth led to the voluntary abdication of power by apartheid's rulers and that pressures of a contrary nature merely inhibited this process. Certainly, one cannot contest the central thrust of the position put by O'Dowd, Lipton, Kane-Berman[13], Giliomee and Schlemmer[14] and many others within the South African liberal tradition, that the forces unleashed by economic growth - urbanisation, the establishment of a permanent black labour force living alongside white areas, the growth of trades unions and the breakdown of job reservation, when combined with demographic changes reducing the proportion of whites within the population, prompted the gradual disintegration of the apartheid edifice. But it does not necessarily follow that economic growth 'caused' the advent of political democracy or even that there was any direct relation between the two. One could point to several examples of far more sustained and rapid economic growth without the emergence of democracy - Singapore, Malaysia, Indonesia and China - to illustrate the point that there is no inevitability in the relationship between economic growth and liberal democracy.

To understand why South Africa embarked on its transition to democracy one has to look to the combination of a variety of forms of mass internal rebellion together with the country's unique status as an international pariah as a result of the apartheid experiment, which, together, short-circuited the authoritarian, 'reform by stealth' alternative along Malaysian, Chinese or even Chilean lines. It would be hard to dispute the success of the financial sanctions of the late 1980s[15] (when combined with related international interventions[16]), in concentrating the minds of a section of the ruling set on the alternatives to continued white rule. As Chris Stals, governor of the South African Reserve Bank, put it shortly before the 1994 general election: "The persistent outflow of capital has been our main problem. The disinvestment campaign, financial sanctions, the withdrawal of loan funds, the withdrawal of foreign banks - all these actions in the end were much more effective than trade sanctions. It forced us to follow a restrictive macro-economic policy. For eight or nine years we had to run a current account surplus to finance a capital outflow."[17]

These international dimensions in turn fed off 'mass resistance' and the internal climate of 'ungovernability'[18] and to a lesser extent the threat of the armed dimension of the conflict[19]. It was also fortuitous that they reached their peak precisely at the moment of end of communism and the failure of South Africa's Angolan adventure, which, together, prompted the decolonisation of Namibia, and allowed a more favourable balance of forces for a democratic project in South Africa.[20] These pressures (and related incentives), as well as the persistent pleas from the business community in the late 1980s, and considerations relating to the political struggles within the NP[21], created the conditions which prompted F W de Klerk to sue for peace in 1990. At the same time, and subsequently, the prospect of the end to financial, trade, sporting and cultural sanctions, and the return to international 'normality',

provided a powerful incentive to the white population to back negotiations over political power. It would be incorrect to describe this, as Fukuyama did, as simply a "voluntary" abdication of power by the old regime - a view borne out by a consideration of its attempts to hold on to power through clandestine military means during the four subsequent years of white rule.[22] Rather the process of negotiation that began in 1990 came about as a result of a shifting of the balance of political forces, in which the white government recognised it could no longer rule alone, and therefore that it had little option but to deal with its enemies, while the black opposition, particularly from the ANC, recognised it could not seize power through military means or through insurrection. As Welsh put it: "The decision by State President FW de Klerk and Nelson Mandela to initiate a negotiation process ... reflected their mutual recognition that the conflict was deadlocked. Perpetuating the conflict could mean only intensified violence and further economic decline."[23]

What this suggests is that while economic growth compelled the disintegration of apartheid, it was precisely those dimensions of pressure which had the effect of curtailing economic growth, which prompted the emergence of democracy. But the weakness in this branch of liberal analysis was not restricted to the faulty logic of its conclusions about apartheid's demise and democracy's birth. It extended to the heart of the underlying premises behind these conclusions: the bedrock belief in the market as an inherently liberalising force, and therefore the a-priori assumption of dissonance between the agents of the market (businesses) and apartheid. In reality the relationship between the two was rather more complex than this, as the less simplistic liberal histories, like Lipton's, concede. Contrary to Friedman's faith, the markets in South Africa seldom achieved a state of 'colour-blindness' for the simple reason that those controlling them tended to view themselves and their customers in the racial

categories they had inherited. As argued in chapter two, the market does not exist in an exalted state of nature, and its agents are not simply individuals making their choices on the basis on unlimited information and without prejudice. Rather they are people who live in communities, who tend to trust those who share their values and beliefs, who look like them and speak their language, and who make their decisions on the basis of limited, incomplete and often false information. Nor does the market necessarily have an overriding interest in a liberal democratic project, and even where it does, this does not imply that its agents will act in these interests or that they will not benefit from the survival of a pre-liberal form of state.

It is worth mentioning the opposite view from within a non-Marxist paradigm. David Yudelman recognised the state as an actor in its own right, but stressed the commonality of interest between capital and the state, which arose primarily out of the state's role in protecting the process of capital accumulation. The characteristic form the relationship took was one of "public antipathy and private passion."[24] In South Africa, he argued, the congruence of interest between capital and the state was "almost without equal in the modern industrial world"[25], despite the rhetoric in the opposite direction and a "pervasive conspiracy of silence"[26] about the depth of this relationship. While, in common with the Marxist views discussed below, this is a too rigid formulation about the nature of this relationship (it did not, for example, allow for the more sustained antagonism between significant sections of capital and the apartheid state after the PW Botha's isolationist lurch in mid-1980s), it provides a useful antidote to the neo-liberal assumption of inherent antipathy, and, on balance, its conclusions are preferable to those taking the rhetoric of discord at face value.

As illustrated below, South African businessmen were racial subjects first, capitalists second, in the way they related to their country's political arena. Their perceived interests as white

citizens frequently considered their interests as members of a social class, and, as a result, in common with most white citizens, comparatively few developed a vision of a viable existence somewhere over the rainbow of white-dominated rule.[27] Which is not to say that at all times the majority identified with the apartheid project, nor that their representations and lobbying did not have a major impact in securing the reforms of the 1970s and 1980s. Rather, the point to make is that the version of history portraying a liberalising business sector in a state of perpetual anomie with the apartheid state is an incomplete and therefore inaccurate one.

3.2.2 Revisionist focus on harmony between capital and the state

The concern of much of the writing of the writing of the revisionist wave of the early 1970s[28] was to challenge the liberal view of dissonance between capital and apartheid, and its faith in the liberalising potential of economic growth (in contrast to the traditional Marxist view of capitalism sweeping away the last vestiges of feudalism and other pre-capitalist systems). The focus therefore tended to be on the how racial segregation and apartheid had served the interests of capital, or sections of capital. Examples included: the role played by what became the homelands in reproducing the black working class (by providing subsistence for workers' families) and therefore creating the conditions for capital to pay subsistence wages to its migrant workers (as well as on the relationship between the development in the urban areas and the underdevelopment in the homelands); the process of 'proletarianisation' viewed as a product of the decline in the viability of the homelands (rather than the attraction of the 'bright lights' of the cities); the role played by Afrikaner capital in promoting the NP's rise to power and the correlation between the (supposed) rapid economic growth of the 1960s and Verwoerdian apartheid. In the late 1970s and the 1980s, however, the focus shifted more

squarely to the territory where Marxism had the weakest deck of cards: the state. The main protagonists turned their attentions away from engaging the liberal thesis with empirical data, and began instead to engage each other in a debate, which, in retrospect, has all the relevance of a theological dispute about the number of angels who can dance on the head of a pin. The traditionalists in the debate were those Marxists who drew directly from the old masters. As Lenin put it, the state was "a product and a manifestation of the irreconcability of class contradictions"[29] or was Marx and Engels would have ' 'he executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie".[30] Some modern South African variants of these positions similarly suggested a complete commonality in the interests of capital and the state, arguing that political crises were a reflection of a crisis in accumulation and the state responses were attempts to remedy this crisis. They rejected the notion of any level of autonomy between the state and capital and therefore downplayed the significance of reforms.[31]

But at the same time another branch of Marxist thought emerged, inspired by the French structuralist school[32], in which key protagonists[33] moved away from assuming a congruence of interest between capital in general and the state, focussing instead, with sometimes comparable determinism, on the relation between the 'hegemonic' fraction of capital and the state[34], but extending this notion to advance the idea of the relative autonomy of the state under capitalism.[35] In later offerings, there was a further shift away from the old base-superstructure Marxist model with the state and politics being allowed a discreet category of analysis. It was not an externality, which merely intervened in the 'class struggle', but instead reflected the balance of class forces, both nationally and internationally, within a social formation[36], and therefore, even in South Africa, the interests of the dominated classes would

have an impact on the state, and would influence the 'contradictions's within the power bloc. At the same time however, it was not simply a scoreboard of the class struggle; an aspect of its relative autonomy emerged from the fact that its form was distinct from that of the structures of economic power - it was organised into specialist apparatuses whose functions were often autonomous from each other, and which sometimes pursued contradictory aims, and therefore existed as 'sites of struggle'.[37] From this came the categorisation of South Africa as a 'racially exclusive bourgeois democracy' in which the state presented itself in different forms to various subjects - as a 'bourgeois democratic' nation state to its white subjects and an overtly oppressive state to its black, and particularly African, subjects.[38] Not far from this conclusion was the position of the SACP (and, in moderated form, the ANC[39]), which characterised South Africa's condition as "colonialism of a special type", rather than, for instance, "racial capitalism"[40]. This emerged from a perception that the origins of South Africa's variant of class and racial domination lay with its colonial heritage, but unlike other colonies, the colonisers became a separate part of the indigenous population. Because of this history, the political dimension was 'dominant', though ultimately the economic was 'determinant' in the final instance.[41] What this neat piece of intellectual gymnastics allowed was an approach stressing the autonomy of the state and of political processes from direct class interests, while retaining the politically necessary veneer of a Marxist pedigree. However, revisionist approaches of this kind represented a significant advance on the more overtly reductionist Marxist formulations in that they acknowledged the specificity of the racial and national dimensions of South African society. Their limitation remained the inherent determinism of the paradigm itself, involving an assumption that class struggle ultimately determined all social relations.[42] Politics was ultimately a product of class forces, understood in terms of a relation to production. Whether directly, or in the 'last instance', the economic

determined the political. It involved an assumption that the capitalist state operated broadly in the interests of capital (as its executive committee, holding the ring for competing fractions of capital, or in less rigid versions, operating with relative autonomy to secure capital's reproduction). The difficulty faced by the Marxists was that if politics was, in the final analysis, a muted reflex of the imperatives of capital accumulation and the class struggle, then it was hard to conceive of a theory of politics or the state not premised on the search for exterior, class-related impulses, with the outcomes read off in advance. This was the source of the failure to acknowledge race and racism as independent variables within the South African context, to appreciate the significance of the clash between Afrikaner, African and English cultures, or to recognise the substantial antagonisms between capital and the apartheid state.

3.2.3 Beyond Reductionism

The most basic riposte to a deterministic view comes from the observation that states, governments, political parties and politicians frequently display a good deal more than relative autonomy from the supposed class forces behind them than such theories allowed. It is one thing to say that there is necessarily a mutual dependence between capital and the state, but quite another to assume that this prescribes any given relation between the two when it comes to policy and political allegiance. The supposed 'class agents' very often behave in ways they are not meant to in the view of those clinging to the notion that "all history is a history of class struggle". At times states in capitalist social formations do indeed slavishly pursue the interests of capital of a branch of capital, and at other times they follow interests anathema to capital (job reservation on the mines, for example), and sometimes one branch of the state

follows one direction and another a contrary direction. Moreover, the decisions of governments, and the way they are carried out, frequently fall outside any dimension in which class categories apply. They may, for example, be a product of the thinking of a leader, a prominent individual or a small committee. For instance, Verwoerd and Botha dominated their cabinets with their own thoughts; Vorster and De Klerk were committee men, and in each case their policies, which had an immense impact on the ability of business to do business, cannot be fully understood without understanding the psychology, individual histories, political culture and organisational dynamics involved. Frequently government policies and ad hoc decisions on questions of tactical importance are unrelated to class considerations, yet may nevertheless have a profound impact on business and other class interests. For example, Botha's decision to defy world opinion in the mid-1980s prompted the crippling financial sanctions which proved fatal to continued white rule. And it was Botha's stroke which led to the formulation of a new set of policies more akin to the interests of organised capital. A similar observation could be made about the decision taken by a cabal of cabinet ministers and generals to pursue what was later inappropriately described as a 'Third Force'[43] strategy of low intensity war against the ANC after its unbanning. Through the violence and disruption this fostered, this decision had a profound negative effect on capital in general, yet in no way can it be reduced to the interests of a specific class or fractional interest, but rather it related to the desire of a power clique to retain a hold on power, and to a deeply rooted racist culture. The point is that politics is frequently a good deal more fickle than the broad strokes of class analysis can possibly allow.

This realisation lay behind the post-Marxist recognition in the 1980s of the need to cut the umbilical cord of the 'last instance' by removing the necessity for the relativity of the state's

autonomy, and encouraged a shift towards focussing on politics, culture and ideology as discreet sites of analysis, influenced, but not determined by the economic dimension.[44] Skocpol proceeded from the view that capitalism in general "has no politics"[45], and attacked Marxist perspectives on the state for their assumption that politics worked optimally in the interests of capitalists. Instead, she suggested the potential for a more complete autonomy of the state and advanced an approach which made no assumptions as to whether or to what degree this existed.[46] Applying a similar, non-prescriptive approach to South Africa, Wolpe argued that the "relationship between capitalism and white domination in an historically contingent, not a necessary one," and added that "it cannot be assumed a-priori either that the relationship is eternally contradictory or functional."[47] Mann took this stress on autonomy a step further, by arguing, in contrast to Marxists and others like Yudelman who assumed a congruence of interests, and in contrast to liberals who assumed an inherent antipathy, that there was no given relationship between capital and the state, and that instead what was required was an open-ended approach to analysing it.[48] He pointed to a wide variety of forms in which the capitalist state involved itself in politics, which related to a diversity of "formative influences" on them and said these belied any assumption of a "uniform theoretical patterns of capitalist genealogy or behaviour,"[49] He went on to elaborate: "The Confucian culture which Japanese business nurtured is strikingly at odds with the aristocratic norms so attractive to English industrialists, with the Protestant ethic discussed by Max Weber, as well as the code of the Mafia, with its particular understanding of honour and familial loyalty. Likewise, the variety of ways in which the bourgeoisie has engaged in political activity defies insertion into a rigid conceptual schema."[50]

The advantage the liberal tradition had over its revisionist critics was that it allowed the state and the political sphere a high degree of independence and treated them as discreet from the economic realm. Its weakness however - particularly in its neo-liberal variant - was that despite this, writings from this perspective shared with Marxism a tendency towards economic determinism, albeit with a very different conclusions. As mentioned above, in this view capitalist economic growth swept away non-democratic or pre-liberal forms like apartheid, and therefore it followed that business and apartheid were inherently antagonistic - a contention which, in South Africa's case, was frequently incorrect.[51] In this respect the revisionists were often closer to the mark, particularly in their analysis of the pre-reform period of apartheid. Precisely because of the racial dimension (which the Marxists underplayed), the relationship between business and the apartheid state was characterised more by cooperation than antagonism, though both currents were present. While it is certainly correct to argue, as in different ways Skocpol, Wolpe and Mann do, that there are no givens in the relationship between business and the state, and to point to the variety of possible forms this may take, it is also worth stressing that the political sphere is never entirely removed from the economic, nor does the state operate in some kind of limbo, removed from the realm of business. As suggested in the introduction to this chapter, because of the in-built, structural relation between capital and the state, the ties that bind are never absent. In South Africa these are multiplied by the fact that government representatives, senior state functionaries and business leaders (and particularly Afrikaans business leaders) were drawn from the same segment of the white population, with similar cultural traditions, aspirations and prejudices. At the same time, at certain historical moments, the points of potential divergence have also been considerable, particularly when the apartheid state followed policies anathema to the interests of business in general or of sections of business.

3.3 THE POLITICAL ROLE OF BUSINESS UNDER APARTHEID

The legacy of Dutch and British colonialism, and the process of conquest which followed from this, created the platform for the racial division of political power and economic resources which exited through most of the 20th century. From the time of Union until the transfer of power 74 years later, the national state remained a racially-exclusive one, in which power was regulated through parliamentary democracy. The support base of the government and the state was the white population, and it was this sector of society which they served above all others, not least because this was the source of their power. Successive governments had to cater for white interests above, and invariably at the expense of those of the black majority, yet each government tended to favour particular interests within the white population. The South African/United Party governments of Louis Botha and Jan Smuts tended to favour the interests of mining capital and later manufacturing capital as well - in Smuts' case to the point of using his troops to crush a strike wave by white workers. For the NP-led government of JBM Hertzog greater emphasis was placed on the interests of white workers and the 'poor white problem', and on agricultural capital. Under the early apartheid governments white Afrikaners as a caste were favoured with the protection of white workers under the state umbrella coming second only to the promotion of Afrikaner capital as priorities. By the 1970s under BJ Vorster and PW Botha, this coalition of Afrikaner interests was breaking down, though white interests continued to predominate, and, at least at the level of rhetoric, those of capital specifically, while there was also a subsidiary recognition of the need to win over sections of the black population to broaden the basis of the state's legitimacy. By the time FW de Klerk emerged, this strategy had largely been abandoned and a rapid retreat was in progress, with policy being made on the hop. As Uys put it: "The game

was up. Botha had left him a bankrupt apartheid estate. All he could hope for was to salvage 'power sharing' from the wreckage."[52]

Throughout this period, sections of South African business (which also drew its decision makers from the white population) were engaging the state and the political parties contesting state power. Various sectors within the business milieu (of which divisions of industry, scale and language were the most important) sought to influence governments to pursue policies in their own interests and sometimes in what they considered to be the interests of capital in general, or the country as a unity - usually without questioning the general premises on which the racially exclusive state was founded. Some also sought to create environments on their own premises which would undo the damage they believed government policy was causing - which was the prime motivation for the participative programmes of this period.

3.3.1 From Malan to Vorster (1948 to 1978)

The Herenigde National Party's assumption of power in 1948 not only prevented a drift away from the racial equation - it ensured that for the next 30 years it remained the sole determinant of power. In this sense the election victory by a party representing only 41 percent of the electorate[53], had a fundamental effect on the future of the country as a whole. The post-1948 drive towards apartheid did far more than rigidity existing racial divisions; it transformed society from the point where gradual desegregation was a probability to one where racial classification became the sine qua non in deciding the allocation of resources, status, education and wealth. This had profound implications for the position of South African

business within the political realm and it helped influence the perceptions of businessmen to their world, to the country as a whole and to their workforces.

The relationship between the NP and Afrikaner capital was a symbiotic one. Just as the growth of the party in the 1930s and 1940s owed a great deal to support from Afrikaner business, so, on coming to power, the debt was repaid. The promotion of Afrikaner corporate interests was one of the major aims and results of the government's increasing intervention in the economy after 1948. The tight, but sometimes conflictual, bond between party, state and the major players within Afrikaner capital continued until the NP lost power in 1948. While at the level of official state structures the formal component of this relationship was limited until the late 1970s, it was played out in a variety of cultural forums, of which the Afrikaner Broederbond was the most important.[54] The mutually beneficial relationship between Afrikaner capital and the state emerged from the fact that growing state provided an increasing allocation of state contracts to the private sector. In this way, large sectors of the manufacturing, construction, farming, retail and service industries became more reliant on their relationship with the state. Afrikaner capital benefitted in particular, and, according to Giliomee, between 1949 and 1975 the share held by Afrikaner business in the private sector rose by over 100 percent.[55] This does not imply a universal mutuality of interest between capital and apartheid at this point. Aside from subsequent reliance on state contracts, the interests of most sectors of manufacturing capital were at odds with those of the state - particularly from the early 1970s. While the state was decimating what existed of African education and ensuring that a shrinking proportion of the African population had the right to permanent residence in urban areas, throughout the post-war period the manufacturing industry

was becoming more reliant on a stable and relatively skilled workforce and this created considerable tensions between the state and manufacturing and later mining capital.

This, however, should not be overstated. Most English speaking businessmen withdrew from politics in the 1950s, and it took 20 years for them to make a return to this arena. As Pretorius points out, business associations such as Assocom were inclined to describe themselves as "non-political" - which dovetailed with policy under Malan, Strijdom and Verwoerd forbidding the involvement of outside bodies in policy making, and with the inclination of the early apartheid prime ministers to criticise business whenever it articulated policy preferences contrary to those of the government.[56] But their reservations about entering the policy terrain were not only due to the government's refusal to accept criticism or to the fact that the country's business leaders tended to see themselves as whites first and capitalists second. There were several other factors restraining even those sectors of capital without an economic interest in apartheid, from actively opposing it. For one thing, as the NP consolidated power (finally achieving majority support among the electorate in 1958), the possibility for significant opposition from within the white community diminished. For another, despite the labour and political conflicts of the late 1950s and early 1960s, the low wage economy which apartheid helped secure appeared to be flourishing (at growth rates of over five percent, and nearly three percent per capita[57]) and white living standards were keeping pace with those of the USA and Europe. Even if this performance was less spectacular than once assumed[58], and as Verwoerd acknowledged, was below the optimum growth level which hypothetically might have been achieved without apartheid[59], it was sufficient to dull the edge of the business concern for the future. As Preece put it: "Even the English-speaking business community, with few exceptions, made little serious protest about

apartheid. Conditions generally were good - and the government was a dangerous enemy to challenge."[60] Lipton, however, argues that compliance should not be confused with enthusiasm. "(T)he fact that capitalists then coexisted with the Nationalists and came to regard them less unfavourably, is not evidence that they really supported them all the time. This view ignores their continued opposition to many apartheid labour policies, and is based on a post hoc ergo propter hoc fallacy ...".[61]

This was also a period of significant initial interpenetration between English and Afrikaner capital - a development encouraged by some English businessmen for political reasons. A prime example was the 1964 decision by Anglo American chairman Harry Oppenheimer, to allow Federale Mybou to take over General Mining as part of what Lipton describes as an attempt to create more sympathy for business problems in government circles[62], and what Giliommee says was an attempt to forge a political alliance of white moderates to oust Verwoerd[63] (who viewed the move with open suspicion, continuing to preach against the dangers of the English 'geldmag' and openly opposing the South African Foundation, and yet calling for private sector coope.ation[64]). When the growth rate declined at the end of the 1960s, the political relationship between capital and the state changed. The lack of significant white population expansion was a key factor ensuring that manufacturing capital was unable to satisfy its demand for skilled and semi-skilled manpower that the investment of the 1960s had generated. In 1968 Afrikaner businessmen like Toyota's Albert Wessels and Sasol's PE Rousseau were calling for technical training for blacks[65] while in 1971 Oppenheimer said that unless there were significant structural changes away from apartheid, particularly regarding education and training, to allow blacks to play a full part in the economy, far lower

growth rates would be inevitable.[66] It might be added that the low white population growth rate and the lack of black consumer power, were also major constraints on market expansion.

By the early 1970s bug business, and particularly its English component, became more concerted in agitating for policy changes, mainly in the realm of education and training. Business also began to contribute substantially to educational causes, and its efforts prompted a gradual relaxation of Verwoerdian educational policy. By 1973 a 'verligte' wing of the NP was emerging[67], encouraged by increasing business confidence in call for an end to petty apartheid and for educational and labour reform. These calls were soon endorsed by the AHI and the politically powerful Sanlam group. An aspect of the change in approach was Vorster's less didactic leadership style and less overt ideological stance, and his willingness to talk to business (on his own terms), his less hostile attitude to English speakers and his desire to consolidate white, rather than Afrikaner, unity. Business felt freer to lobby sympathetic cabinet ministers than previously, were encouraged to participate in the Economic Advisory Council and emboldened by Vorster's advocacy of 'detente' in Africa and his willing to stand up to the extreme right.[68]

But it was the beginnings of a new wave of black mobilisation which had the most significant effect in prompting business into a more assertive political posture. The most significant early expression was the 1973 Durban strikes[69] and the subsequent emergence of the independent trade union movement, which concentrated the minds of business and government on the need for labour reform and black urban stability.[70] This period also saw the rise of the black consciousness movement, renewed international pressure in the form of sporting and economic sanctions, the escalation of guerilla wars in Zimbabwe and Namibia and the end to Portuguese

rule in Mozambique and Angola. Pressure from big business increased and a variety of reforms followed.[71] But it took the student uprising of 1976/7 to concentrate government minds on business' concern for upgrading black education. As Oppenheimer put it: "The outbreak of rioting in 1976 was generally and correctly seen as marking a turning point in South African history. It was widely recognised that individual South Africans had to do something practical about the situation ... This feeling was particularly strongly felt in the business world."[72] One business response was the creation of the Urban Foundation in December 1976[73], aimed at assisting the creation of a stable, urban middle class as a safeguard against revolution, and at building a deracialised economy - mainly through sponsoring black home ownership. After initially avoiding political involvement and concentrating on its development agency role[74], the UF soon combined this with a role as a low profile political pressure group, marshalling alliances against government policy and lobbying for policy changes - particularly regarding the movement and settlement of Africans. Piecemeal reform continued in the remaining Vorster years, but it took the 'bloodless coup' of 1978 before the pace of change began to satisfy big business, and even then, not for long.

3.3.2 The PW Botha era (1978 to 1989)

Botha's 12-year rule was premised on the parallel foundations of reform and control. Reforms during his six years as prime minister included the extension of the black stake in the industrial relations system through the recognition of independent unions, the relaxation of segregation through the scrapping of discriminatory legislation, the re-allocation of resources towards housing and education, and what Pottinger called the "hesitant, stumble-footed and thus largely ineffective extension of a political citizenship to blacks".[75] The other

foundation, under the banner of 'Total Strategy' was laid with the ascendancy of the military within civil affairs, to the point where, through the State Security council and National Security Management System[76], the SADF came to challenge the cabinet as the instrument of decision making within government and the state.[77] This was coupled with a tightening of repressive legislation, particularly regarding detention without trial, a policy of destabilising frontline states providing support for the ANC, and using networks of state agents to harass or assassinate opponents inside and outside the country - all under the notional umbrella of a low intensity counter-insurgency war, deemed necessary to overcome the 'Total Onslaught'. Together with the centralisation of political power around the person of Botha, these became dominant features of his six presidential years.

The early Botha years were viewed within business and diplomatic circles as an expression of the 'reform by stealth' option. In 1981 Samuel Huntington noted that "the essence of the reformer is that he must employ ambiguity, concealment and deception regarding his goals," adding that he must Blitzkrieg" to deliver substantial reforms without losing key constituencies along the way, and that he might have to narrow democracy before he can broaden it.[78] This offered a rosy rationalisation for the Botha approach, which captured the imagination of key government strategists, though it soon became apparent that other aspects of the 'Huntington plan' were being ignored. In particular, Huntington stressed the importance of correct timing in introducing reforms, and warned that repression could only proceed in tandem with reform if the state did not lose its monopoly on counter-revolutionary violence to vigilantes and paramilitary groups. Nevertheless, at the turn of the decade the idea of a coordinated 'Total Strategy' to fight for free enterprise against communism appealed to a large section of the business community, particularly since the rhetoric was accompanied by significant reform.

The relationship between business leaders and the government became far closer, particularly in military-related fields[79] and regarding aspects of economic policy[80], which boosted business confidence that they it was having an impact on government policy. In general contact between government and business became far more open than before, with both sectors expressing common goals in similar terms - the ideal of a growing black middle class as a buffer against radicalism, a reduced role for government in the economy and an enthusiasm for 'free' enterprise. Support for supply side economics became particularly vocal from business and from some government representatives after the electoral victories of Margaret Thatcher and Ronald Reagan in 1979 and 1980. Bringing the economy line with the market principles espoused by the country's main trading partners was a key aim of business in its dealings with government, and the initial results seemed encouraging, though it soon emerged that the government's commitment to the fiscal component of the supply side equation was largely rhetorical (beyond a belated commitment to privatisation), with the result that despite righter control over the money supply, double digit inflation persisted.

The government made a concerted attempt to reach out to business during this period. Notable was the 1979 Carlton Conference[81], heralding a new era of bipartite cooperation. Botha called on 350 private sector leaders to work with him as a team and spoke of his commitment to "strengthening free enterprise and introducing orderly reform."[82] This was followed by the Good Hope Conference two years later, attended by 600 business delegates, where Botha stressed that political reform and constitutional change were the prerogative of government. Mann described the basis of these events as "a formal acknowledgement by the state and capital of the sovereignty of the former in the constitutional domain and of a partnership in the promotion of 'free enterprise'".[83] The government's attitude to its own

sovereignty here was integral to an approach which attempted to 'depoliticise' politics and instead framed its decisions in technocratic terms - the province of experts and therefore beyond the realm of public debate.[84] Aside from the involvement of business representatives in government committees and commissions, business channelled its concerns through lobbying government and state representatives on a far more concerted scale than previously. This was undertaken either by individual business leaders or by representatives of business-aligned groups like the FCI and the UF. But the impact of business-linked lobbying invariably depended on whether the advise given accorded to the perception of Botha's views held by the ministers or officials involved, and as Schlemmer pointed out, the content of these initiatives also needed to be consistent with 'expert' opinion, and was dependent on backing within the government's own support networks.[85]

One of the most significant reforms of the Botha era emerged from the 1979 report of the Wiehahn Commission[86], whose membership included business representatives[87]. Its recommendations led to the extension of the definition of 'employee' to African workers (thereby allowing the registration of African-based unions), and to the establishment of an Industrial Court to mediate disputes. Over the next five years, as a result of interventions from business[88] and organised labour, the Industrial Relations Act was amended six times, allowing for migrant workers to become union members, dropping compulsory union registration and softening the regulatory aspect of the new law. Instead of controlling unions or dampening worker militancy, as the government initially hoped, this new industrial relations system heralded a phase of rapid union growth and inadvertently facilitated the involvement of unions in mass political movements. The system's objective shifted to one of establishing a formula for labour and capital to co-exist, rather than one of controlling labour,

and this led sectors of capital into reviewing their own labour practices and approaches to managing their companies - prompting some of the first participative management experiments. Several other major reforms, particularly regarding black urban rights and education[89] were introduced, contributing to the 1982 NP split over its constitutional proposals, which led to the CP's birth. The effect was to remove several apartheid extremists from the party and open the way for important policy changes, including the repeal of influx control legislation[90] and the apartheid sex and marriages laws[91].

But despite the speed of these changes, the marriage between business and government became strained soon after the honeymoon was over. In 1983 the government held a white referendum on its constitutional proposals, attracting support from some business leaders and opposition from others and even within companies key figures took opposing positions.[92] The tension sparked off by these proposals increased the distance between government and business, as they provided an early indication of the unravelling of Botha's constitutional package. The country was also experiencing a severe economic downswing - exacerbated by the tight money policies introduced in 1984 - with the rate of unemployment rising and a major increase in the rate of insolvencies and liquidations.[93] And despite deflationary monetary policies, inflation continued to rise during a period marked by a borrowing spree on the part of government and big business. The foreign debt rose from 8.4 percent to 26.8 percent of the GDP between 1980 and 1984 - two thirds in short-term loans.[94] The result was that when Botha made his heel-digging 'Rubicon' speech in August 1985, this vulnerability prompted major banking institutions to freeze credit to South Africa and to refuse to roll-over existing loans - moves accompanied by other sanctions[95], all of which had a profound effect on South Africa's ability to lift itself out of the economic crisis. In addition,

the rising black militancy which prompted the government to impose the States of Emergencies, further dampened business confidence in the government's ability to secure stability.

While retaining the close ties forged by both parties at the end of the 1970s, and continuing to send delegations to meet with the government, business once again became vocal in criticising violations of 'free' market principles, the government's remaining apartheid policies, aspects of its fiscal policy and, in some cases, its violations of the rule of law.[96] the strains became even more apparent after the declaration of the partial State of Emergency in July 1985 despite divisions within the business community over government security policy. The tone and content of this criticism became stronger during this period, with a new political assertiveness from business leaders and organisations emerging, resulting in a spate of public protests from organised business condemning the detention of union leaders, criticising economic and social policy and calling for the realisation of black political and economic aspirations. Much of this was a result of sanctions and disinvestment which affected indigenous capital in a variety of ways[97].

This sense of urgency became more profound after Botha's 'Rubicon' speech, and business leaders began adopting elements of the rhetoric of extra-parliamentary groups, speaking for the first time of their desire for a 'non racial democracy' and of a 'post-apartheid vision', and being more vocal in their calls for Mandela's release and the unbanning of the ANC. Faced with unprecedented challenges to their legitimacy from black communities, business sought to retain an high political profile and became more confident about speaking out against government policy. For example in January 1986 the FCI published its South African Business

Charter of Social, Economic and Political Rights which advocated universal suffrage, civil rights and an end to discriminatory policy[98] and soon after JCI chief Gordon Waddel noted: "There will be no end to violence and unrest until the distribution of political power mirrors the demography of the country.l That in turn entails the acceptance of a universal franchise for all South Africans."[99] Such criticism also involved the AHI and leading Afrikaner businessmen.[100] This period also saw widespread support for new constitutional negotiations and a growing sense from business of its identity as a distinct constituency, more liberal and directed than the state in its commitment to fundamental reform. As Premier CEO Tony Bloom proudly noted, "the South African business sector is the only one in the world to the left of its government."[101]

Support for negotiations led to active business involvement in the five year pre-negotiations preamble. Business had long been involved in negotiations with independent trades unions and after 1985, as a result of successive trade boycotts, chambers of commerce and individual businesses became involved in direct negotiations with black community and political organisations in various towns and cities.[102] Sections of the business community also involved themselves in less successful national and regional level forums[103] and in attempts at creating joint business-labour interaction with government.[104] In addition, the first of a spate of meetings and conferences involving business leaders and the exiled ANC leadership[105] took place in September 1985 when Gavin Relly and Zach de Beer of Anglo American, Tony Bloom of Premier and several newspaper editors, travelled to Zambia for two days of talks. In this way an ethos of negotiations and a familiarity with extra-parliamentary groups was fostered. Even when the political activism of business tailed off in the late-1980s, contacts between business and extra-parliamentary groups continued. Among the most

significant was the 'Broederstroom Encounter' - an August 1988 meeting between 34 UDF and Cosatu leaders and 45 business representatives, which promoted the formation of CBM. This event followed 18 months of meetings between smaller groups of business and UDF leaders.[106] CBM soon expanded this contact to include dialogue with the ANC, PAC, Inkatha and the government, and its activities were complemented by several other business-linked forums with similar goals.[107] These ventures represented a break with the traditional pattern of corporate political influence which focussed either on lobbying government and the state or on statements of opposition to government policy and state action. It marked a move away from the confines of white politics into a less racial conception of its potential role. Many of these ventures were opposed by the government and the security establishment, which attempted to disrupt them and, with less success, set up alternative forums.[108] However, the opening of communications channels with the ANC-UDF-Cosatu alliance was not the only business venture beyond the confines of white politics. In particular, several companies and business leaders openly backed Inkatha.[109] Also, the intensity of contact with extra-parliamentary groups could still not be compared to that with the government, state and NP.

It would be misleading to create an impression of a universal wave of business opposition to the government in this period, however. Rather, it was confined mainly to senior executives of large corporations and business associations, whose statements and actions did not reflect the views of all their members. Most white businessmen remained outside the political fray and showed little inclination towards opposing government policy, and many who opposed specific policies, nevertheless supported the NP. Furthermore, many companies and business leaders (including some who criticised the government) cooperated closely with the state in

a variety of defence and security-related forums[110] and attempted to win state and parastatal tenders. In particular, the arms industry became a significant source of income for the manufacturing industry after 1968[111], and at most levels of government, the apartheid bureaucracy created opportunities for businesses to prosper. The means to this end invariably involved establishing close links with individuals within the state, government and NP, and generous contributions to party funds - a situation which encouraged corruption on a massive scale.[112] Many businesses found themselves performing delicate balancing acts, by trying to pre-empt pressures from extra-parliamentary groups and at the same time retain their relations with the state. For example, Mike Rosholt, the CEO of Barlow Rand, was a vocal critic of apartheid, frequently calling for an end to influx control and criticising educational and economic policy,[113] while at the same time Barlow Rand was Armscor's main private sector supplier, and through its subsidiaries was engaged in several schemes to break the international arms embargo.[114]

The declaration of the national State of Emergency in June 1986 diluted the emerging consensus among business representatives about their attitudes to government policy and state action. There was no uniform response to the emergency with some, such as Anglo head Gavin Relly[115] and the AHI[116] supporting it and others like Premier's Tony Bloom, the FCI and Assocom publicly condemning it.[117] This period was characterised by distrust in government-business relations, reflected in the government's methods of dealing with those who refused to toe its line. In trying to bring the business community back into the fold the it initially adopted a carrot and stick approach, but when the carrot failed, the stick was used more frequently. Botha's first re-grouping effort came in bringing 200 like-minded businessmen together in a summit in Bryntirion in Pretoria in November 1986, where, while

gaining support for privatisation and deregulation initiatives, he told them he would not tolerate political demands. Some captains of industry continued to issue strongly worded critical statements[118], but the pressure was easing off and in April 1987 JCI's Murray Hofmeyr spoke of the "deafening silence of business".[119] One reason for this was the upturn in the business cycle. Another was the poor performance of the PFP opposition in the 1987 general election - reflecting a mood in the white community which exacerbated the caution of capital. But the fervour of the attacks from the Botha government and conservative business forces on businessmen viewed as going too far, also played a role. The FCI went into decline, partly because it was viewed by many of its member companies as being too political.[120] Shell's John Wilson received a letter of "warning" from Botha for his role in FCI's condemnation of the Emergency while Barclays MD Chris Ball was saved by Botha for his role in financing a UDF advertisment calling for the unbanning of the ANC.[121] Soon after Ball and Tony Bloom emigrated[122] (followed by another outspoken business leader, JCI's Gordon Waddell). By 1987 there had been a retreat by business from overt criticism of the government though the two years lull was by no means devoid of business action in the national political terrain[123] and was also the period when several companies initiated their politicised participative programmes.[124] But in general there was little in the way of common political purpose within the business community at that stage.[125]

By early 1989 the beginnings of a swing back to the political arena could be detected, partly in response to internal union and political pressures and to an international climate characterised by isolation , but also in response to the perception that the Botha government was no longer able to control the country's destiny. there was a sense among business leaders that reform needed to be speeded up, that a negotiated settlement was a priority and that

business had to enter the terrain of policy formation. Statements from business leaders became more confident, prescriptive and specific. For instance Harry Oppenheimer called for a universal franchise and the repeal of all apartheid legislation and noted that "peaceful change will only be possible if the whites can be induced by pressure or persuasion, or most likely by a combination of the two, to accept the major changes that are necessary."[126] Likewise Relly questioned "Pretoria's cherished myth of the total onslaught" and said the task of new NP leader FW de Klerk was to "consummate the process of reform and ... to give form and content to a post-apartheid vision", and he called for the government to "recognise the hard realities (and) negotiate and find compromise solutions", while reiterating that the major ANC 'pre-conditions' needed to be met.[127] Some business leaders went further and began to see their role as that of a catalyst for change whose major task was to side with the aspirations of the disenfranchised majority. For instance, in 1989, Christo Nel argued that the "creative Minorities" in business "increasingly understand the need to develop constructive relationships with Transformers in a common striving towards non-racial democracy".[128] Reflecting a view that by then was becoming more widespread in business circles, he added: "Transformation to a non-racial society is inevitable. It is merely the time scales, degrees of violence and economic decline that are debatable."[129] This political confidence was encourage by other events including the rise of De Klerk, the repeal of the Group Areas and Separate Amenities Acts, the release of the Sisulu group of prisoners and the September 1989 election results.[130] There was a hopeful mood within the business community that a settlement could be reached which would alleviate some of the problems plaguing it.

3.3.3 The FW de Klerk years (1989 to 1994)

The two years after De Klerk became State President were marked by a high level of political optimism, combined with a frequently expressed concern about the country's economic prospects, which led to a more concerted business drive to influence policies of both government and opposition groups, albeit with a shift away from the confrontational ethos which marked the last years of Botha's rule. A shift in the government's approach to business came int he departure from the old shibboleth that political policy was the domain of government alone, towards an acceptance of the legitimacy of interest group representation. This reflected an acknowledgement that the government did not represent the politics of the country as a whole. The reason for this related to the power-centred conflicts of the time. As Pretorius put it: "(t)he combined effect of black industrial and political activity, foreign pressures, local economic conditions, divisions within the Afrikaner nationalist network - in short the increasingly complex dynamics of the political system as a whole - has been to diminish the head of government's ability to contain interest-group intrusion into politics."[131] But the more immediate reason for this change related directly to the personal style of the new president and to the shift away from the habits of the 'securocrat' network[132] which had dominated during the Botha years with its technocratic and secrecy-obsessed approach to political management. In contrast De Klerk's 'open door' approach to outside advise led to a far more consistent interaction between business and the presidency, characterised by dialogue rather than the didactic style of Botha, and there was also regular contact between organised business and government departments, particularly those connected with the economy.[133] The unbanning of the ANC and release of Nelson Mandela in February 1990 also prompted a flurry of meetings between business organisations and the ANC which focussed business concern on future problem areas in the relation. This contributed to a more defined business focus on economic policy proposals, and more specifically, on proposals to

combine growth with a more equitable distribution of wealth, as an alternative to nationalisation and other redistributive policies. This represented a temporary shift away from the more acute criticism of ANC economic thinking, and towards a corporatist approach which was beginning to emerge in an organisational form.

Shortly after Mandela's release Relly reflected the optimism of the time when said the "future today ... is more promising than in the last five, ten or fifty years, offering great opportunity if we are forward looking, constructive and cooperative in approach." He indicated an eagerness to built bridges with extra-parliamentary groups by, for example, rejecting "extreme supply-side notions what were fashionable in the United State", acknowledging that economic growth alone would not end poverty and calling for a more cooperative relationship between government, business, political movements and unions.[134] Several other business leaders made similar speeches and statements indicating an openness to a corporatist approach and a recognition that neo-liberal economic prescriptions were insufficient to meet the needs of the majority of citizens.[135] This was also a period in which socio-economic 'scenarios' produced by business groups (including Anglo American, Nedcor-Old Mutual and Sacob)[136] emerged, offering visions about how a future South African political and economic system might look.

During the first two years of De Klerk's presidency most sectors of South African business showed reluctance to criticise the government publicly (or for that matter, the ANC), partly because of not wanting to be seen to take sides during a period of negotiations but also because, in contrast to the last years of the Botha era, the government was seen to be moving along the right path through unbanning banned organisations, repealing apartheid laws[137] and

entering what became the Codesa negotiations process. Another reason was the government's responsiveness to business concerns and De Klerk's constant reference to "collaboration" and "partnership" with capital. As Lee, Sutherland, Phillips and McLennan expressed it after surveying 50 business leaders in 1991: "Almost unanimously (they) believed the role of business in influencing public policy has been legitimised by the new government".[138] However, this upbeat mood was by no means universal in business thinking and did not represent, for example, the South African Agricultural Union and its members. But within the realm of big business generally, the momentum of its political and macro economic roles shifted along corporatist lines, with the September 1990 agreement between Cosatu, Nactu and Saccola - which led to their joint representations on the Labour Relations Amendment Acts to parliament a month later - an important marker along this road.

But the mix of economic concern and cautious political hope characterising the public response from business at this time shifted towards fear, pessimism and economic alarm after 1991. One reason was the downturn in business cycle, which was taking on the proportions of a severe recession, with the GDP falling by 0.5, 0.4 and 2.1 percent in 1990, 1991 and 1992 respectively, representing a total decline in real terms of about nine percent during those years.[139] While the recession was an international phenomenon, its severity was viewed as being primarily a product of the political situation. Political violence was growing, there was renewed tension between the unions, business and government, displayed, for example, in the three day VAT stayaway and it was clear that the honeymoon between the government and ANC had ended, with a four month collapse of national negotiations in 1992, amid accusations that the government was deliberately fanning anti-ANC political violence - this prompting renewed mass actions, including stayaways. All of this contributed to the

pessimistic approach from business to the political arena and to its own prospects[140], compounded by the country's economic problems, and relieved only by brief moments of optimism, of which the sunniest was the period immediately after the March 1992 'Yes" vote victory in the white referendum.

This pervasive business pessimism did not imply that business disengaged from the political process. Rather, it was motivated by a sense of desperation, in contrast to the more hopeful anticipation of the previous two years. Primarily through CBM, company executives expanded contacts with government, the ANC and other groups like Inkatha and the PAC, while CBM and CBM-linked business appointees were also centrally involved in the facilitation of Codesa[141] and others took prominent roles in facilitating the 'peace process'[142], while a similar process took place at the economic level, with business, Cosatu and the government, leading to the October 1992 launch of the National Economic Forum, which set the basis for the form of corporatism which was consolidated into Nedlac in the post-apartheid period.[143] Contacts between business and government were also stepped up. De Klerk held regular meetings with key business leaders and appointed Gencor's Derek Keys as Minister of Trade and Industry in early 1992, and later as Minister of Finance, and subsequently appointed former Sage chairman Louis Shill as Minister of Housing.[144] The early months of 1992 also saw an unprecedented drive from business in support for the government's position in the M h referendum - primarily through the Private Sector referendum fund and CBM and also from within companies.

But the escalation of political violence and the breakdown in negotiations which followed the yes-vote victory exacerbated the mood of pessimism and scepticism. This was compounded

by state and government corruption scandals, the revelations of monumental waste which occurred under a cloak of secrecy as well as indications of state involvement in political violence.[145] these scandals had the effect of weakening business confidence in the government, and by the end of 1992 the government was pleading with business for its continued backing[146], while business leaders were begging the political parties to reach a settlement.[147] The business press was particularly strong in its criticism of government policy and action during this period, focussing on economic mismanagement, bureaucratic and ministerial bunglings, corruption, allegations regarding the security forces and the NP's poor performance in negotiations. This was countered by criticism of the ANC for its role in political violence, mass action, past torture in its detention camps, aspects of its economic policy and its negotiations approach.

From early 1993 a sense of extreme urgency in the political deliberations of business could be detected, along with a renewed hope in the outcome of negotiations. This was expressed in a shift in the direction of the lobbying and funding priorities of several companies. A more focussed drive from various businesses and businessmen to woo, win over, fund, sponsor, recruit and buy interest with individual ANC and Cosatu leaders also emerged, reflecting a belated awareness that power was soon destined to change hands. One of the clearest of the many examples of this was the supposed shift in political allegiance of the hotel and casino magnate Sol Kerzner, who was found by a judicial commission of inquiry to have bribed the apartheid era Transkei homeland leader George Matanzima R2-million for a casino license, and allegedly funded the NP prior to the De Klerk era, but in 1994 paid Nelson Mandela R2-million for the ANC's election fund.[148] As the election approached this shift in political focus became more visible. It was the ANC which was hosting business summits and calling

for corporate advise, and Mandela being courted on the JSE floor.[149] This shift did not necessarily come at the expense of support for the NP, but there were indications of a significant decline in business support for the IFP and Mangosuthu Buthelezi during this period[150], with even Tongaat Hullets chairman Chris Saunders, a long-term Buthelezi backer who had been vocally backing Inkatha initiatives a year earlier, distancing himself from the IFP.[151] This led to desperate appeals from Buthelezi to business leaders for funds and for political support, but this was not forthcoming.[152]

Despite a massive capital outflow during 1993[153] - suggesting widespread uncertainty over the future economic policies of a new government - there were indications that by the end of that year this prospect was no longer viewed as a cause for dismay within big business leadership circles. In one survey of 100 business leaders conducted during this period, 87 percent said the outlook for business was improving and 71 percent said it would be even more favourable after the election, while 92 percent said there was no threat of nationalisation and 85 percent predicted an optimistic future for their children or grandchildren.[154]

In the run-up to the election organised business, and particularly the CBM, remained centrally involved in aspects of the work of the Independent Electoral Commission, in peace forums and in the final negotiations which led to the IFP's agreement to participate[155], though the IEC head Mr Justice Johann Kriegler berated business for not showing enough support for the elections, for failing to honour its pledges of aid and for treating it like a "massive publicity stunt" (although he acknowledged the role played by business in the macro-implementation of the election plan).[156]

During the final months of De Klerk's presidency business also began to reorganise itself at the inter-corporate level, partly to find a more unified voice for the post-apartheid era that was drawing near. In late 1993 informal talks were held between Sacob, Nafcoc and the AHI with a view towards creating a single, unified business body, and these led to 'official' talks in February 1994. As Sacob deputy president Les Weil explained shortly before the election: "The multiplicity of organisations purporting to represent organised business has resulted in our voice being diluted and politicians sometimes playing one organisation off against another."[157]

Overall the nearly five years of De Klerk's rule served as an uneasy transition period between the authoritarian late-apartheid rule of PW Botha's presidency and the arrival of a non-racial, liberal democracy, and the comparisons often made with the Gorbachev regime in the Soviet Union seem apposite this respect at least. The period was also transitional for business in terms of its political role, both through its relation to the state and other political players, and its internal role through its relation with the 'stakeholders' within its ambit (workers, managers, unions, customers and the broader community served). While business in general passed through waves of optimism and pessimism in this transition period, by the end it had, at least, reached the point of rhetorical commitment to non-racial democracy and in some respects this went beyond the level of rhetoric. Several lasting developments emerged, including a corporatist approach to its relations with government and labour at the national level, a belated commitment to black advancement within its corporate ranks and in some cases, as discussed in chapter five, to a more participatory style of management.

3.4 INITIAL POST-APARTHEID TRENDS

While it is too soon to discern definitive patterns in relations between business and the state, certain early trends can be recognised. The election of an ANC-led government in 1994, while long expected within the business community, was an event which organised business nevertheless took some time to adjust to and to respond to effectively, particularly in terms of its political role. Business as usual, between capital and the government, had come to an end and a new set of relations had to be built under conditions differing substantially from those prevailing in the De Klerk era. While the NP's power base rested with the white community and its latter-day ideology was strongly influenced by an allegiance to the 'free market' ideal, or at least to aspects of it which suited the government, and it was motivated by an ostensibly pro-business agenda, the traditions which the ANC emerged from were very different. Its electoral power base was primarily the African population, most of whom emerged from the working class or the ranks of the unemployed. It retained its formal alliance with Cosatu and the SACP and had been influenced by various strands of socialism. This changed rapidly after it was unbanned in 1990, and even more rapidly after 1994 when the influence of a business and international financial agenda began to compete favourably with past socialist and social democratic currents, but the historical allegiance with the working class remained significant beyond the rhetorical level.

I is hardly surprising therefore that the business response to the new and uncertain agenda of the ANC-led government lacked coherence or confidence at first. While individual business leaders established close relations with prominently placed individuals and departments within the new government in a variety of ways[158], organised business was initially cautious about adopting an assertive public political role, restricting its interventions to areas devoid of major controversy[159], while reorganising and in some cases merging its own formations[160] and

developing a greater affinity with the politics of corporatism through negotiating with labour and the state at the national level, mainly through Nedlac.

After 1995 this caution about a public political role made way for a more adversarial and coherent stance than the business community had felt able to take since the mid-1980s. Aside from becoming more vocal in its criticisms of government policy[161] and more vociferous in its policy pronouncements, particularly relating to the economy, it adopted a significantly more assertive position vis a vis organised labour, attacking its pronouncements and policies and countering them with its own proposals. As discussed in chapter six this came to the fore most notably in the debate around the new Labour Relations Act, which became law in November 1996 after two years of lobbying and campaigning, both by labour and business, but also over legislation relating to employment standards and affirmative action, with organised business adopting a markedly less accommodating stance in these areas. It was also expressed in the competing 'visions' of business and labour relating to the country's economic future.[162] This overt antagonism led to repeated calls from government ministers for business and labour to "bury the hatchet" and "march in tandem".[163]

However, there were also cautious moves from sections of business to diffuse potential political and economic flashpoints by taking action aimed at meeting the approval of government and some of the unions. This could be seen through business proposals around industrial training and the affirmative action schemes of many individual businesses, as well as the contributions made by some larger companies to the RDP, self-interested though they might have been. Also significant were the moves from within the Anglo American-JCI stable to pre-empt possible legislation on breaking monopolies by taking unilateral action aimed at

unbundling or at least trimming some of the dimensions of its national corporate control. Most notable in this regard was a series of related transactions, starting with the breakup of JCI and leading to the NEC's assumption of control over Johnnic, aimed at making room for a substantial black-led (and union backed) corporation[164] - a deal reminiscent in some respects of the similar overtures made by Anglo American to Afrikaner capital 30 years earlier with the General Mining sell-off to Federale Mynbou.

Overall, the trend from the business community in its relation with the state and labour during the initial two years of post-apartheid government was in the direction of developing a more vocal and united corporate political position than was possible in the apartheid era, and in this way ensuring that organised business, and more particularly big business, found a coherent voice with which to address its partners and adversaries. As discussed further in chapter six, the prime content of its message related to its economic concerns - the desire for more flexible markets, less regulation, lower taxation, a stronger weighting of industrial relations in its own favour and macro policies aimed at higher growth rates. It has also attempted to put forward clear positions on a range of other politically related concerns, ranging from crime and political violence to land reform. In its campaigns to win ground in these areas, it has been prepared to adopt a far more strongly adversarial position against organised labour, and at times against the government, than was deemed possible in the De Klerk era, while at the same time abandoning much of its remaining allegiance to the NP and IFP, and strengthening ties with the ANC. But the political role of business since 1994 has not been limited to public hectoring and private wooing. There have also been serious attempts to remove from business its white, racial tag. Internally this has been seen through significantly more committed affirmative action programmes at most larger companies, as well as through

profit sharing schemes and various other stakeholder programmes. Externally this has occurred through corporate social responsibility programmes and through backing given to some government reconstruction and development programmes, as well as through support for emerging black businesses, both on a micro scale and through major investment projects of which the NEC has been the most significant. Organised business and individual companies have also been more vocal in their support for black business formations.[165]

3.5 CONCLUSION

When looking for trends in the politics of business, it is necessary to generalise to a considerable degree, and to extract a direction from the words or activities of a comparatively small number of companies and individuals. What emerges is that business moods in relation to their potential political roles, sometimes changed drastically in a matter of days. These shifts - from optimism to despair, activism to compliance, criticism to silence, a-political acquiescence to frenzied activity, from being responsive to being 'pro-active' - obviously did not occur because of some intrinsic desire among businessmen to enter into or retreat from the political terrain. Rather they related more to the concern of companies to stay in business and to prosper. When governments and other political actors restricted this possibility then companies attempted to change the political conditions they were operating in and to adapt to these conditions by reorganising their own ways of operating. It is for this reason that, as Welsh noted, the business community's inclination towards political activism often "stands at inverse proportion to the swings in the business cycle".[166] Yet there is more to it than this. Government policy, oppositional activity, international pressures and incentives, political violence, prospects for influence, prospects for state tenders, organisational dynamics and the

ideas and opportunities for influence of the individuals involved, have all had a bearing on the politics of business at different times in different companies, which is why there has never been a single, wholly consistent pattern of business political response. Sections of the business community have backed the apartheid state to the hilt while others have consistently opposed it. Companies have managed to criticise government policy, work with the government and accept state tenders, woo representatives of mass oppositional organisations and attack their actions, all at the same time. Nevertheless, as the periodisation above suggests, there have been discernable patterns in this regard.

It could be said that the early apartheid years were marked primarily by business complacence, and compliance to government dictate, partly because the costs of opposition were too high and there were few viable avenues for expression, but more significantly because of the point made at the outset to this chapter: South Africa's businessmen viewed themselves as white citizens first and capitalists second, and with very few exceptions did not conceive of a broader politics or citizenship. The 1970s marked the beginning of a decisive shift in the direction of establishing an oppositional stance - initially confined largely to questions relating to the economic costs of apartheid, but later extending to realms of constitutional and security policy, reaching to the fundamentals of apartheid rule. Though the tempo of this opposition varied considerably over the next 20 years, it would not be an overstatement to say that important sections of South African capital were consistently able to assert a politics distinct from that of the NP government, and frequently at variance with it, with the tone and intensity of this opposition reaching its peak in the final years of Botha's rule. The major shift which followed during De Klerk's presidency took business beyond the confines of white politics and into an acceptance of a non-racial future, and also marked the

start of the politics of corporatism which would be a major feature of two years of post-apartheid government, albeit one accompanied by a more coherent and adversarial response both to government policy and to the major trades union federations.

It should be apparent that conceptions of the relation between capital and the apartheid state, which either assume an in-built antipathy or an inherent congruence are unable to cope adequately with the complexity of the history of the relationship. Instrumentalist arguments from the revisionist perspective have little answer to evidence of consistent antipathy and distance between the state and sections of capital from the early 1970s, beyond underplaying the strains in the relationship. On the other hand, economistic variants of neo-liberal thought have struggled to explain the extent of cooperation between capital and the apartheid state, nor for that matter do they have the means to explain why it was forces antipathetic to the market (such as financial sanctions and mass political action) which delivered the death blows to the system, beyond offering voluntary abdication in the face of reason as an alternative explanation.

The question arising in the context of this study is where dies participative management fit in with this history and these observations? The answer has both direct and tangential elements. The former is derived from the primary reason why some South African companies embarked on participative programmes in the first place, which was the politics of the country and government policy specifically. This was precisely what sections of business were trying to alter through their macro level interventions. As argued in the chapters below, the form of participation which emerged in the late 1980s and early 1990s was a micro response to a range of difficulties faced by companies, primarily as a result of the apartheid legacy, and of

its particular impact at that time. These included illiteracy, skills shortages and housing and transport problems, but even more significantly, there was the problem of the gap between black and white employees, and therefore between managers and workers, in terms of perceptions of each other's views, motivations and aspirations. This needed to be bridged in order to establish a less hostile and politically charged work environment, and ultimately to improve company performance. The stakeholder approach of participative management offered an attractive means towards this end and was essentially an attempt to create work environments which went against the grain of the political system at the time. The tangential element comes in the inter-connection between the broader political role of the business community, and the internal dimension. While there is no necessary relation between the two (beyond the credibility for black employees which an anti-apartheid profile tended to offer participative programmes), most companies which embarked on thorough-going participative programmes were also involved at the critical edge of business' relation to the state, both individually and through associations like CBM. It followed that managements eager to create a less hierarchical relationship between themselves and their employees, and who were concerned about combating managerial racism and worker illiteracy rooted in the policies of the NP government, would be inclined to criticise policies and actions which exacerbated these problems, and that they would support initiatives aimed at creating a more equitable and viable political system. The converse, however, did not necessarily apply. For reasons of scale, tradition and managerial perception, several of the largest corporations in South Africa made little effort in the direction of a participative stakeholder approach, and in some cases were openly hostile to any extension of industrial democracy, yet at the same time were vocal in their opposition to apartheid, and to NP policy.

At PG Bison the relation between these two dimensions was direct and explicit, with the effects of apartheid setting the context in which participative management was implemented, and the programme itself being viewed as part of a multi-fa. ted response, which included a broader political dimension. The developments within PG Bison, as with most of the companies discussed, certainly did not take place in is[illegible] of the political milieu and of the role being played by the business community within it. At some points PG Bison's response went with the grain and at others, against it. In 1986, when the company began to consider the major in-house changes which led to the introduction of TPQ, the business community was particularly vocal in its opposition to government policy. At the time several companies were experimenting with new forms of manageme[illegible] others were expanding their corporate social responsibility packages and promoting black advancement. But in the period 1987 - 1989 when the explicitly political aspects of TPQ came to the fore this was at odds with the cautionary tendency prevalent within the business community. It is clear that this external context had an impact over business decision makers, though it did not determine their response. It tended to set parameters, rather than blocking, restricting or initiating processes.

NOTES

1. Andrew Torchia, "The business of business: an analysis of the political behaviour of the South African manufacturing sector under the Nationalists," Journal of Southern African Studies, vol 114, no 3, April 1988, p 440.

2. David Welsh, "Politics and business n South Africa," Optima, vol 36, no 3, September 1988, p 162.

3. This is not to suggest that all of those working from a liberal paradigm have assumed an inherent antagonism between the apartheid state and capital (Welsh, Lipton and Uys are three who have not), nor that all those using Marxist categories have assumed a complete congruence of interests (the later work of Harold Wolpe, for instance, eschews this perspective as does some of the earlier writing associated with the SACP - by Bunting, Slovo, Simons and Simons). The point here is to focus on the polarities of the debate in order to draw out a general point on the futility of assuming any 'given' relation in this regard.

4. Ralph Horwitz, Expand or Explode: Apartheid's Threat to Industry, Business Bookman, London, 1957.

5. Ibid.

6. See for instance, W H Hutt, The Economics of the Colour Bar, Andre Deutshe, London, 1964.

7. Mike O'Dowd, "South Africa in the Light of Stages of Economic Growth," in Adrian Leftwich (ed), South Africa: Economic Growth and Political Change with Comparative Studies of Chile, Sri Lanka and Malaysia, St Martin's Press, New York, 1974.

8. Meyer Feldberg, Kate Jowell and Stephen Mulholland (eds), Milton Friedman in South Africa, Graduate School of Business, University of Cape Town and Sunday Times, Johannesburg, 1976.

9. Merle Lipton, Capitalism and Apartheid: South Africa, 1910-84, Aldershot, Gower, 1985, chapter six in particular.

10. Ibid, p 372.

11. Francis Fukuyama, The End of History and the Last Man, Penguin, London, 1992, pp 20 - 21.

12. Stanely Uys, for example, wrote in 1994: "The foreclosure by US banks on loans in 1985, and the momentum of sanctions, were only the last blows. The back of apartheid had been broken not only by black struggle, like the 1976 Soweto uprising and the turmoil that started in black areas in 1984, but by the inherent incapacity of five million white people to impose a lasting hegemony on a 34 million African, coloured and Asian population. ... Afrikaner leaders have bowed to the inevitable...". (Stanley Uys. "The End of Apartheid," in Joseph Harker (ed), The Legacy of Apartheid, Guardian Newspapers Limited, London, 1994, p 192).

13. See for instance, John Kane-Berman, South Africa's Silent Revolution, Johannesburg, SAIRR, 1990.

14. See for instance, Hermann Giliomee and Laurence Schlemmer, From Apartheid to Nation-Building, Johannesburg, Oxford University Press, 1990.

15. Financial sanctions forced the South African government to repay foreign loans and cut-off access to further credit lines from foreign banks, forcing the economy into a period of negative growth accompanied by double digit inflation. This unleashed a range of new pressures on the government, not least from the business community which appealed with ever more urgency for fundamental change. It also concentrated the minds of some of those in power on the inevitability of further and more rapid decline, unless steps were taken to reverse the process.

16. These included divestment and disinvestment campaigns, the international sporting and cultural embargoes and persistent diplomatic interventions from sympathetic governments - particularly the USA and Britain - offering the hope of a release from these torments if the right political triggers were pulled.

17. Quoted in The Guardian, April 10 1994.

18. There was a direct relation between international pressure and the mass mobilisation internally, with the former feeding off the latter. Foreign governments felt compelled to introduce financial sanctions, not only because of the actions of the Botha government, but also because of unease about the consequences of a further escalation of conflict and the sense of urgency brought about because the internal 'struggle' meant South Africa remained prominent in the international news agenda. At the same time it provided a focal point for the activists involved in the divestment and sanctions campaigns in the US and Western Europe.

19. In their own terms the ANC and PAC's 'armed struggle' were failures. Their military forces seldom managed to record totals of over 300 attacks a year, and with very few exceptions, these provided little in the way of a viable military challenge. But even at this low level, the armed dimension provided a mass legitimacy to the ANC's claims and offered inspiration to the mass oppositional dimension. It also had the effect of stretching the resources of the state by inflating military, intelligence and security budgets considerably, which helped create the conditions which financial sanctions exploited. The hope of an end to the city centre bomb blasts and rural landmine attacks, also contributed to the incentive for political settlement.

20. The crucial role played by the collapse of communism in the achievement of democracy in South Africa is argued persuasively by Alaister Sparks (Tomorrow is Another Country, Heineman, London, 1995). For the conservative governments in the US and Britain, the collapse of communism and the end of the Cold War removed the incentive for continuing to protect the South African government from an ANC-led, Soviet-sponsored future. It also created the conditions for a settlement in Namibia by opening the way for the withdrawal of Cuban troops from Angola, which in turn was secured partly by the SADF's failure to achieve its military objectives in Angola as a result of its failure at Cuito Cuinivale - an event which further reduced government confidence in military solutions. The settlement in Namibia also concentrated attention on South Africa itself, and provided further internal ammunition for a settlement.

21. De Klerk's narrow victory over Barend du Plessis, following Botha's resignation of the NP leadership, led to a marked reduction in the power of the 'securocrats'.

22. Evidence which has emerged through the Goldstone Commission of Inquiry, the Truth and Reconciliation Commission and various inquests and criminal trials has strengthened the argument that, contrary to the claims of Kane-Berman and others, the 'Third Force' did, indeed exist - as a cabal of top generals, state officials and cabinet ministers, among others, who operated parallel to the government and used clandestine military means on a large scale (funding and training military units from Inkatha and other anti-ANC forces, sponsoring train massacres, arming hostel dwellers,

assassinating oppositional leaders, bombing strategic targets, combining forces with far right groups) to attempt to subvert negotiations and prevent a settlement on anything approaching the ANC's terms.

23. David Welsh," in Harker op cit, p 45

24. David Yudelman, The Emergence of Modern South Africa: State, Capital and the Incorporation of Organised Labour on the South African Gold Fields, 1902 - 1939, David Philip, Cape Town, 1983, p 6.

25. Ibid, p 5.

26. David Yudelman, "State and capital in contemporary South Africa," in Jeffrey Butler, Richard Elphick and David Welsh (eds) Democratic Liberalism in South Africa: Its History and Prospect, David Philip, Cape Town, 1987, p 263.

27. To illustrate this point, a late 1990 poll found that eight percent of DP supporters agreed with the statement that an ANC government was capable of running South Africa. (Rory Riordan, "Consolidating Negative Attitudes", Monitor, December 1990, p 61). A year earlier a poll showed that seven percent of English speaking white South Africans, and five percent of Afrikaners supported a unitary state with one parliament and a one person one vote system. (Giliomee and Schlemmer, op cit, p 157).

28. In particular the writing of Frederick Johnstone, Harold Wolpe, Martin Legassick and Stanley Trapido and before that Jack and Ray Simons.

29. V I Lenin, The State and Revolution in Lenin - Selected Works, Lawrence and Wishart, 1977, p 266.

30. Karl Marx and Friedreich Engels, The Communist Manifesto, in David McLellan (ed), Karl Marx: Selected Writings, Oxford University Press, Oxford, 1977, p 223.

31. Among the protagonists of this approach at the academic level were Simon Clarke, Alex Calinicos and Duncan Innes. Clarke, for example, argued that the reasons for the "sterile and irrelevant" reforms of the late 1970s could be found in the needs of capital. "It should be clear that the current political crisis in South Africa cannot be separated from the crisis in accumulation, but rather that it is the political form of that crisis. The contradiction that besets the South African state is that it has to resolve the economic crises without intensifying the political crisis to such an extent that the very persistence of capital in South Africa is threatened. The economic crisis is the expression of the problems confronted by the production of surplus value, above all in the manufacturing sector. In order to resolve that crisis it is necessary to restructure social relations on the immediate process of manufacturing production in such a way as to increase the rate of exploitation." (S Clarke, "Capital, Fractions of Capital and the State: 'Neo-Marxist' analyses of the South African State." Capital and Class, 5, 1978, p 70.

32. Among others, the writings of Louis Althusser, Etienne Balibar, Charles Bettleheim and Nicos Poulantzas.

33. Among others, David Kaplan, Rob Davies, Mike Morris and Dan O'Meara.

34. The idea was that a particular fraction of capital (mining, manufacturing, agriculture) would play the dominant role and set up its interest as the general interest. (N Poulantzas, Political Power and Social Classes, London, Verso, 1978, p 140). This obsession with 'fractions' of capital was advanced not only to explain the ebbs and flows of power in South Africa, but also changes in power in other

African states, such as Uganda and Tanzania, which were barely capitalist, or at least not in any developed form. Mamdani, for instance, attempted to relate every nudge and wink by Milton Obote to a stirring of one or another fraction of capital in Uganda. (M Mamdani, Politics and Class Formation in Uganda, Monthly Review Press, London, 1976).

35. This was viewed as a consequence of the fact that, in contrast to feudalism, the capitalist state was 'freed' from its direct role in the production process and therefore was able to play the role of organising the dominant classes into a 'power bloc' in order to ensure the reproduction of capital, and the disorganisation of the dominated classes. Relative autonomy was therefore seen as a dimension inherent to the capitalist mode of production. It was stressed that in no social formation did the reproduction of classes occur as a unity, and that the ruling class contained contradictory interests because of the uneven development of the productive forces among the various sectors of production (see Poulantzas, op cit, pp 29 - 32 and p 140).

36. As Poulantzas put it, it was the "material condensation" of a relation between struggling classes and fractions. (N Poulantzas, State Power Socialism, London, Verso, 1980, p 128.

37. See for instance, N Poulantzas, The Crisis of the Dictatorships, London, New Left Books, 1976, pp 71 and 112.

38. This arose from the premise that the early development of South African capitalism involved a power bloc which contained only capitalist classes, and that the black and white sections of the working class emerged under distinct conditions of proletarianisation, with blacks retaining access to a limited means of subsistence. (D Kaplan, "The South African State: The origin of a racially exclusive democracy," Insurgent Sociologist, vol X no 2, Fall 1980, pp 84 - 87.

39. ANC publications in the 1970s and 1980s routinely described the form of domination in South Africa as "internal colonialism".

40. This was the preferred description of the South African condition used by many of the SACP's far left critics, who argued in terms of a more direct relation between capital and apartheid.

41. See for instance "Colonialism of a Special Kind and the South African State," Africa Perspective, 28 1983.

42. Because the economy, and particularly its production component, is viewed as being the essence of all history, it is therefore theoretically impossible for any aspect of society to be independent of these production relations. Whether the state and politics or culture and religion, are viewed merely as super structures, or are granted a level of 'relative autonomy', it is what happens in the realm of the economy, and the class struggle located within it, that ultimately determines its laws of motion. This is what is meant by the inherent determinism of Marxism.

43. Inappropriate because the Third Force proved to be the first force - the covert power of the state.

44. See, Theda Skocpol, "Political response to the capitalist crisis: new-Marxist theories of the state and the case of the New Deal," Politics and Society vol 10 no 2, 1980 and "Bringing the state back in: strategies of analysis in current research," in P Evans, D Ruischemeyer and T Skocpol (eds), Bringing the State Back In, Cambridge University Press, Cambridge, 1985 and Ernesto Laclau and Chantal Mouffe, Hegemony and Socialist Strategy: Towards a Radical Democratic Politics, London, Verso, 1985.

45. Skocpol, 1985, Ibid, p 200.

46. State officials may contribute to policies that are in conflict to the preferences of capital. (Ibid)

47. Harold Wolpe, Race, Class and the Apartheid State, James Currey, London, 1988, p 76.

48. Michael Mann, "The giant stirs: South African business in the age of reform," in P Frankel, N Pines and M Swilling (eds), State Resistance and Change in South Africa, Croom Helm, London, 1988; The Politics and Ideology of White Business in Contemporary South Africa, unpublished masters dissertation, Wits University, Johannesburg, 1989.

49. Mann, 1989, ibid, p 3.

50. Ibid.

51. See 3.2.1.

52. Uys, op cit, p 192.

53. Partly as a result of Smuts' refusal to countenance a new delimitation removing some of the loading from rural seats.

54. Dan O'Meara, Volkskapitalisme: Class, Capital and Ideology in the Development of Afrikaner Nationalism, 1934 - 48; Ravan Press, Johannesburg, 1983; P Furlong, Between Crown and Swastika, Witwatersrand University Press, Johannesburg, 1991, pp 219 - 225;

55. From 9.6 to 20.8 percent. (Hermann Giliomee, "The Leader and the Citizenry," in Robert Shrire (ed) Leadership in the Apartheid State, Oxford University Press, Cape Town, 1994, p 109.

56. Louwrens Pretorius, "The Head of Government and Organised Business," in Shrire, op cit, pp 213 - 215.

57. Howard Preece, "The economics of apartheid," in Joseph Hanlon (ed), op cit, p 29.

58. Moll argues that in contrast to the oft-repeated myth that the South African economy grew faster in the 1960s than any other economy except Japan, in fact a study of 14 comparable economies between 1950 and 1990 showed that South Africa's growth rate ranked 10th or below during each of the decades, including the 1960s. "Rather than plunging into crisis in the 1970s or 1980s, as is often claimed, it seems to have suffered from a long-term slump." (Terence Moll, "SA's big Sixties boom? It's a myth." Weekly Mail and Guardian, November 25 1994) Similarly, Preece argues that "although the South African economy appeared to flourish under apartheid, it still failed to achieve anywhere near the growth levels potentially obtainable. (op cit, p 28)

59. Verwoerd stressed that maximum economic growth was not a primary objective of apartheid and that apartheid was not compatible with optimum growth. (Ibid, p 29)

60. Ibid.

61. Lipton, op cit, p 372.

62. Ibid, p 310.

63. Giliomee, op cit, pp 112 - 113.

64. Ibid, p 112 and Pretorius, op cit, p 222.

65. Mann, 1989, op cit, pp 41 - 43.

66. See Preece, op cit, p 29.

67. Represented by the likes of Piet Koornhof, Theo Gerdener, Punt Jansen and later Pik Botha.

68. Represented by Albert Hertzog who resigned from the NP and formed the HNP.

69. Involving 61 000 workers from 150 firms.

70. Steven Friedman, Building Tomorrow Today: African Workers in Trade Unions 1970 - 1988; Ravan Press, Johannesburg, 1987, p 51.

71. Including the introduction of 30 year urban leaseholds for black in 1975 and the amendment to the 1953 Settlement of Disputes Act, allowing blacks limited rights to strike.

72. Quoted in The Urban Foundation, Leadership South Africa, June 1987, p 41.

73. From the 1976 Businessmen's Conference on the Quality of Life of Urban Communities.

74. John Kane-berman, Soweto: Black Revolt, White Reaction, Ravan, Johannesburg, 1978, p 67.

75. Brian Pottinger, The Imperial Presidency, Southern Book Publishers, Johannesburg, 1988, p 67.

76. Subsequently renamed the National Management System.

77. Mark Swilling and Mark Phillips, "State power in the 1980s: from 'total strategy' to counter revolutionary warfare," in J Cock and L Nathan, War and Society, David Philip, Cape Town, 1989, pp 134 - 148; Kenneth Grundy, The Militarization of South African Politics, Oxford University Press, 1988, pp 34 - 57.

78. Samuel Huntington, "Reform and Stability in a Modernising Multi-Ethnic Society," paper delivered to the Conference of the Political Science Association of South Africa, September 17 1981.

79. Through the Defence Manpower Liaison Commission, Defence Research and Development Council, Defence Advisory Council and National Manpower Commission. At Botha's request, Barlow Rand director John Maree was appointed CEO of Armscor in 1979. (Gavin Cawthra, Brutal Force: The Apartheid War Machine, International Defence and Aid Fund of Southern Africa, London, 1986, p 100.

80. The most significant was the Economic Advisory Council, but there were also several joint state/private sector projects such as the formation of the Small Business Development Corporation in 1989. Businessmen were also appointed to various commissions of inquiry and government committees to advise the government on issues of direct economic concern - privatisation, deregulation, taxation, and others concerning defence and security.

81. Held in Johannesburg on November 22 1979.

82. Pottinger, op cit, p 191.

83. Mann, op cit, p 191.

84. Deborah Posel, "The language of domination, 1978 - 1983," in S Marks and S Trapido (eds), The Politics of Race, Class and Nationalism in 20th Century South Africa, Longman, London 1987.

85. Lawrence Schlemmer, "South Africa's National Party Government," in P Berger and B bodsell (eds), A Future South Africa, Human and Rousseau, Cape Town, 1988, p 22.

86. Which was appointed during Vorster's term.

87. From Assocom, the FCI and SEIFSA.

88. The FCI lobbied the government to ease controls on unions.

89. These included the Riekert Commission report which led to the passing of the 1982 Black Local Authorities Act which gave increased power to black community councils (and prompted black urban mobilisation against the local state) and the report of the 1982 HSRC De Lange Commission which prompted several educational changes, including the injection of more funds into black education. Expenditure on African education in South Africa (including the 10 homelands)(rose from R431.2 million in the 1979/80 financial year to 8 647 million in 1991/2, while the gap in per capital expenditure between white and African schools narrowed from 18:1 in 1969 to 4:1 in 1989, while by 1991/2 the African education budget constituted 48 percent of the total educational budget compared with 16 percent in 1971/2. (Race Relations Survey 1991/2, SAIRR, Johannesburg 1992, pp 183 - 193) Another major move in this period was the 1983 formation of the Development Bank of Southern Africa, with the aim of promoting regional development, upgrading underdeveloped areas and creating jobs. (Alan Hirsch, "Banking on discipline: The Development Bank of Southern Africa," in G Moss and I Obery (eds), South African Review 3, Ravan, Johannesburg, 1986)

90. Crucially, the 1952 Nations (abolition of Passes and Coordination of Documents) Act.

91. The 1949 Prohibition of Mixed Marriages Act and the 1950 Immorality Amendment Act.

92. Within Anglo American Gavin Relly and Julian Ogilve Thompson supported the 'yes' vote while Harry Oppenheimer supported the 'no' vote. (Anthony Sampson, Black Gold: Tycoons, Revolutionaries and Apartheid, Hodder and Stoughton, London, 1987, p 151.

93. The figures for insolvencies were: 1981 831; 1982 998; 1983 1201; 1984 1637; 1985 (until November) 3 221. For liquidations the figures were: 1981 1 837; 1982 1 957; 1983 2 275; 1984 2 675; 1985 3 061. (CSS statistics published by Apartheid Barometer, Weekly Mail, February 7 1986 and December 12 1986.

94. Duncan Innes, "Monetarism and the South African Crisis," in Moss and Obery (eds), op cit, pp 292 - 297.

95. Including the limited sanctions by executive order from Ronald Reagan, the Comprehensive Anti-Apartheid Act, as well as increased pressures from EC countries and other than Britain.

96. Including the Assocom/FCI/AHI condemnation of the detention of union leaders, the January 1985 Assocom/FCI/AHI/SEIFSA/NAFCOC 'fact-finding' memorandum criticising government economic and social policy and the March 1985 Assocom/FCI/Nafcoc/UF statement which called for the realisation of the "legitimate economic and political aspirations of black South Africans" and expressed a willingness to get involved in mediation with the aim of a "new constitutional dispensation for all South Africans." Their attention was focussed on the abolition of influx control, the Mixed Marriages and Immorality Acts and in favour of free trade in the CBDs, and they became increasingly critical

of the high rate of business taxation. Some business groups and leaders went further, with strong criticism of forced removals, the RSCs and security police action, including detentions.

97. Credit lines, imports and exports, the departure of foreign-based suppliers, and less directly, by increasing unemployment (through limiting the possibilities for market growth).

98. FCI, South African Business Charter of Social, Economic and Political Rights, Johannesburg, January 1986.

99. Annual Review to JCI Shareholders, September 1986.

100. Anton Rupert and Louis Luyt were among the 92 Afrikaner business leaders who endorsed a call to end the Emergency and racial discrimination, grant full citizenship to all South Africans and negotiate with "acknowledged" black leaders.

101. Quoted in Robin Lee and Fran Buntman, ""The Limousine Lizard and the Taxi Proletariat: The Business Sector's Involvement in Policy Change 1985 - 1989," in Centre for Policy Studies, South Africa at the End of the 1980s, University of the Witwatersrand, Johannesburg, 1990, p 128.

102. Particularly in the Eastern Cape.

103. Such as the KwaZulu-Natal Indaba and Convention Alliance.

104. In july 1986 Assocom and the FCI were joined by Cusa in issuing a call for substantial political reform and the restoration of the rule of law. (Pretorius, op cit, p 235)

105. Among the more significant prior to 1990 were the May 1986 ANC-Nafcoc meeting in Lusaka, the June 1986 BBC television debate involving Barclays MD Chris Ball and Southern Life MD Neil Chapman and ANC leaders, the July 1987 Dakar conference involving 62 prominent Afrikaners, including several businessmen, and the ANC leadership, the September 1988 conference in West Germany involving the ANC and several prominent businessmen, the June 1989 Five Freedoms Forum/ANC Lusaka conference involving 115 white South Africans including 20 businessmen, and the April 1989 ANC/PG Bison meeting in Harare.

106. Max du Preez, Gavin Evans and Rosemary Grealy, The Broederstroom Encounter, Consultative Business Movement, Johannesburg, 1988, pp 3 - 9.

107. Including the Urban Foundation's Private Sector Council, the Five Freedoms Forum Business and Economic Group and the UCT Centre for Inter-Group Studies.

108. Non-business participants were detained by the security police and there were condemnations from government figures and private warnings to various businessmen involved. An example of a state attempt to intervene 'pro-actively' came with the security police role, later exposed and acknowledged, in setting up the Business Confederation of South Africa.

109. Most vigorously, Tongaat and its CEO Chris Saunders. (Gerhard Mare and Georgina Hamilton, An appetite for Power - Buthelezi's Inkatha and the Politics of 'loyal Resistance', Ravan, Johannesburg, 1987 pp 49 and 165.

110. Including the sub committees of the JMCs, the Defence Advisory Council and the management of Armscor.

111. Armscor had around 3 000 sub-contracting companies by 1988. (Grundy, op cit, p 46).

112. Examples during this period included various scandals involving the Departments of Development Aid, Education and Training and Transport, and several homeland governments, as well as individual companies such as revealed by the Van der Watt Commission on the state food tender scandal, the Palazolo-Delport revelations, the Pietie du Plessis fraud conviction, among others - all suggesting that bribery and fraud were rife in the relationship between the state and sections of capital in this period. By May 1996 the White Commission, set up to investigate corruption in the public service of former homelands, found 478 cases if irregularity among the first 529 cases investigated - with a further 12 000 cases outstanding. (The Star May 21 1996)

113. Mike Rosholt, "Urbanisation and the private sector: The Need for a new approach," in H Giliomee and L Schlemmer (eds), Up Against the Fences: Poverty, Passes and Privileges in South Africa, David Philip, Cape Town 1985.

114. See Weekly Mail November 8 and 15 1991 and Southscan vol 12 nos 3 and 4, January 24 and 31 1997.

115. Anglo American Corporation of South Africa, Chairman's Statement, 1987, p 2.

116. Race Relations Survey 1987 - 88, SAIRR, Johannesburg, p 386.

117. Business Day June 13 1986.

118. Particularly JCI's Murray Hofmeyr and SA Perm's Bob Tucker, but also more conservative individuals like Relly and Rosholt.

119. Quoted in Lee and Buntman, op cit, pp 142 - 143.

120. This prompted a belated decision to unite with Assocom to form Sacob - after a conservative takeover within the federation.

121. He and his family also received repeated death threats and their gardener, a strong swimmer, was found drowned in their swimming pool - a death which Ball felt may have been a politically-related murder. Soon after, he left the country. (Interview, Christ Ball, October 15 1993)

122. Bloom said his reasons for leaving were primarily personal rather than political. (Interview, October 15 1993)

123. It was punctuated by events like the formation of CBM, the burst of business concern accompanying the national stayaway in response to the Labour Relations Amendment Bill and by concern about events in Boksburg and surrounding towns where the actions of the CP-controlled council prompted a trade boycott.

124. This is discussed in chapter five.

125. A survey of 26 business leaders, conducted by the Centre for Policy Studies at Wits University between July and September 1988 found that only 27 percent felt there was sufficient common interest within the private sector for its members to act in a unified way. (Lee and Buntman, op cit, p 142)

126. Harry Oppenheimer, Four Steps to Democracy, speech for World Economic Forum, Davos, Switzerland, January 31 1989, p 3.

127. Anglo American Corporation, "Extracts from Gavin Relly's review of the activities of the Anglo American Corporation in the Financial Year ended March 31 1989.

128. Christo Nel, "Midnight Has Struck - The Quickening Rhythm of Chaos and Transformation", published by PG Bison Limited and distributed at ANC-Five Freedoms Forum conference, "Whites in a Changing Society", Lusaka, Zambia, July 1 1989, p 56.

129. Ibid, p 57.

130. Particularly the 33 seats won by the DP.

131. Pretorius, op cit, p 243.

132. The coterie of senior military officers, and related security and intelligence structures, and to a lesser extent senior officers from the security police and NIS, who staffed and advised the SSC and the structures of the NMC, along with the Defence and Law and Order ministers and their deputies.

133. For example, between the Department of Trade Industry and Tourism and Sacob concerning the national economic development programme - prompting the appointment of a senior corporate executive as special advisor to the Minister of Economic Coordination and Public Enterprises.

134. Gavin Relly, "There shall be an economic order that shall promote and advance the well-being of all South Africans," speech for CBM "Options for Building an Economic Future", conference, Johannesburg, May 23 1990.

135. Old Mutual chief operating officer Gerhard van Niekerk argued that redistribution and growth were not mutually exclusive and that the income contrast between privileged and under-privileged had become untenable, adding that "active policy relief ...by the state" was required. (Interview, October 22 1990) Sanlam senior general manager Walter Scheffler said more money should be spent, more effectively on state education. (Economic growth as strategy for a more equitable distribution of income and wealth," speech for AHI conference, Durban, October 24 1990). Anglo director Michael Spicer advocated voluntary public works schemes to alleviate unemployment and advocated partnerships between business and other "stakeholders" (unions, government and community groups) (Michael Spicer, "Approaching the New South Africa," speech for IPM conference, Sun City, November 1992.)

136. The most prominent was the "High Road - Low Road" package produced by an Anglo American think tank headed by Clem Sunter and Michael Spicer in 1987 - subsequently updated and produced in video form. While the emphasis was on finding the right economic mix, with effusive praise for Japanese methods, there was also a stress on political negotiation, stability and the state's role in providing education. (Clem Sunter, The World and South Africa in the 1990s, Human and Rousseau, Cape Town, 1987) Another influential 'scenario' was produced by Nedcor and Old Mutual, under former SA Perm CEO Bob Tucker, and involving a number of key political figures from extra-parliamentary groups. It stressed the need to end violence and negotiate a constitution with plenty of checks and balances in order to ensure a successful transition from "authoritarian rule" to a "stable democracy". (Nedcor-Old Mutual Scenarios, South Africa: Prospects for Successful Transition, Juta, Cape Town, 1992) Sacob came up with its own scenario package which emphasised the state's role in the provision of housing, training and education, noting that "privatisation is not seen to be the primary agent in the strategy to provide an overall system of education for the country," (Sacob, Economic Options for South Africa, Johannesburg, September 20 1990).

137. In 1990 the Separate Amenities and Suppression of Communism acts were repealed, followed in 1991 by the Group Areas, Population Registration and Bantu Education acts. The remaining apartheid acts - the Bantu Homelands Citizenship Act and the Promotion of Bantu Self-Government Act - were repealed in 1994.

138. Lee, Sutherland, Phillips and McLennan, "Speaking or Listening: Observers or Agents of Change? Business and Public Policy 1989/90", in L Schlemmer and R Lee (eds) Transition to Democracy, Oxford University Press, Cape Town, 1991, p 103.

139. Preece, op cit, p 31.

140. This was illustrated by a 1991 business survey, involving detailed interviews with 60 executive directors from 24 sectors of the economy, which concluded that executives of large companies tended to be pessimistic about the future of the country and its economic prospects specifically, although there was greater optimism within smaller and privately owned firms. It detected a situation of "corporate paralysis", illustrated by an inability of middle management to adapt to changing market conditions, a reluctance to enter new markets and a focus among larger companies on acquisitions and mergers rather than new investment. Among the 70 percent of executives expressing general pessimism, political uncertainty, instability, violence and labour unrest were cited as the main factors negatively affecting the business climate, while even the more optimistic 30 percent cited political stagnation, social unrest and threats of nationalisation as being key factors impeding growth. It found consensus that "a political solution in South Africa" would improve conditions. (New Products Laboratory, A Survey of South African Business Conditions in 1991/2 and Beyond, Johannesburg, February 25 1991) NPL director Tony van der Schyf said the 30 percent who opted for the "high road" approach were primarily from private or unlisted companies, meaning they were less vulnerable to the whims of large numbers of shareholders. "There is a general resistance to change which is extremely worrying," he said. (Interview, July 22 1991).

141. Its executive director Theuns Eloff headed the Codesa administration and several other CBM officials assisted its working groups, while PG Bison manager and former UDF publicity secretary Murphy Morobe coordinated the Codesa steering committee. (Interviews: Colin Coleman, August 25 1992; Debra Marsden, August 18 1992; Murphy Morobe, July 22 1992)

142. Barlow Rand director John Hall was appointed chairman of the National Peace Accord and several other leading businessmen and CBM officials played key roles in dispute resolution committees.

143. Interview, Debra Marsden, November 19 1992.

144. Though this proved to be an extremely unpopular choice in the eyes of the ANC and its allies.

145. Exposed during the De Klerk years were the 'Inkathagate' secret funding scandal, the 'Goniwe signal' revelations (about the involvement of senior SADF generals in the murder of Eastern Cape community leader Matthew Goniwe), 'Project Katzen', 'Project Echoes' and allegations about the involvement of police and military personnel in political assassinations, funding and supporting 'black on black' violence, hostel and train massacres and a range of other criminal activities.

146. De Klerk told a business group: "We dare not be forced off course by the new shocks about old things. I am continuing and for that I ask your support." (The Star November 25 1992)

147. For example, Old Mutual chairman Mike Levett said that "rapid progress" would have to be made towards resolving the political deadlock if a favourable economic climate was to be created. "Unfortunately, over the past year the major political players have not succeeded in building on their successes. Considerable political uncertainty, social disruption, violence, loss of business confidence and increased unemployment have contributed to the current downward spiral," (Old Mutual insert, The Star, December 4 1992)

148. The Guardian, August 12 1996; The Star and SA Times International, September 4 1996.

149. Two months before the election, the ANC PWV region hosted a business summit, organised by CBM and attended by executives from 44 companies, in an attempt to woo business leaders into a partnership to determine the future of the region. (SA Times, March 9 1994) A month later ANC economists met with a 500-strong gathering of business people to reassure them that the party wished to tap international capital markets and that it would preserve the independence of the Reserve Bank. (SA Times, April 6 1994) Shortly before the election the ANC's PWV leader and later Gauteng premier Tokyo Sexwale called on business to offer a "chorus of advise" to the new government. (Quoted in Charles Simkins, "A New Deal? The implications of the Interim Constitution for Business," Optima, vol 40 no 1, April 1994, p 42) A week before the election Mandela addressed stockbrokers on the JSE's trading floor, in an effort to calm the jittery financial markets. (Sunday Times Business Times, April 24 1994)

150. According to a Case survey of 100 business leaders 68 percent of respondents named Mandela as first choice as president, 32 percent named De Klerk with none naming Buthelezi, while 89 percent said Buthelezi was the leader they would least like as president and four percent said they viewed the IFP plan for KwaZulu-Natal secession as a viable idea. Survey based on in-depth interviews with 100 business leaders (including CEOs or divisional heads of 76 listed companies, 25 leading unlisted companies and five major parastatals - 82 whites, 18 blacks, 72 English speakers and 14 Afrikaans speakers), commissioned by Sacob/Weekly Mail and Guardian/SABC Agenda. ("Weekly Mail Survey Special," Weekly Mail and Guardian, December 3 1993 and SA Times, December 9 1993). A Natal poll of 47 business leaders conducted by the Daily News found that three percent of respondents supported Buthelezi, 43 percent Mandela, 35 percent De Klerk and six percent Zach de Beer. (The Weekly Mail, December 30 1993)

151. The Weekly Mail and Guardian, December 30 1994. See statement by Tongaaat Hullets group supporting IFP KwaZulu-Natal autonomy plan, report on Radio 702 December 1 1992.

152. In February 1994 Buthelezi met a Sacob delegation in Ulundi, urging their support for his federal constitutional proposals, but this did not materialise. (SA Times, February 16 1994)

153. In 1993 there was a net outflow of R16.3 billion, with over 90 percent of this coming from short-term capital. The figure increased from R5.3 billion in the first half of 1993 to R11 billion in the second half prompting Reserve Bank governor Chris Stals to call for a clear statement from the ANC on its economic policy, to stem the flow. (Business Day, January 21 1994)

154. Case survey, op cit.

155. Interview, Colin Coleman, May 2 1994.

156. Address by Mr Justice Johann Kriegler to the Cape press Club, reported in Business Day, May 30 1994.

157. Quoted in SA Times, March 23 1994.

158. An example of this courtship came with the April 1996 announcement of the decision by ANC secretary general Cyril Ramaphosa to leave the parliamentary arena to take up a directorship in NAIL and later FNB and several other companies. (Southscan, vol 12 no 2, January 17 1997)

159. Such as proposals for reducing crime and calls for an end to political violence in Natal.

160. On the one hand the new political climate prompted business federations such as Sacob, Business South Africa, the AHI and Nafcoc to adopt closer working relationships and to put the issue of mergers on their agendas, and on the other hand major corporations began to change the politically directed forums through which they were represented. The UF and CBM disbanded in 1995, with the South African Foundation, which had previously represented business interests overseas, taking on the role of representing the interests of South Africa's 50 largest corporations in order to "promote links with international business and to represent the private sector in dealings with the government. (South Africa News, September 1995)

161. For example, in February 1986 Sacob and Business South Africa both attacked the country's draft constitution, issuing strong criticism of its provisions relating to labour relations, land reform and economic activity. (SA Times, February 28 1996)

162. The business vision, published in the SA Foundation's "Growth for All" report in February 1996 was described by Cosatu as encapsulating "Growth for a Few as opposed to Growth for All", while the labour blueprint (released jointly by Cosatu, Nactu and Fedsal), entitled "Social Equity and Job Creation - the key to a Stable Future" was described by Sacob as "harbouring inefficiency and increasing rigidity" and by AHI was doing nothing to enhance South Africa's competitiveness. (Mail and Guardian, April 4 1996 and SA Times April 10 1996)

163. For instance in June 1996 ANC secretary general Cyril Ramaphosa called on employers and workers to resolve their conflicts. "After resolving the apartheid question - something many people believed was unresolvable - one would have thought we would be marching in tandem, hand in hand together, to build our nation. Sadly that is not the case ... They are waging war against each other in newspapers, at Nedlac and in so many other forums." (The Star and SA Times, June 5 1996). Soon afterwards the Deputy Minister of Finance Gill Marcus said the increasing confrontation between business and labour was "unhelpful and unconstructive" and made an impassioned plea for the parties to bury the hatchet. (Business Report, June 5 1996)

164. This involved the breakup of JCI and the related creation of the NEC by a group of black investors, and its purchase of control of Johnnic (which in turn controlled SA Breweries, Premier, Liberty Life, Toyota South Africa and Times Media Limited, among others), with Anglo American's blessing. It is notable that Cosatu and Nactu unions were involved in the deal, through raising money from pension and provident funds (which would own shares but pass the voting rights onto the unions). (Business Report, September 4 1996)

165. Such as Nafcoc and the BMF.

166. David Welsh, "Politics and business in South Africa," Optima vol 36 no 3, September 1988, p 167.

CHAPTER FOUR

THE INTERNATIONAL CONTEXT TO PARTICIPATIVE MANAGEMENT

4.1 INTRODUCTION

The range of corporate practices falling under the umbrella of the term participative management, may be viewed both as international phenomena owing a great deal to various forces within the global political economy, and as national and regional phenomena, the forms of which are shaped by the tapestry of cultural, religious, political, judicial and economic influences within the individual nation states. If one can find a common thread in the participative managerial practices of German corporatism, Swedish social democracy, the Japanese kaizan system and US Total Quality Management, it would be in departure from the traditional models of top-down management they represent, and in their attempts to spread decision making to a wider base of employees. When participative management emerged in South Africa in the mid-1980s, it was, as argued in chapters three and five, a development inspired primarily by the country's internal political dimension. At the same time, however, this occurred within an international managerial context which, mainly as a result of technological developments and of changes in the world economy, was undergoing a rapid metamorphosis. It is worth expanding on some of its components in order to illustrate the complex interplay between the internationalising effects of the world economy, and the national and regional impact of cultural and political factors in influencing managerial strategies.

4.2 GLOBAL CONDITIONS AFFECTING EMPLOYEE PARTICIPATION

Several motor forces which influenced the various strands of participative management can be identified internationally: the post-war industrial boom with its greater prosperity and more stable (and, initially, scarce) labour force; the emergence in the late 1960s of the 'baby boomer' generation of employees and voters, raised in conditions of peace; the nature of competition between large corporations in the 1970s and 1980s, prompting moves towards the decentralisation of corporate organisation; technological developments, particularly related to the computer, which led to the removal of layers of management; and the post-war political settlements, particularly in Western Europe and Japan, which enshrined a corporatist form of stakeholding within industrial law or general corporate practice in these countries. These considerations varied considerably from country to country. In those which did not take the legislative road, the most immediate impetus came from the post-1960s generational challenge to the culture of deference. The spread of the mass media, the greater availability of tertiary education and the temporary reduction in the average age of the population, all contributed to a youth culture in which the authority of age and position were no longer accepted as easily as before. They also boosted the individual aspirations of employees, both financially and in terms of power, at a time when industrial organisations were growing in size, complexity and capital-intensity. When combined with other economic and political influences, these factors later contributed to a decline in trades union power, but in the late 1960s they provided an initial stimulus for the creation of a more meaningful work environment for employees. It was from this cultural dimension that the terms such as job enrichment, stakeholding and participative management first arose. But the boom years of the 1960s did not last long, and the form taken by employee participation initiatives was influenced by the changing economic

and social conditions of the next two decades, which were characterised by, among other things, the emergence of more flexible, 'streamlined' companies, a falling youth and rising elderly population, the exponential expansion of mass communications through the 'microchip revolution', the shift in economic power from the West to the East, and at a later stage, the end of the Cold War which, opened up new opportunities for capital, and , as discussed in chapter two, also opened debates about economic and political policy which had previously been stultified by an imposed consensus.

Underlying these changes was a set of processes, now commonly collated under the cover-all heading 'globalisation', which, at the economic level, were serving to shift the balance of power between capital and labour more decisively in capital's direction, and therefore serving to undermine some of the previous potential for participatory management, particularly in the social democratic countries, or at least to recast it in new terms, less encumbered by state organisation. Among the elements of this global economic shift, were the following: the expansion in the quantity of international trade and the rising dependence of national economies on it; the increased international importance of financial and business services; the greater mobility of finance capital because of technological changes and international deregulation; the escalation in levels of foreign direct investment to and from national economies as a result of the growing mobility of productive and financial capital; a new international division of labour as a result of a shift in production from the most advanced capitalist economies to the newly industrialising countries with their lower wage costs; and the continued expansion of multi-national corporations.[1]

It is worth touching on some of these elements in more detail. In the 1970s the rate of world economic growth began to slow, leading to negative growth, rising inflation levels and increased unemployment in several of the advanced industrialised countries. At the same time, however, manufacturing grew comparatively rapidly. Between 1966 and 1980 world manufacturing output doubled and trade in manufactured goods trebled, with industries requiring high technology and skills accounting for two thirds of this growth[2]. Markets for most industrial products became international, leading to steady increases in trade between the major industrial nations, with the corporations based in the US, Japan and West Germany dominating production of manufactured goods, and particularly capital goods (machinery and transport equipment). This, however, was followed by another major shift in the geography of manufacturing away from the US and towards southeast Asia and the East, Latin America and parts of southern Europe (which followed the earlier post-war challenge to US hegemony from the renaissance of western European capitalism), and led to a decline in the American share of world manufacturing output from around 50 percent to 20 percent since 1945.[3] As discussed in chapter two this occurred partly because of indigenous processes of industrialisation, encouraged by strong state involvement in economic planning, but also because of the coincidence of low wages (with the exception of Japan), low levels of industrial conflict and high annual growth rates, which encouraged foreign investment. Major US corporations transferred parts of production to Western Europe, Latin America, south east Asia and the Far East, while Western European corporations invested in southern Europe and Japanese companies shifted their capital elsewhere in Asia and later to the US and western Europe.

The result was that East Asia and the Pacific belt took off as the major regional challenger to the previous dominance of the United States and western Europe. This happened in clear

stages: first the Japanese industrialisation, which had started in the 19th century, took off again from the mid-1950s then in the 1960s came the four 'Asian Tigers' (South Korea, Taiwan, Hong Kong and Singapore); in the 1970s it was the turn of the 'Asian cubs' (Malaysia, Thailand and Indonesia), fired primarily by Japanese investment; in the early 1980s the Philippines, followed by Vietnam and finally, and perhaps most significantly over the past decade, came China's takeoff. As Martin Jacques has argued, the pattern has involved "each tier of countries feeling threatened by the progress of the tier below them, constantly seeking to upgrade their economies as consequence[4]."Because of this movement of capital, and of the greater capital intensity of production, eight million manufacturing jobs were lost in the advanced industrial countries while six million were gained in the newly industrialising countries[5]. Among the effects of these changes in most of the industrialised countries was a shift away from manufacturing and towards the service industries[6], higher levels of unemployment than had existed prior to the 1970s, and as a result of this shift, the 'feminisation' of employment as part of a managerial trend towards favouring part-time and casual employees, which exacerbated the trade union membership fall-off in most western countries between the 1970s and the 1990s.[7]

There have also been significant changes in the world financial system, which, indirectly, have had an impact on managerial practice. Perhaps the most crucial of these came when the US dollar left the gold system[8] in 1972 and therefore could no longer be at the centre of the international monetary system, leading to a breakdown in the stability of exchange rates which had been the aim of the Bretton Woods system. One effect was to prompt the internationalisation of the currency markets and to encourage speculation in them, in a similar way to which the financial deregulation of the 1980s encouraged the internationalisation of

equity markets and the far more rapid flows of capital around the world. This, in turn, helped to facilitate the rapid industrialisation of parts of the developing world, as well as their accumulation of massive debts (though the advanced industrial nations, and particularly the US, were not immune from this predicament, even if their economies were better able to cope with the consequences). The debt crisis proved to be one of the many fault lines in the world financial system[9] and was one of the factors behind the expanding influence of the IMF, the World Bank and the G7 group of governments, and along with other factors, prompting the formation of blocs of economic influence (the EC and the OECD) and agreements to facilitate the freer flow of world trade (Gatt and Nafta). From the mid-1970s Keynesian methods of national economic management began to fray at their already ragged edges, partly as a consequence of the internationalisation of the world economy, but also as a result of the 'stagflation' prompted by, among other things, the oil price rise resulting from the Opec crisis (for the West) in the early 1970s[10], and later because of the collapse of communism which further weakened the rationale for big, centralised government. As a result, the significance and power of nation states declined, while the power of cities, multi-national corporations and regional, international trade blocs, has increased. The end of the Cold War has also opened intense competition for the new markets of former communist states[11] and allowed capital to flow or trickle into areas where it was previously heavily restricted - a development facilitated by a decisive stage in the take off of the microchip 'revolution'[12].

These changes had implications for the way firms were managed. The world economy became larger, more competitive and more volatile. Markets became more differentiated, patterns of demand changed rapidly, technologies changed even faster and therefore machinery needed to be adaptable. The ability of companies to mass produce for steady, growing, standardised

markets became, in most industries, a thing of the past. Production processes needed to be more flexible, and companies like IBM which relied on size to secure market dominance, suffered in competition with others which were more innovative and adaptable like Microsoft. Large numbers and whole categories of employees were made redundant. As a result, 'downsizing. or 'rightsizing' became in vogue, particularly in the US and Britain (though less so in Germany and Japan) but unlike the 1970s and early 1980s, this involved laying off large chunks of middle management as well as workers. The notion of middle class jobs for life, and on the other hand, of corporate loyalty, quickly became anachronisms as the 'lean but mean' approach came in vogue. As Anthony Sampson expressed it: "In the 1970s, the chairmen would boast how many they employed: in the 1980s they competed in the numbers they had 'let go'. It was part of a fundamental shift of attitude across the West, producing a new breed of corporate hero."[13] One reason for this was the feeding frenzy of the 1980s in which American and British corporate executives, felt compelled to cut deep, to defend their companies against potential corporate raiders. Another was the response to competition, particularly from Japan, and to the changes in technology which made lower skilled jobs defunct, or shifted them to the lower wage developing countries.

At the most general level one can identify a clear shift away from the previously dominant methods of fordism, the prototype of which relied on economies of scale, standardised mass production and the use of 'scientific' management techniques, and towards flexible specialisation[14] - a term denoting the shift towards production of a range of goods through a flatter, less rigid and more responsive management structure and by, what Hirst calls, "broadly-skilled workers with a substantial measure of autonomy using general-purpose machinery.[15]" Companies which were previously highly centralised began to promote the

autonomy of their subsidiaries and divisions and to rely on Japanese just-in-time methods in order to reduce wastage while servicing demand - a factor which helped boost the range of many small and medium sized firms. Of vital importance here has been the role played by the computer - an impact likely to grow exponentially over the next generation as it challenges assumptions about written communication and about Western culture more generally. Computers have already fostered their own language and means of social exchange, they have broken down international barriers to communication and dramatically expanded possibilities for global trade. Their impact on industrial organisation has come both in expanding the power and potential of smaller sub-contractors and contributing to the creation of high-tech cottage industries[16], but also in spreading information within companies, replacing layers of middle management (whose power had previously depended on their control of information), analysing company performance and improving communication nationally and internationally. Particularly over the last decade the computer has been responsible for the development of alternative approaches to job design and work organisation, for re-integrating previously atomised tasks and for spurring many successful companies towards more innovative approaches to management. This need for innovation contributed towards a greater reliance on the conceptual ability of core workers. Many larger firms introduced looser and less centralised structures, aimed at enabling a continual reorganisation and rapid responses to new stimuli, and this has placed strain on the top-down forms of line management which existed prior to the lap-top take-off. However, this was always within the domain of head office control, with, in many cases, the CEO enjoying greater authority and status than ever before (and usually a far higher income, relative to that of ordinary employees.[17]) Furthermore, the expanded conceptual role given to core workers has frequently been accompanied by a devaluation of those workers and managers outside the core, with a clear shift towards part-

time and contractual employment, which in turn has further contributed to the feminisation of the labour force, and towards using the services of sub-contractors for work previously undertaken by full-time employees. The dominant tendency in the US and Britain over the past decade has been towards reducing job security and diminishing the rights and power of employees - a factor prompting recent reversals in the decline of trades union membership and militancy[18]. But at the same time a significant minority of companies has moved towards a less authoritarian and hierarchical style of management, aimed at channelling the creativity and initiative of employees (though frequently without union involvement), as a way of enhancing company performance in the face of more intense international competition. This is reflected in the growth of the number Esops and companies subscribing to TQM, though it is not uncommon for such innovations to co-exist with a process of planned redundancies initiated by a 'down-sizing' CEO. In Japan, Germany and much of the rest of western Europe, despite significant increases in unemployment levels and a weakening of the hold of corporatism and strong challenges to industrial co-determinism, the international economic changes of the past decade have not led to a total devaluation in employee power within the parameters of their distinct models, nor to the wholesale adoption of the Anglo-US ethos, with its focus on increasing earning differentials between corporate executives and ordinary employees, on management as representative of shareholders alone and of axe-wielding executives in the corporate hero mould, though there are certainly tendencies in this direction.

4.3 NATIONAL CONSIDERATIONS

Although these economic changes were global in their impact, and contributed to a number of general trends with regard to the way companies were structured and managed, what is

more remarkable is the extent of the differences in managerial philosophy and strategy between various regions, countries and cultures. The reasons for these distinctions relate to the structure of the economies, political and cultural histories, corporate law and tradition, industrial relations frameworks, the relationship between financial and industrial sectors, and the religious and ethical values of inhabitants. Even where a system has been transplanted from one country to another (TQM in Japan and the US, for instance), it has invariably taken on different forms, according to the national work traditions and bro cultural milieu into which it was introduced. The point here is that in each of the countries where expanded employee participation emerged, there has been a complex interplay between the forces prompting global conformity, and the specific histories of the nation state, which have prompted the growth of indigenous systems of industrial relations, and of managerial operation.

Take, for example, the generally ignored link between industrial relations and religion. At first blush this might seem an irrelevance, particularly if one holds the view of workers (or their labour power) as commodities. But if one examines the impact of religion and religious tradition on notions of family, authority, hierarchy, wealth-creation, the state, community, even the purpose of existence, its implications are potentially immense. The connection between the growth of capitalism and Protestantism was well established by Weber and more recently expanded upon by Fukuyama, who argued it was an essential agent for secularisation in the West through its role in making religion a private matter between individuals and their god, thereby reducing the need for a separate class of priests and for religious domination of political processes. He made similar observations about Buddhism and Shinto, in the sense that they restricted themselves to the sphere of family-focussed private worship focussed, but

argued that Hinduism and Confucianism had a mixed legacy - relatively permissive, but teaching a hierarchical and in-egalitarian view of existence - while Orthodox Judaism and fundamentalist Islam, were hard to reconcile with liberalism and the recognition of universal rights, because of their absolutist tendencies - their wish to regulate every aspect of human existence, public and private.[19] When one combines the potential spinoffs of this religious dimension with other aspects of culture in its broadest sense - moral values and taboos, gender relations and the status of women, family structure, generational relations, racial and ethnic consciousness, political history, civic and other community structures, geographical mobility and size, population density and growth, education levels and content, and many more - it becomes apparent that employers and employees bring a great deal more into their relation with each other than simply managerial skills or labour power. In many senses the industrial tradition rests upon a broader cultural tradition, and certainly it can never be entirely immunised from it. This can best be illustrated with reference to various national examples (which also provide a better sense of where the international influences on South African participative management were situated).

4.3.1 Japan

To understand the elements of the post-war Japanese managerial system - the job-for-life ethos within major corporations, the cooperative, team-based approach to problem solving, the loyalty to the firm shown by employees, the just-in-time system with suppliers - it is necessary to appreciate both the role of the post-war state in providing assistance to certain industries and companies and in combating left-oriented trades unions, and also the strength of the culture of deference for authority and seniority and the traditions of communal life,

both of which have contributed to the unitary structure of labour relations and to the peculiar form of the work ethic there. Japanese capitalism is built upon deeply rooted networks of trust which have been carried over from the highly structured communal life of the village to the corporation, where a comparable network of obligations and loyalties exists, and are reinforced by voluntary groups which are not, as is often falsely assumed, essentially kinship based.[20] This is underpinned by what Fukuyama calls a "semi-Confucian culture"[21], which, while evidently compatible with democratic traditions since the war, has contributed to a far more hierarchical social structure than exists in the West, with its veneration for age, seniority and wisdom, its subordination of the individual to the family or enterprise, and sense of obligation from the family and enterprise to the individual member (an ethos which can also be detected in aspects of the dominant Japanese religion, Shinto, and to a lesser extent, Buddhism). Though one of the most densely populated countries in the world[22], Japan is a highly ordered society in which crime levels, particularly regarding violent crime, exist at far lower levels than in any western society, and in which reputation, saving face and showing respect are greatly valued, and this has contributed to the trust which allows the system as a whole to flourish. The priority given to social harmony in this culture is reflected within the co-operative industrial culture with its loyal company unions and 'salarymen', and its lower income differentials between management and workers[23].

The integrity of this system was enhanced by developments in company law and practice which established a framework for industry and trade geared towards cooperation rather than cut-throat competition. At the micro level this included a cooperative enterprise system which was well-entrenched by the late 1950s, despite the hierarchical segmentation of the workforce under the ultimate control of the parent company in large corporations[24]. Among its feature

were the following: the conception of the firm as a collective enterprise; the common status for all core employees (including manual workers), seen as stakeholders rather than factors of production; the combination of nenko (life-time, seniority-based employment for core male workers in large corporations) with the expectation of life-time commitment; the view that managers and even chief executives represent employees rather than shareholders; a tradition in which mass firings were virtually impossible and in which layoffs were a subject of shame for which managers must apologise rather than benefit, the preparedness of both managers and workers to put in far longer hours than their western counterparts and a system of low income differentials.[25]

One reason why the system was so successful was the flexible structure of manpower deployment, in which core workers within larger corporations tended to regard task and skill mobility, in competition with fellow workers, as more important even than seniority rights - a practice which Kumazawa and Yamada argued was the most consistent feature of Japanese-style management.[26]

Also of crucial significance was the strong unitary emphasis in labour relations, which Shregle argues is "based on the cultural value of belonging to a group or family, and on the economic value of productivity"[27], though it is worth stressing that the largely enterprise-based Japanese unions within the large firms (most small and medium sized firms are unorganised), were more effective than is often assumed despite their stress on cooperative relations with management and on identification with the goals of the firm. In contrast to, for example, the highly formalised German system of worker participation and industrial relations, the Japanese model was characterised by its informality - with works councils being established through enterprise level collective bargaining between unions and management rather than by statute.

As Weiss points out, access to decisions on management policy went far further than in Germany, and the concept of managerial prerogative was unknown, at least within the private sector in Japan.[28]

At the macro level, job security was backed up by a system which undermined the threats to employment inherent in the Anglo-US approach. Its features included: the tradition of shareholding in which shares were viewed as tokens of long-term commitment and financiers viewed as investors rather than owners and controllers; the relationship between the industrial cartels and banks which ensured a long-term approach to finance with significantly lower rates of return required[29]; the system of cross shareholdings among major industrial cartels which reduced competition between them and made hostile takeovers almost impossible; the ban on executive share options; the bankrupsy system which gave preference to employees and sub-contractors over banks; and the relationship of trust between firms and their suppliers which facilitated the success of the 'just-in-time' inventory system (which ensured the precise quantity and quality of parts and materials were delivered exactly when required).[30]

The national state also played a vital role in establishing the industrial edifice and entire economic framework of modern Japan, a factor understated by those like Fukuyama with an ideological investment in reducing the role of the state.[31] For a period between the two world wars Japanese capitalism was characterised by a very different ethos, with a financial system akin to the British model and companies dominated by shareholders, with managers as their compliant representatives, and an extremely flexible labour market, not, in general, characterised by lifetime employment. The point here is that the shift towards what is now widely regarded as a quintessentially Japanese model cannot be explained by reference to culture alone, but rather to the intervention by the state both before and after the second world

war (and the way in which it channelled a cultural predilection towards the current system). By the late 1930s the Anglo-US model was seen to have failed completely, not least because of the hegemony of shareholders' interests, and, against the objections of organised capital, the government introduced a financial and industrial relations system limiting the rights of shareholders, binding employers and employees together and increasing the role of the state in investment decisions.[32]

This direction was further encouraged by the national trauma of losing the second world war, with the state playing an even greater role in creating an investment culture skewed towards production - partly as a result of a desire to catch up with the West - through its system of providing assertive administrative guidance to economic sectors and individual firms. The Ministry of International Trade and Industry (MITI), played an overtly interventionist role, particularly prior to the 1970s, in this process of industrial restructuring, and in ensuring the rise of the mainstays of the Japanese economy - its motor, electronics, ship building and steel industries, and later its information technology industry, to the point of coordinating the business strategies chosen by private companies. This was reinforced by a major state investment in education, backed up at the community and family levels, which helped to raise the intellectual skills of employees and in research, and development (both directly and through pooling existing research). The state also played a key role in designing the industrial relations system, not only through undermining left-oriented unions, but through reinforcing the cooperative tendencies established in the late 1930s.[33] Today, the national state continues to be centrally involving in providing active support to industry - by building consensus between firms, offering advice and regulating the financial system which supports them, while

regional bureaucracies also draw up their own industrial policies. In effect, the country is run not by the elected government, but by civil servants.

This direction was further consolidated in the late 1950s and 1960s by the introduction of Total Quality Management. This managerial system was first conceptualised in the US prior to the second world war by the statistician, W Edwards Deming, who observed that statistical methods of improving control over quality were not succeeding. Deming argued that the key to improving quality was not to assess statistical probabilities of faults, but rather to assess how the quality of production could be improved. To do this, workers needed to be incorporated into the process. In rejecting the basis of the fordist approach, he recognised that worker commitment could not be assumed; it had to be won through improved communication, renumeration and the reorganisation of management structures. Fear needed to be removed from the workplace, and the commitment of workers to improvement needed to be won. He rejected traditional managerial methods like performance related pay, productivity bonuses and production quotas, and also argued against the excessive separation between workers and managers (through, for example, executive dining rooms) and instead argued that workers needed to be encouraged to make common cause with managers, that they needed to be incorporated, together with managers, into teams motivated by the goal of continuous improvement and that the brain power of employees had to be channelled more creatively.[34] After the war adaptations of the ideas of Deming (as well as Joseph Juran) were snapped up enthusiastically in Japan, before returning to their US home three decades later. It is significant that Japanese firms could incorporate Deming's ideas more easily than American firms because they existed within a cultural value system and institutional framework which encouraged them to do so[35]. With strong encouragement from MITI, the

Deming approach was implemented at several major Japanese corporations, most notably at Toyota, and refined into a system that became known outside of Japan as 'Japanisation'. It soon became apparent to Japanese industrialists and MITI civil servants that traditional methods of fordism could not exist comfortably with the cooperative managerial culture that, by then, was well established, partly because management realised that improvements in quality were difficult to achieve with deskilled manual workers and that central management lacked access to the "hands on" information required for continuous innovation. They came to realise that fordism was unable to channel 'the gold in workers heads'[36], and instead set about implementing this 'bottom-up' system based on the development of a core of multi-skilled workers whose roles - in addition to manufacture and maintenance - involved the continuous improvement of the products and processes under their authority, with breakdowns and bottlenecks in the process being viewed as opportunities for innovation. This was extended to hourly paid workers, who were trained in tasks previously reserved for managers and supervisors - monitoring, detecting deviations from the norm and in correlating and interpreting statistics. As Robin Murray put it, in this variation of post-fordism, "the worker is designed to act as a computer as well as a machine."[37]

A lasting innovation was the problem solving forum known as the 'quality circle' - in essence a workplace team involving a cross section of employees, from managers to clerks to assembly line workers, usually encouraged to compete with other such teams. Their tasks typically involved suggesting solutions to problems of production, distribution and quality control, criticising poor management, channelling complaints and investigating trouble spots. As the system became entrenched the scope of their role tended to extend beyond production, maintenance and quality improvement, and into area like work flow and work safety

improvement. Thompson notes that quality circles act not merely as a motivational devise or a means towards quality control, but also "as a vehicle for systematically mining workers' knowledge and involvement in diagnosis and problem-solving in a way that directly contradicts the Taylorist dictum that workers are not paid to think."[38] Through innovations like the quality circle, Japanese management came to make, as Jurgens puts it, "greater use than the traditional management of Western countries of the knowledge and experience of people at the lower hierarchy levels and of the knowledge and experience of production workers themselves."[39] The extent to which this system became entrenched in Japanese work culture is indicated by a 1994 Cambridge University study which found that the average worker in a Japanese factory made 49 suggestions a year, while the average at American and European factories was three.[40]

But despite a general state of health of the Japanese economy[41] and industrial relations system, there have been indications that the system's continuity is under serious threat, both from forces unleashed by globalisation and from internal political and cultural considerations. Four decades of liberal-Democratic rule came (briefly) to an end on the back of a series of corruption scandals, unemployment reached the unprecedented level of 3.2 percent (and 6.1 percent for the 15 to 24 age bracket) in 1995[42] and a bitter trade war with the US over Japan's protectionist policies ensued, with the American government accusing its former ally of unfair trade practices. At the same time major Japanese corporations were vociferous in their complaints that the yen was too strong to maintain an export base and the stock market fell to 40 percent of its 1989 level. The apparent antidote to these setbacks - some of which were a consequence of companies breaking tradition by speculating on a massive scale in the stock exchange and land developments in the 1980s - was government regulation to stabilise

the yen, open markets and end protectionist practices, which, in turn, put further strain on the jobs for life ethos and pushed the Japanese economy in the direction of a more flexible labour market. At the same time the gradual weakening of the hold of the 'semi-Confucian' ethos of deference, respect and communal obligation contributed to a fall-off in the passive support for some of the fundamentals of the Japanese industrial system among employees and among the declining youth population[43] more specifically, and the expression of a desire to change it in several respects.[44] In particular, as Hirst points out, the intensity and long hours of Japanese work practices are being questioned by more and more employees, while support for lifetime employment, with its obligation to live exclusively for the firm, is declining among younger Japanese.[45]

But the resilience of Japanese traditions, and their expression through the nenko system, should not be underestimated. They remain powerful and some Western expectations of an implosion appear to be off the mark. This is suggested from a comment by Toyuo Gyohten, chairman of the Bank of Tokyo: "Definitely the so-called lifetime employment system will not disappear immediately, but will become very weak", he said, before remarking, with a hint of frustration about support for the current system: "When I talk to business people, they all complain about introducing drastic measures, particularly in personnel policy, so it is difficult to bring about real substantive restructuring."[46]

4.3.2 Germany

In understanding German co-determinism, it is important to appreciate aspects of the country's cultural heritage, with its emphasis on enterprise, order, social solidarity and national identity,

as well as the significance of the externally-imposed post-war political settlement in creating the system. It is also useful to appreciate the nature of the social market economy, and the institutions (particularly the education system) underpinning it. Furthermore, the long-term investment approach taken by major banks, and the strength of the "mittelstand" companies in counterbalancing the stock market, is important in setting the terms of growth and in strengthening cooperative traditions.

Four aspects are worth stressing with regard to the cultural ethos underpinning the German social market economy. First, its strong roots in Protestantism, particularly its Lutheran variant, contributed to the much heralded ethic of enterprise, hard work and individual responsibility. Second, it has strong traditions of social solidarity and service, which some have attributed to its minority roots in Catholicism.[47] Third, the traditions of discipline, order and kinship, have deep roots in Prussian history, and particularly the heritage of the Junker estate-owning class which predominated in the 19th century; Fourth, German nationalism and ethnic consciousness has its most direct political roots in the Prussian hegemony within the process of the unification of Germany in the second half of the nineteenth century, but again these traditions - which include the belief in inherent Germanic superiority - go deep into the cultural history of the Junkers, who dominated the new German Reich from the 1870s, and into German cultural history more generally.

Related to these considerations are economic traditions distinct from those of most other leading capitalist societies, and certainly those outside of northern Europe. First, German industry, and German society more generally, was highly organised and bureaucratised far earlier than its European, American or Asian counterparts - both at the top (the management

and employer level - through cartels prior to the 1950s, employers associations and through the local state) and at the bottom (through the strong trade union tradition, the Social Democratic Party (SPD), and through social insurance legislation initiated from the top in the late 19th century).[48] Second, partly because of its late industrialisation, and also because the motor force of this industrialisation was heavy industry, the German economy prioritised the values of production over finance, and had a relatively weak rentier tradition and a strong tradition of reinvesting profits[49]. Third, the resilience of its economy has, at least until recently, come not so much through the large corporations (of which there are relatively few) but through the strength of the family owned Mittelstand (small to medium sized business) when combined with the willingness of regional banks to allow them long-term finance and to act as investors.[50] And fourth, the closely regulated financial system is dominated by major industrial banks (rather than pension funds or insurance companies) which have close relationships, characterised by interlocking directorships, with major manufacturing firms and show a willingness to lend at less prohibitive rates than those in the US or Britain, in a system where price stability is guaranteed by the independent Bundesbank.[51]

In addition the German state had a long history of playing an interventionist role in the economy and in society more generally, from a base which was generally not beholden to any specific capitalist and labour interest. This role included strong protectionist policies between unification and the second world war[52], the interventionism implied in the creation of the social democratic state in the Weimar Republic between 1924 to 1929 and, in a very different, far more absolutist form, through the national socialist Third Reich until 1945. The creation of the modern, welfare state, under Christian Democrat (CDU)-led governments in West Germany during the 1950s and 1960s, as part of the national effort at post-war reconstruction,

came about as an attempt to reduce the potential for the class and ideological conflicts of the inter-war years. If the social democracy of the pre-war period represented an attempt to find an alternative to both communism and capitalism, the post-war social market economy and federal political system was part of an attempt both by the Germans and their Allied Power overseers, to avoid the conditions that allowed for the devastation and shame of 12 years of Nazi rule, and to counter what was regarded as the serious threat of communism. In common with the social market and conflict-resolving political systems that emerged in much of the rest of Western Europe, it was designed to spread political and economic power and encourage consensus. Unlike some such as Sweden and Britain, this was imposed from above (and beyond[53]), rather than demanded from below by the severely weakened, demoralized, depoliticised and still divided working class movement[54].

In addition to establishing a cradle to grave welfare system, which included universal health and education provision, the West German government adopted an approach of vigorous intervention in the economy, particularly in the first decade of CDU rule.[55] Under both SPD tenure in the 1970s and early 1980s and the CDU-led coalition of the 1980s and 1990s, it continued to play a more direct role than with most of its economic partners and competitors, through, for example, its corporatist role in negotiating aspects of economic policy with employers' associations and unions and at a different level through the state owned industrial investment banks. The combination of unemployment and health insurance, pension contributions and high rates of income and company taxation, gave West Germany one of the highest overall tax burdens among the advanced industrialised democracies, but this appears to have contributed both to economic growth and to the general well being of society. As Streeck has argued, this vigorous social welfare system, when combined with the strong

unions and the social production of skilled workers through the state's role in the education and training system, helped to strengthen the German economy by, for instance, ensuring a constant supply of skilled workers and thereby boosting productivity, ensuring labour peace of a kind that was unknown in Britain and France in the Cold War years and allowing firms to retain employees during recessions, and therefore keep their workforces intact, through the role played by the social insurance system.[56] The system both limited and directed the power of capital, with results that were impressive both in terms of the creation and the distribution of wealth.

The modern German system industrial relations system, which is an essential component of this social market framework, has its specific roots in the ideas underpinning the country's political history, and particularly in the drive for consensus building between labour and capital after the calamity of the second world war, though aspects of it go back to the Weimar Republic, only to be dissolved by Nazis.[57] Its form, which emerged from 1951[58], involved a system of co-determinism between capital and labour with the aim at the enterprise level of creating a stakeholder system which entrenched trade union and worker power within companies, and also ensured their commitment to the companies. What emerged is what Albert calls "the Rhine Model" firm - based on the idea of the business as a family or community with distinct but complementary interests, which, he argues is markedly different from the private property concept of the company.[59] This was achieved through a system requiring equal numbers of worker representatives and shareholders on the supervisory boards of larger joint stock companies[60], as well as the appointment of full-time labour directors - approved in practice by the unions[61] - on their management boards (the bodies responsible for the day to day running of the company) and, most importantly, elected works councils in

establishments with five or more employees[62] (though in practice only larger firms tend to comply with this law[63]). The works councils have statutory powers in relation to management[64] (though they are formally defined as contributing to the efficiency of the workplace). They do not, in themselves, engage in wage negotiations, and are forbidden from initiating strike action, though in practice they have served to strengthen the shopfloor presence of unions. Companies with several sites will have several works councils. After 1976, enterprise works councils were created to serve as a partner in the co-management of larger firms, while the powers of both works and enterprise councils were extended to co-determinism over matters such as the employment and transfer of employees and labour time.[65]

Two vital effects of co-determinism have been to entrench union power at an enterprise level and also to ensure a greater identification with company prosperity, particularly by leading enterprise council unionists[66]. As Streeck points out that management in co-determined enterprises is exposed to constant pressures to provide information and to give reasons for its decision and this forced management to "take more factors into account, to make underlying assumptions more explicit and to learn to communicate more freely within the organisation in general and with the workforce in particular."[67] At the same time, the presence of union members on work councils and within supervisory boards has helped legitimise business decisions on, for example, wage reductions or job cuts. A key aspect of the corporate bargain inherent in this form of class compromise is that unions have to remain responsible in wage negotiations, as well as showing a commitment to improving productivity and an acceptance of tax levels sufficiently high to maintain the welfare system and the country's infrastructure.[68] After almost half a century, the corporate ethos was imbedded in the fabric

of the society, with the state, labour and capital having established a pattern of accommodating each other's interests and working together to solve problems of common concern, from policies of wage restraint to the specifics of the welfare state's development. This was particularly the case after the accession to power of the coalition government in 1966 which led to the establishment of a tri-partite government-labour-management forum to discuss economic policy and exchange information, and, in effect, to negotiate policy.[69] An example was their cooperation in maintaining a sophisticated industrial training and apprenticeship system[70]. The result was a highly trained workforce, with, for example, more apprentices per capita than any other country.[71] In most cases employers, both large and small, viewed it as a duty to undertake ongoing workplace training to compliment the country's school system widely regarded as among the most advanced in the world.[72]

However, in the post-Cold War years there have been indications that aspects of the system are under severe pressure, although predictions of an imminent turnaround have been overstated. Part of the recent tension has come from financing the creation of a new industrial infrastructure for the 16 million citizens of the former GDR. Yet within five years, impressive results were being returned from the east, with unemployment falling, growth reaching 9.2 percent and exports growing by almost 25 percent in 1994[73], despite the continued strain re-unification presented to tax revenues of the western four fifths of the country. Another dimension was the increased competition from Japan and the Asian Tigers, and the pressure of the globalisation of the economy more generally. In one sense it could be argued that the move towards fiscal conservatism in the mid-1970s represented a start of the of dissolution of the corporatist compromise, despite the deepening of aspects of the system (particularly regarding co-determinism and the shortening of the working day) in the late-1970s and first

half of the 1980s. Over the past decade there has been a more concerted challenge to the economic basis for the system. Japanese and other overseas producers have taken away business from the Mittlestand firms, which have lost ground, and German banks have, in some cases, started to adopt a shorter-term approach and larger firms have laid off workers and adopted lean production approaches in order to compete with the Japanese, resulting in a rise in unemployment in the western Germany[74]. Furthermore, over the last five years there have been significant moves to pare back aspects of welfare system and slash public spending - partly motivated by the goal of meeting the EU's single currency criteria - contributing to social unrest and further strain on the corporatist bargain.

Related to these developments is the fact that union density is falling and the consensus that previously existed is no longer apparent, with tensions emerging over issues like the cost of integration with the east, policy on asylum seekers and the combination of the tax burden and the wage restraint policy - all indications that the leadership of the industrial unions is less representative of the membership.[75] At times union leaderships have succeeded in convincing their members of the necessity for strategic retreat - perhaps most vividly in the 1994 decision by Volkswagen workers to accept a 20 percent paycut in preference to massive layoffs[76] - but more generally there has been an increase in strike action and worker militancy, driven from below, and a breakdown in relations between the unions and the state, and the unions and management as a result of the austerity measures, the cuts in social benefits, managerial demands for greater flexibility and the rise in unemployment.[77].

But while the cutbacks in the welfare state and the angry response from workers suggest the system is under severe strain, this does not imply that Germany is about to embark along the

'free market' path of Anglo-US capitalism. Hirst makes the point that while the structures of corporatism in Germany are, indeed, weakening, they are by no means doomed. Rather the forms of representation of interests have become too centralised and therefore less representative of the economic agents of contemporary German society. To become more socially inclusive, they need to be flexible enough to accommodate new types of workers and small and medium sized enterprises, among others.[78] Hutton expresses an optimism that such adaptability is likely to be achieved. The German instinct in the face of such challenges, he argues, "is not to abandon but to update and renew its institutional network".[79] Certainly it would be correct to assert that there are few persuasive indications that the fundamentals of the German social market economy, and particularly the co-determinism of its industrial relations system, are in danger of being wiped out entirely and numerous indications of its capacity to adapt to a more flexible model.

4.3.3 Sweden

The most interesting question for the purposes of this study regarding Sweden, is why, after half a century of deeply entrenched, worker-driven social democracy and co-determinism, aspects of the system seemed to unravel as quickly as they did over the past decade? To begin to answer this, it is necessary to appreciate something of the finance and foreign trade-driven Swedish economy, the class related compromises within it that led to the launch of social democratic government in the 1930s, the political and cultural homogeneity of the working class and the relative liberalism of the capitalist class, which helped sustain the system and contributed to the hegemony of a labour-inspired agenda, and the impact of globalisation in prompting Sweden's capitalists to reject the bargains of the past.

The initiating force behind the organisation of Swedish capitalism was finance capital and it w[illegible] t the turn of the century that Swedish industrial capital began to catch up with other major industrialised countries (though after the second world war it boasted of having the highest concentration of industrial capital in the West.[80]) The lateness of Swedish industrialisation is significant as it contributed to the organised form of capitalism adopted (in terms of concentration and centralisation).[81] As with the other Scandinavian countries which have introduced far reaching social democratic systems, Sweden is a relatively small country in terms of population (the current total stands at around 8.5 million[82]) and is ethnically and linguistically homogenous, and, historically, overwhelmingly Protestant. It has long been well organised at the political level with the roots of the modern civil service going back to the 17th century.[83] It is worth stressing the early impact of economic and political liberalism (and particularly the 18th century Swedish enlightenment) on the collective thinking of the Swedish bourgeoisie, in contrast, to, for example, their intensely nationalist German counterparts. This contributed to the wide spread sympathy for parliamentary democracy and free trade policies among Swedish capitalists. From the turn of the century, they became progressively more open to the notion that trades unions had legitimate interests[84]. This contributed to their preparedness to compromise with the labour movement in the 1930s to found the social democratic state.

Regarding the Swedish labour movement, it is important to stress its relative unity over the past 100 or more years[85], including its early consensus on the premises of German-style revisionism, as well as the way in which it dominated the politics of Swedish social democracy from the time of the formation of the social democratic party (SAP) in 1889 until the 1990s. As Higgins put it, the Swedish union movement "was born with centralisation in

its veins."[86] Also important was the role played by peasants and small farmers, who were responsible for the formation of the world's first universal social benefits system in 1913 and later formed an alliance with the social democrats.[87] In 1932 the SAP first came to power (and has continued to hold power for 56 of the last 65 years) and soon Swedish social democracy was being described as a 'Third Way' between capitalism and communism[88]. The defining event which set the basis for the next 50 years of corporatist reform was the 1938 Saltsjobaden agreement between labour and capital to expand the welfare state, raise wages, maintain private ownership of property and guarantee labour peace. This was prompted by a combination of the effects of global economic depression and prolonged period of capital-labour conflict. The specifics of both of these pressures favoured labour, and it was the central blue collar union confederation (the LO) which, from then on, became the driving force behind the Swedish system, establishing its programme as being in the universal interest of society. As Albrecht and Deutsch put it: "Some of these legislative reforms were based on what is seen as fact in Sweden, but remains hotly contested and hence political and ideological in the United States. ... The point here is a profound one: certain fundamental, underlying assumptions in Sweden take on an ideological character elsewhere."[89]

What followed was the creation of a system of comprehensive, universal, welfare provision, backed up by Keynesian demand-management fiscal and monetary policies, full-employment labour policies, and also a "solidaristic" wage policy whose aim, according to the LO's head of collective bargaining, Ingmar Goransson, was to build working class unity by "trying to distribute money to those who earn less."[90]. This was achieved through the centralised collective bargaining system, used to reduce the disparity income levels between rich and poor and later between men and women, through increasing wages f lower paid workers and

wage restraint for higher paid workers[91]. In addition, partly to reduce the growing use of foreign labour, policies were introduced to increase the number of women in active employment, including inducements like job sharing for part-time employees, child care provision and, later, provision for extended parental (maternity and paternity) leave (eventually involving a year's paid leave for either parent[92]).

Corporatism became entrenched at a national level while the welfare state took on the most radical variant of all the democracies, but the emphasis on economic democracy was initially not reflected in the workplace to the extent it was in the West German model, though after 1946 an agreement between the LO and SAF was implemented, providing for union-elected works councils with consultation rights in the workplace. However, these had little power and were separated from the collective bargaining machinery.[93] By the early 1970s some companies had introduced their own participative programmes (with autonomous work groups, job rotation, and worker representation on managerial decision making bodies), mainly through negotiated agreements[94]. However, with the exception of toothless works councils, participation at the enterprise level was not universally emphasised, at least until the late 1960s when the LO became more insistent in its proposals in this terrain. This led to legislation between 1972 and 1978 to broaden the basis of workplace democracy, increase the influence of employees over their work situations and reduce the scope of the managerial prerogative.[95] Measures introduced included those to enable workers to exert influence over the organisation and management of work through joint regulation agreements reached between unions and managements[96], as well as through the statutory right to nominate two labour directors to the boards of corporations employing 25 of more persons. In addition the 1974 Co-determination Act and subsequent legislation provided workers with the same right

to comprehensive information about the firm's activities as the employer had, gave unions the priority of interpretation in the event of disputes, offered unions the right to veto subcontracting and required management to negotiate with the unions over corporate decisions affecting the workforce.[97] These measures, however, took some time to implement and private employers initially refused to engage in negotiations with the unions.[98]

A turning point for the unions and the SAP came as part of this post-1967 shift to the left (which set off a counter-offensive from business which prompted a decisive shift to the right a decade later), when they opted to go beyond their principle of co-determination and into a more radical variant of economic democracy involving collectivisation of private wealth through their wage earners investment fund proposals. The LO adopted policy that larger firms be required to issue new stocks amounting to 20 percent of their annual profits, to be owned by funds representing wage-earners as a collective group, with the voting rights to be exercised partly by union-appointed boards. The SAP initially prevaricated on these proposals, but the issue was nevertheless a catalyst for a period of sustained conflict between the SAP and LO on the one hand and the SAF (the employers federation) and the centrist and conservative parties on the other, because the requirement that firms issue new stocks was viewed as a confiscation of wealth. The issue politicised business and contributed to the SAP's loss of power in the 1976 election (though its support for nuclear power was probably more significant) and again in 1979. In 1981, the LO and SAP came up with new proposal, reducing the scope for profit-sharing and for democratising economic decision making[99], but despite this retreat, opposition from organised business and the conservative party - which had adopted a neo-liberal agenda - increased, and the issue of wage earners funds became a strong campaigning platform, as part of a broader offensive by the right.

A series of strikes and lockouts broke the centre-right's hold on power and the SAP returned to office in 1982, but they continued with the right's policy of devaluation and cutting public expenditure (while raising taxes to reduce the deficit) and moved away from the radical Keynesian agenda of its past. Under union pressure, however, the SAP implemented a further dilution of its wage earner's fund policy.[100] Meanwhile the major, export-oriented employers continued with their offensive, succeeding in decentralising the collective bargaining process and thereby fragmenting the homogeneity of labour representation. As a result of the processes of globalisation discussed above (and particularly the weakening of labour's marketplace position and the economy's growing dependence on the exports of its multinationals), the balance of power had shifted in capital's favour. As capital's reliance on local markets decreased, so its interest in spreading domestic wealth through social democratic policies declined and it therefore sought to redefine its accommodation with labour and cut back aspects of the welfare state. The power of the LO was also declining, partly because the growth of white collar work (and decline in the proportion of blue collar workers) provided a base for the subsequent launch of the white collar federation (TCO). This led to the LO losing its monopoly position, characterised by the centralised negotiations with the SAF.[101] A handful of export oriented manufacturers came to dominate the Swedish economy and their power to influence government increased accordingly, while the rise in their investment overseas exacerbated the country's underlying economic problems because of the decline in internal investment this entailed. In response to international competition business looked towards flexible production methods and increasing control over wage bargaining. With high direct taxes and low wage differentials and with full employment[102] restricting the supply of labour to manufacturing, it was harder to reward productivity gains and skills attainment.[103]

The SAP initially benefitted from the global recovery of the mid-1980s, but by the end of the decade the economy returned to a severe slump, with industrial production, employment and the GDP declining, and inflation rising to 10 percent.[104] The result was that the SAP lost power again in 1991 and the centre-right coalition announced a series of far reaching neo-liberal policies[105], though most of these were not implemented. The economy declined at an even more rapid rate than before, with unemployment reaching 14 percent by August 1994 and the budget deficit reaching 13 percent of the GDP.[106] To the dismay of the international new right, which had seen 1991 defeat of the social democrats as a long-term triumph for neo-liberalism, the SAP returned to power in September 1994[107], an event which was accompanied by victories for left of centre parties in the other Scandinavian countries and Finland.[108] By this stage, however, Swedish capital had made it clear that it no longer accepted the premises of the historic comprise with labour. The flight of capital from the country, combined with the breakdown of the centralised bargaining system, the divisions which had emerged within the trades union movement, and the moves away from the old, statist SAP mould represented by the rise in environmental and gender consciousness and activism, meant the possibilities for reviving the kind of class compromise which had survived from the 1930s, no longer existed. The new government had little option but to accede to business demands to cut public expenditure (with the alternative being the relocation overseas of some of the country's major companies). As with most of the European socialist and social democratic parties, their claim shifted from one of moving beyond capitalism to one of managing capitalism better than the opposition.

The decline of corporatism and the move towards a more disorganised form of capitalism in Sweden, meant, among other things, that power relations between unions and management

shifted from the national-level bargaining of the past, towards the enterprise level, in common with a trend throughout the industrialised world, while the scope of the welfare state was narrowed. This does not, however, imply a complete eradication of the system. Not only does Sweden remain a relatively high tax state with welfare benefits which remain far more extensive than in most other advanced industrialised states, but most elements of co-determinism have, so far, survived the upheaval.[109]

4.3.4 The United States

The value system predominating within American business is, in part, a product of an approach to work and enterprise rooted in a variant of the Protestant ethic forged in New World conditions. As Weber, Durkheim and recently Fukuyama have stressed, there is a non-contractual dimension to all contracts because they are carried out by people acting in association. The growth of capitalism therefore needs to be underpinned the element of societal trust if it is to succeed beyond limited parameters. While the rule of law might eventually help to set a juridical basis for this, its essence comes through shared values and cooperation in families, small groups and large associations. In the US, Protestantism (and in particular its Puritan variant) created a moral and cultural context for capitalism to thrive. Common religious beliefs helped to sustain mutual trust as businessmen travelled the country introducing themselves as Christians. The residues of this tradition can still be detected. As Hutton puts it: "The Protestant ethic, although weakening, remains an important underpinning of the US value system and a source of co-operative economic strength."[110]

This social capital was reinforced by the strong tradition of Americans joining voluntary community and civic organisations. Fukuyama argues persuasively that this was partly responsible for the robustness of American capitalism[111]. By the same token, the decline in membership of voluntary groups (with the notable exceptions of fundamentalist religious groups and private militias) over the past two decades, and the more general decline in societal trust, are indications of a depletion of this social capital. This is reflected in different ways by the highest violent crime rates in the industrialised world[112], the rise in single parent families, the growth of a largely black ghetto underclass of barely literate, non-voting citizens, the related strains in US race relations and the failure of the 'melting pot' to absorb people whose skins are other than white (and particularly to integrate those whose cultural lineage was decimated by slavery), the anti-immigrant ethos infecting politics in some states, the spread of anti-government militias, and the obsession with gun ownership. Yet America's once-strong civic culture has not entirely dissipated, and the point made by De Tocqueville over 50 years ago - that Americans "acknowledge the moral authority of the reason of the community as they acknowledge the political authority of the mass of citizens[113]" - remains valid for much of the country. However, the historical strength of American community organisation is not replicated within the culture between businesses, and in fact has been discouraged by anti-trust legislation. Unlike Japan, the traditions of American capitalism have prevented the emergence of significant cooperative industrial ventures. Competition is intense and predatory, with most large companies being owned by share holders from the financial institutions, leading to a preference for short term profits and high and regular dividend payouts. This form of capitalism has proved to be highly competitive and effective in creating jobs, though, relative to other advanced industrialised countries, these tend to be poorly paid at the lower reaches of the scale[114]) - McJobs for McPay.

A key dimension to the development of America's 'libertarian' brand of capitalism is the role played by banking capital, and particularly the emergence of a high-return financial system which contributes to the tendency for corporations to hire and fire at will, to the assumption that workers are prepared to uproot in order to work, and to 'short termism' regarding goals. The combination of this dimension, the power of stock market, and the paucity of federal control over corporate acquisitions, particularly in the 1980s, led to a tide of 'corporate raids' which, while making a few people a great deal of money, often had little commercial or manufacturing logic and did not contribute to satisfying the corporate mantras of "continuous improvement", "excellence" and "quality". Instead, once-thriving companies were drained of resources by high interest rates on funds borrowed for mergers and acquisitions. One result is that, as Hirst puts it, "top management becomes ever more powerful, decentralization and participation go by the board, and in consequence the operations of subsidiary firms will tend to suffer from such remote control."[115] But in stark contrast to the situation Britain (where the financial system places a similar burden on industry), in the US this is mitigated by the fusion of banks and industry (mainly through the role played by the investment banks) which since the late 19th century. This has given the banks a greater stake in the success of industry than in Britain, and it is reinforced by the strength of state governments and state banks in procuring more long-term investment, thereby contributing to a less centralised pattern of development. In several states the development of this relationship has been crucial in creating centres of national and global competitive advantage, with perhaps the clearest example being the relationship between investors, banks and academic research institutes in the industrial triangle in North Carolina. Federal law and business culture have also ensured a high level of transparency, at least with respect to the provision of information for stock holders, far beyond that which exists in most other countries.

Another dimension to the emergence of US participative management is the fraught history of trade unionism there, which, in contrast to, for example, the Scandinavian countries, and even Britain, has faced implacable opposition from most employers, both individually and collectively[116], throughout most of its 120 year history. At the same time the union movement faced manipulation and division as part of the anti-communist drive (particularly within the massive AFL-CIO federation) and key sections of it were corrupted by organised crime and weakened by racial divisions. Although American unions played a central role in pressurising industry and government for the introduction of reforms such as limits to the working day, the minimum wage, health and safety legislation, unemployment insurance and welfare provision and the right to organise and bargain collectively, and the union movement has experienced periods of militancy and spectacular growth[117], it never enjoyed the relative strength, cohesion and membership spread of its British and Western European counterparts. Furthermore, its decline after the 1970s was more rapid and absolute than anywhere else in the world[118], mainly as a result of the impact on jobs of global restructuring and of the shift of firms (and population) from the unionised northeast to the largely ununionised southwest of the country.

It is also worth noting that unlike the situation in most other Western countries, American unions were not backed up by a strong working class-oriented party or political movement, while the wealth-owning classes were well organised in a variety of forums, including political parties. Furthermore, the social democratic tradition (beyond New Deal Keynesianism) has never been more than a fringe phenomenon in the US at a national level.

While economic libertarians might like to think that American capitalism flourished *despite* occasional spells of unwarranted government intervention, the federal government and state

governments have, in fact, played a crucial role in setting the terms US economic growth and the parameters of the industrial relations system, both as virtual instruments of capital prior to the 20th century and in more autonomous roles thereafter. This is particularly important to consider with regard to the way it has set certain terms for the industrial framework out of which the various styles and forms of American management emerged. This can be illustrated by reference to the impact on the relation between the state and business at the turn of the century through the role played by 'progressivism' (a middle class movement which responded to problems of industrialisation by campaigning for several labour, state and capital reforms, including workmen's compensation, improving the quality of life in slums, regulating monopolies and restricting business's access to power through measures to end the corrupt political machine politics of the time). Some of these reforms were implemented during Teddy Roosevelt's presidency through the Sherman Anti-Trust Act, which, along with several other acts prior to the first World War[119] which discouraged cartels and broke the stranglehold on the economy enjoyed by the 'robber barons' (though one effect of this legislation was to encourage the wave of mergers taking place at the time)[120]. Progressivism was also responsible for the party-political reforms of the following decade and the consequent reduction of direct business influence on politicians, or at least the limitation of its scope[121]. Under Franklin D Roosevelt's presidency - itself influenced by progressivism - the autonomy of the state was strengthened, and therefore the direct impact of business influence was further reduced, while at the same time, through New Deal economic and social policy and through further monopoly-restricting laws[122], among

others[123], the state played a major role in setting the direction of investment, which persisted for four decades (although many welfare-related policies which were de rigueur in Western Europe, such as a national health scheme, were never introduced). Neo-liberal policies in the

1980s led to a weakening of the welfare state, and the state's autonomy from big business was eroded, yet this did not imply a universal diminution in its economic role. For instance, spending on defence research and development was responsible for sustaining the ubiquitous military-industrial complex, which was crucial for the development of high technology industry, and one could point to numerous other examples of the US government's economic intervention, which do not apply, for example, in Britain.[124]

The contribution of American history and geography in creating the 'frontier tradition' is also worth considering. Not only did it spawn the industrialised world's most mobile workforce, and effect the process of spatial decentralization, but its influence can be seen in managerial perceptions - a point stressed by Peters: "Big, not best, has always been the American calling card. ... Wide-open spaces and an apparently limitless frontier set it all in motion. US farmers ... would cultivate land, wear it out, and blithely move west five miles. Today almost every farm you see is a history lesson told by hulks of rusted cars and agricultural equipment, and homes and yards are filled with broken Christmas toys and power lawn mowers. Have you ever seen a rusted auto or tractor body in Germany, Switzerland or Japan? The Europeans and Japanese have lived within limits for centuries, and have had to be more careful with resources - that is quality conscious. When we began to manufacture, we adopted agriculture's early habits - mass, not quality ...".[125] It was against these kinds of traditions that Peters and numerous other American management 'gurus', sought to shift US corporations towards something more closely approximating a Japanese approach to management in the mid-1980s, via the TQM movement. Despite its American origins in the work of Deming and Juran, it was largely the result of Japanese influence that TQM was introduced, yet the form in which it was implemented was one that was peculiarly American. US corporations began to absorb

some of the methods of their Japanese counterparts with far greater enthusiasm than the Europeans - mainly through the "Quality Circles" of the TQM system and more generally through the moves towards greater work flexibility which often accompanied them. But patience and labour peace are two of the keys to making TQM work, and difficulties arise when these ingredients are missing. For example, if companies announce layoffs during economic slumps, this tends to have the effect of reducing the levels of trust required. These are some of the reasons why, according to one survey of 500 US companies, only 36 percent of those surveyed said the TQM process was having "a significant impact" on their ability to quash competitors, though, significantly, some major American corporations like Xerox, Motorola, Federal Express and Harley-Davidson said that TQM worked for them because they had the patience to see the process through.[126] But some in the field, such as the management author Jerry Bowles, have argued that in an age of progressively more intense competition, TQM has becoming "the minimum requirement for staying in the game,"[127] although it is clear that the great majority of corporations are managing to stay in the game without it.

While some of the other currents of US participative management (such as the promotion of the 'stakeholder company', as well as 'job enrichment' and 'quality of work life' programmes) had their roots in the cultural upheaval of the 1960s, the American implementation of TQM and related innovations took place in most companies in the in a far more globally competitive era when the balance of power between capital and labour had shifted more decisively in capital's favour. Despite TQM's significant departure from the rigid, top-down authority previously associated with American management, it would be a mistake to assume that it represents an inherently 'progressive' innovation, or that it implies an abdication of

power by CEOs. Even that most implacable champion of capital's prerogatives, Newt Gingrich, felt inspired to include "Quality As Described by Deming" as one of his "Five Principles of American Civilization".[128] It is also significant that the emergence of the various strands of US participative management coincided with the decline of the union movement and a concomitant increase in the power of capital over labour. As Horwitz points out, the popularity of quality circles and other forms of direct employee communication and involvement, whatever their advantages for employees, "can mask a deeper underlying distaste for unionism", and these strategies are frequently directed at gaining employee cooperation in competition with unions.[129] While in many American firms unions have been incorporated into their participatory processes, this is hardly the general picture. Rather, US participative management tends to be viewed as a means towards channelling the creativity of individual employees and, as a spinoff, providing them with greater job satisfaction, rather than in the more collectivist terms it operates in Western Europe. The inspiration is often a skewed interpretation of the Japanese model - participation without representation - and also without the communitarian traditions that Japanese employees and employers bring into their industrial relations system.

US TQM programmes have frequently been abandoned or put on short rations when a new, cost-cutting CEO has taken over, or after a job cutting corporate merger, and have not survived well in sectors where real wages are being driven down significantly. The long-term approach it implies does not sit easily with the short-term, shareholder driven, approach of most US corporations, nor with the 'down-sizing' wave of the past decade, in which there is a high expectation of job loss and at least temporary unemployment, partly as a result of the reallocation of jobs to unionists locations.[130]. Nor does TQM co-exist comfortably within

a work culture demanding increasing hours from employees, often for the same pay[131], or requiring geographical mobility of a kind unthinkable elsewhere in the world. This has tended to undermine the sense of community and permanence that TQM is built on. Fukuyama, for one, stresses the destructive effect of this mobility on community life. "(I)f a company relocates you from Cincinnati to San Francisco, then your attachments to any neighbourhood disappear. That, more than anything, accounts for the fact that Americans don't know their neighbours."[132]

When you combine the disorganised form of capitalism that prevails in America, with the shear size of the country - 50 states, 253 million people, three time zones and 9.4 million square kilometers of land[133] - it is hardly surprising that the participative tradition of management is merely one among many and is a long way from achieving anything close to hegemony. It remains no more than an option managements may consider. implement and discard, according to their needs in a particular time and place. But, as the last decade of the 20th century draws to a close, there are indications of at least a temporary shift towards conditions more favourable to the wider adoption of a stakeholder approach by American industry. With the orgy of cost and job cutting having hit the middle class particularly hard including corporate executives (even while unemployment as a proportion of the national jobforce has declined), the beginnings of a substantial backlash against the corporate ethos of the 1980s - boardroom greed, downsizing, layoffs - can be detected, and the corporate heros receiving kudos these days include job saving CEOs and company chairmen like Aaron Feurstein, the Massachusetts textile manufacturer and stakeholder advocate[134], who has described himself as "a symbol of the movement against downsizing and layoffs that will ultimately produce an answer" adding that, "people see me as a turning of the tide".[135] Other

developments which may be significant in encouraging moves towards a stakeholder approach to employees include the slowing of the rightward (and radically anti-labour) drift in mainstream American politics, aspects of Bill Clinton's policy which prioritises job retraining for displaced workers (at the same time as puncturing the welfare net[136]), the substantial increase in the minimum wage despite opposition from 'big' business (and at a time when unemployment was falling and employment increasing[137]), and slight reversals in the membership decline of US unions, which have started to develop strategies forming international connections as a response to globalisation.[138]

4.3.5 Britain

In unravelling the weak traditions of participative management in Britain, several considerations are worth highlighting: the historical depth of class division, particularly with respect to social status; the way this has found expression in the highly antagonistic relations between management and trades unions within the modern industrial relations system and particularly the way this antagonism has been resolved in capital's favour since the 1980s; the dominance of the economy by the financial sector and the impact this has had on forms of corporate ownership and on investment; and the highly centralised and adversarial Westminster political system combined with remnants of pre-modern political forms, most notably through the monarchy. The historical dominance of the 'City' (relative to industry) in the development of the British economy is particularly important. Lash and Urry explain this, in part, as a result of Britain's "premature" industrialisation and the consequent overdevelopment of markets.[139] Hutton stresses, in addition, an aspect of the cultural milieu of the British bourgeoisie: the "gentlemanly ideal", in setting the direction of British

capitalism. The landed aristocracy used the constitutional revolution of the 17th century to secure control of parliament and the state, with the result that their social prestige and economic power was combined with increasing political power. Those from the middle classes wishing to join their ranks required the manners of the landed classes and an income that was 'gentlemanly' in origin - one not derived too obviously from labour or trade. Ideally this came from land but also from interest, dividends, and professional fees rather than from manufacture, and those who made money were therefore anxious to distance themselves from its source. While the social standing of inventors and manufacturers rose during and after the Industrial Revolution, they remained inferior in status to those based in the City and shires.[140]

This contributed to the early rise of London's financial district, and its pride of place position within the British economy as well as its central role within world finance. Largely because of its position in the world economy, both in terms of its financial and commercial roles, the City has tended to set the terms for British industrial development. In combination with the role played by the Bank of England and the Treasury in supporting financial interests over those of manufacturers, as well as the traditions established from Britain's early industrialisation, it has contributed to a financial system in which high interest rates and a short-term and overseas-oriented approach to investment has been the norm, resulting in a paucity of funds for British industrial growth when compared with, for example, Germany, Japan or America. Furthermore, as in the US, the management of most companies is answerable solely to their shareholders (usually through the fund managers of financial institutions) and to their bankers (with their preference for short-term loans) but unlike the US

this is not mitigated by anti-trust legislation and by strong regional or state banks, nor by the economic decentralisation that federalism has encouraged.

This has been one of the main reasons for the historical weakness of British manufacturing. The backbone of the 'middleman' economy[141], particularly during the period of capitalism's organisation in the late 19th and early 20th century, came through insurance and banking, commerce, services, as well as the food and drink industries, but it was relatively weak both in heavy industry and in the new industries, despite pockets of strength (steel, shipbuilding). Firms with a strong overseas profile (through the Empire), frequently involving family board members, tended to dominate, but internally there was little of the vertical integration which led to the economies of scale that characterised American capitalism during this period. Britain's industrial decline, initially relative to the US and Germany, and subsequently much of the rest of Western Europe and the Pacific Rim, can be traced to this slow organisation at the top at the turn of the century[142]. Subsequent developments such as the economic and human impact of funding and fighting two world wars, the loss of the Empire after the second World War, the drain on potential investment funds from setting up a comprehensive welfare state immediately after the war, and the stranglehold on industry held by trades unions prior to the 1980s, contributed to an economic decline in absolute as well as relative terms[143]. Monetarist policy, particularly after 1979, when combined with the ideologically-motivated refusal of central government to introduce interventionist measures to help reverse this decline, was behind the more rapid deindustrialisation of the 1980s, despite the temporary lifeline offered by North Sea oil. When related to other indicators of decline, such as within the education and industrial training systems, this in turn prompted a further slide in Britain's overall economic performance in relation to that of its major trading partners.[144] The

predicament for Britain's large industrial firms is summarised by Hirst: "(T)hey are overwhelmingly enmeshed in holding company structures that allow their subsidiaries too little autonomy; they have generally failed to adopt the new production methods; all too typically they practice extremely hierarchical forms of management; they are often heavily involved in sectors like defence and aerospace that are in serious decline; and they are dependent on dividend-hungry, arms' length financial institutions and a stock market that all too easily facilitates external and hostile take-over bids if the share price slips."[145]

By the mid-1980s the British labour market had absorbed many of the features of the US system, including the widening of the gap in income levels (and particularly dramatic increase in executive pay levels). Partly because of shareholders' demands for ever-higher returns, companies tended to use the deregulation of the labour market to introduce more flexible work patterns, including greater proportions of casual and part-time employees, in order to match their costs to the volatile patterns of demand. At the same time, however, the welfare state, which was a product of the Labour Party's victory in 1945 and the social settlement which followed, continues to exist on a far more universal footing than its counterpart in the US, despite its erosion during 18 years of Tory rule. What has been absent, however, are what Hutton calls the "compensating virtues of mobility and managerial dynamism" that characterise the US model.[146]

The Westminster political system might, at first blush, seem irrelevant to managerial traditions, but its centralism and adversarial element have formed part of a wider political and economic culture which has tended to militate against the emergence cooperative and associationalist forms. Furthermore, because Britain did not have a bourgeois revolution,

strong residues of pre-modern political forms, of which the monarchy is at the apex, remain in existence. The British are subjects, not citizens, the head of government is the sovereign, not a president, the hereditary principle carries with it real, juridical power (most notably through the House of Lords) and instead of a Bill of Rights and a Freedom of Information Act, there is an unwritten constitution and an Official Secrets Act which severely restricts open government of the kind enjoyed in the US. This culture of deference and official secrecy is reflected within industry, where, even in public companies, there is markedly less open tradition with regard to information than German or American companies, contributing to the disincentive to invest[147], while the governmental centralism has contributed to the centralisation of the economy in London, and it might be argued that adversarial political culture has, at least, a parallel in the institutional culture and structures of British business, which is market regulated without the countervailing communitarian ethos of Japan and other East Asian economies.

It is also crucial to consider the historically antagonistic relation between capital and labour which short-circuited tendencies towards more cooperative relations, particularly over the last two decades when, partly through state intervention, management became more dominant and the power of the unions declined. Yet the depth of this historic antagonism, is itself rooted deep within the culture of the nation, where the status dimension of class was far more defined than in a more meritocratic societies like the US, Australia and Germany and the separation of the classes through schools and other social institutions was more absolute and, at least until the late 1970s, was reflected in party-political allegiance and in relations between employers and employees. By the 1880s unions already had a strong, national presence, and through legislation and legal precedent had ensured a status for collective bargaining that was

above the common law, and included the right to strike and organise. From early in the 20th century workers developed their own political forms - particularly through the formation of the Labour Party - with an emphasis on collectivist rather than corporatist ideologies (primarily through state ownership via nationalisation)[148] and a strong belief in the role of the state as a welfare provider and income redistributor. The approach of the Labour Party until the 1990s was essentially statist and economistic - with a strong belief in the centralised Westminster system and little passion for constitutional change regarding, for example, the hereditary principle. The means to increasing the power of the working class was viewed as coming through controlling the commanding heights of the economy, and, little attention was given towards increasing employee participation at the enterprise level. While they embraced a corporatist role at the national, political levels British trades unions viewed their primary role as confronting the power of capital with regard to wages and working conditions, with collective bargaining being the prime site of this test of strength. The role played by shop stewards invariably involved the strict implementation of agreed procedures, and the strike was viewed as a readily available (and frequently used[149]) weapon of improving union power and of changing policy, both at the enterprise and the national political level. There was little attempt to create cooperative forums with management or to change corporate structures in any fundamental way. Similarly, employers viewed themselves as the sovereign conduit for shareholders interests, and had little inclination towards conceding any of their "managerial prerogative", unless forced to do so.

In the mid to late 1970s there were cautious moves from the Labour government to shift attention towards increasing worker power at the enterprise level - by pressing for representative forms of employee participation, such as the appointment of worker directors

in state enterprises. The 1978 White Paper arising from the Bullock Committee of Inquiry on Industrial Democracy advocated the establishment of Joint Representation Committees, which could initiate ballots of employees to secure one-third employee representation on the boards of companies employing over 2 000 employees.[150] The majority report offered the following argument in favour of participation: "It is our belief that the way to release the energies to provide greater satisfaction in the workplace and to assist in raising the level of productivity and efficiency in industry, and with it the living standards of the nation - is not by admonition or exhortation but by putting the relationship between capital and labour on a new basis which will involve not just management but the whole workforce in sharing responsibility for the success and profitability of the enterprise."[151] The defeat of the Labour Party in 1979 ensured these measures were never implemented. Instead the Conservative government, with its policies of widening the scope of the managerial prerogative and significantly reducing the power of the unions, rejected the notion of state pressure to encourage employee participation. The combination the implementation of these anti-corporatist policies and the impact of globalisation, ensured that Britain's highly structured system of industrial relations, characterised by the presence of powerful national unions and industry level bargaining, unravelled in the late 1970s and collapse under the more directed assault of the Thatcher governments of the 1980s. As Lash and Urry put it: "The politics of British industrial relations has disorganised sooner, more abruptly and more profoundly than in other European nations." Corporatist dialogue between the Trade Union Congress and the state became a thing of the past and the unions therefore lost their national political voice at the same time that their membership was falling rapidly[152] and their power was being eroded by both capital and the state. The defeats of the mineworkers and the print unions, among others, after prolonged strike, exacerbated this decline.

Unlike their continental European counterparts, most British unions rejected managerial innovations promoting worker participation on a departmental or workgroup level, with the result that when the balance between labour and capital shifted in capital's favour, capital was able to define the content of participation without reference to labour, or ignore this option altogether. With no history of co-determinism, the inclination of most employers was to withdraw union privileges and ensure the balance of power rested more firmly in their own hands, leading to a less benevolent managerial regime in many firms and an increase in employee complaints about 'dictatorial' practices and 'bullying' by management[153]. British firms have tended to adopt a narrow view of their obligations to employees and have rejected stakeholder ideas. As Handy put it: "To the Japanese the company is a community. To the continental Europeans the best companies are run like families. Neither concept appeals to the British or the Americans. They both sound weaselly, undynamic."[154]

There are, however, significant examples of a different approach within British trade and industry, and there are powerful political and economic forces encouraging moves in the direction of greater employee participation. Since 1987 there has been a substantial increase in the number of Esops, partly as a result of privatisation and deregulation which has led to several employee buyouts (with shares having no value when issued and acquiring value as the company makes profits). Between 1987 and 1993 over 40 Esops involving about 150 000 workers were established in Britain, 80 percent of them in large corporations and most of them involving over five percent employee share ownership. This compares, however, to a total of over 10 000 Esops in the US, where they have been in existence since the mid-1950s).[155] There has also been a gradual rise in the popularity of Quality Circles, partly as a result of increased Japanese investment in Britain over the past decade, and often in non-

union firms, a development which has been praised by representatives of the Tory government[156]. While the majority of the senior managers at Japanese subsidiaries in Britain are British, in most cases they appear to have implemented the techniques of "Japanisation", with some adoptions, and these include the Quality Circles, where, as with their US and Japanese counterparts, employees are divided into teams to compete with each other for new ideas for production line improvements.[157]

Furthermore, several British firms[158] describe themselves as "stakeholder companies", but of potentially greater significance is the way the stakeholder idea has been adopted by the Labour Party, with the suggestion of policies attacking short-termism in the economy, requiring takeover to be justified in the public interest, introducing capital gains tax incentives to retain investment, reintroducing recognition rights for unions with 50 percent-plus membership, promoting Esops, backing most of the measures contained in the EC Social Charter, with certain reservations[159], and more generally asserting the belief that private ownership carries with it responsibilities to employees.

This has been backed up by a decisive shift in the attitudes of most of the major unions, and of the TUC away from adversarial positions of the past. Its general secretary John Monks, for instance, backed the stakeholder notion and has said that the job of unions was to "avoid strikes, particularly ones of any duration", and that the union movement's task was to "replace 1970s-style corporatism and today's economic jungle with social partnership"[160]. The recent signs of a rise in union assertiveness suggest that predictions of their complete demise may have been premature[161]. More generally, in the 1990s there has been a discernable decline in support for the dog-eat-dog business culture of the 1980s boom period, reflected, for example in the popular revulsion against corporate greed, and particularly against executive share packages within the privatised utilities, as well as the increasing emphasis of community

values in the press and by politicians of all parties (albeit from very different perspectives), and more specifically, by the decline in support for the Conservative Party.

4.3.6 Other Countries

The German and Swedish models represent an archetype of legislative forms of co-determinism within a social market framework, while the Japanese system, involving a high degree of employee participation combined with a relatively low level of power, is the epitome of a voluntary form of participative management within a closely knit, homogeneous, trust-base culture. In the US and Britain there is no dominant model though aspects of the Japanese system, and particularly non-union variants of TQM, have become more popular.

However, these national examples of participative management by no means cover the entire international field. In most Western European countries, for example, there is some statutory provision for co-determination, with aspects of both the German and the Swedish systems having been absorbed. In 1972 the EEC drew up a draft directive on the Harmonisation of Company Law. Its revised form, in 1983, contained the requirement that all companies with more than 1 000 employees should establish employee participation, with various options offered including worker directors, works councils or similar systems established through collective bargaining (equivalent to the appointment of worker directors, with all employee representatives being elected through secret ballots by proportional representation). It also provided for compulsory information sharing by employers, including the right to request special reports and undertake investigations, and the right of consultation on major company decisions.[162] Though this was never enforced as a binding EU directive, aspects of this

system had, by then, already been introduced in most Western European countries. For example, the Bullock Committee of Inquiry on Industrial Democracy, set up by the last Labour government in Britain, found that eight EU countries had "schemes of one kind or another in operation which secure or at least make possible the representation of employees on company boards"[163]. In addition to the examples discussed above, those in the Benalux and Scandanavian countries were most comprehensive. Some of the measures introduced in these countries eventually found their way into the EU's non-binding social chapter. And statutory provision for participative management is not confined to Europe. In Australia, for example, a form of co-determination drawing on both European and Japanese models, was introduced under the Labour Party governments which was in power until 1996 - a system studied by some of those involved in formulating South Africa's legislative model[164].

One of the most widely discussed examples of participative management at the enterprise level, and one that has had some impact on the experience in South Africa[165], is that of Semco, the Sao Paulo manufacturer of industrial equipment[166] which in 1993 employed around 800 workers and became one of Latin America's fastest growing companies. When the 22-year-old Harvard trained Ricardo Semler inherited Semco from his father in 1981, the company had a traditional, pyramidal managerial structure, a set of rules for every contingency, and was struggling to survive. Semler, who has been the company's president and CEO ever since, introduced a radical form of employee participation in the mid-1980s, significantly increasing the decision making power of ordinary employees, breaking the managerial hierarchy, decentralising the firm's organisation and introducing a far reaching form of worker participation. The results, according to his own sunny estimate, were

extremely positive with the company growing six-fold between 1981 and 1993 and production increasing nearly seven-fold and profits by 500 percent.[167]

Starting with one facility with 300 employees Semler began various experimental programmes to try and develop a more efficient, flexible structure. As he put it in 1990: "We had tried various worker participation programmes, quality circles, kanban (just-in-time) systems and motivation schemes, all of which got off to great starts but lost their momentum within months. The whole thing was just too damn big and complex; there were too many managers in too many layers holding too many meetings. So we decided to break the facility into three separate plants ..."[168]. From then on he proceeded to divide the company into semi-autonomous business units of 100 to 150 people (when they reached 200 they were split in two)[169], using the image of the doughnut to design the basic structure of authority, with a small coterie of about 14 counsellors in the middle and all the partners and "associates" (workers), in the outer space. They were then held together in smaller circles by "coordinators". At each business unit these coordinators ran their division without interference from the "counsellors" (senior management), and no more than one layer of management separated the machinist from the divisional general managers - in contrast to the 11 layers when Semler took over the company.[170]

The essence of this system was a form of worker democracy which certainly appeared to be more far reaching than in most companies where participative management has been introduced.[171] In a country with a militant working-class movement and party[172], and strong union tradition[173], particularly in Sao Paulo where Semco is based[174], Semler adopted an essentially pro-union stance from the outset, with strikes considered a normal part

of democracy, absence from work because of a strike considered as normal absenteeism, and, more generally, with unions regarded as an essential form of worker protection. The programme demanded mutual respect between management and unions and rejected co-option of unions or workers. After a period of early antagonism from union leaders, the unions became more accepting once it became apparent that there was no intention to dismantle their power and that there was an intention to give workers a real say over the business.[175] This power extended to allowing workers to overrule management in certain respects. Wh . workers voted to move Semco to a new site, not approved by management, the decision was carried out. Workers set their own productivity targets and hours (within flexible parameters) and evaluated their superiors regularly and anonymously while managerial staff[176], set their own salaries and bonuses, and everyone had full access to the firm's books. An informal style was also encouraged, with no dress code, few meetings and memos and a policy of not taking work home, not working overtime and not working during lunch time. The idea that effort and result were not directly proportional was also encouraged. But the corollary to this power and flexibility, was a view that freedom has its consequences, including the possibility of failure, against which employees were provided with little protection. Loss making operations were invariably closed.[177]

An interesting aspect of Semler's approach was his insistence that the ideas implemented at Semco could travel - something that his book was dedicated to proscelatising about[178]. He scorned the tendency of slavishly following copycat versions of Japanese managerial techniques, and recognised that the Semco experience could be reproduced exactly because the social and cultural context in other countries, regions and industries differed. However, he argued that the Semco model was generally applicable precisely because it was based on

a trust of employees, a rejection of the parent-child notion of the management-worker relation and a mistrust of managerial dogmatism.[179]

4.4 CONCLUSION

Two points become immediately apparent in this discussion of the international dimension to participative management: first, the extent of the impact of globalisation on the managerial practices within each nation state; second, the degree to which indigenous cultural, political and economic considerations helped create managerial systems which differed considerably from each other in their aspirations and content, despite the impact of globalisation. At the same time, however, while it may be true that the differences between these nationally-related experiences are more significant than the similarities, the impact they have had on one another should not be underestimated. The Americans learnt from the Japanese, the British from the Americans, and the South Africans from just about everybody, both in terms of individual participative management projects and of the legislation which was eventually promulgated in 1996. In most of the South African companies discussed below, the experience of participative management in other countries is apparent. Premier, for instance, drew from both Japan and Germany in devising its programme, PG Bison from Japan, the United States, Brazil and Germany, Volkswagen, directly from Germany, and, as is argued below, several companies eschewing participative management were also influenced by aspects of various international managerial models - perhaps the most significant being the influence of the British experience on the Anglo American group.[180]

Finally, it is worth asserting that this international dimension to the South African experience should not be treated as merely as another independent variable, to be tossed in together with politics, union power and marketing considerations to make national participative management brew. While this compartmentalised way of considering the international impact has a convenient simplicity, it is not adequate. It needs to be recognised that "international" does not imply uniform or universal. Rather, the forms of managerial practice which emerged in the advanced industrial countries, as in South Africa, are themselves not divorced from the political and cultural ethos in which they emerged. The point here is that wherever it is found, participative management is about more than itself.

NOTES

1. Stuart Wilks, "Class Compromise and the International Economy: The Rise and Fall of Swedish Social Democracy," Capital and Class no 58, Spring, 1996, pp 99 - 100.

2. World Bank and OECD statistics quoted in R Peet, "Industrial restructuring and the crisis of international capitalism," in R Peet (ed) International capitalism and industrial restructuring: A critical analysis, Allen and Unwin, Boston, 1987, p 20.

3. Will Hutton, The State We're In, Jonathan Cape, London, 1995, p 257.

4. Martin Jacques, "The Culture Essay: Western culture defies the rising Eastern sun," The Culture, November 13 1994, pp 9 - 12.

5. Advanced industrialised countries covered by this statistic included the US, Canada, the Federal Republic of Germany, France, Sweden, Austria, the Netherlands, Belgium, Italy, the United Kingdom, Japan, and Australia. Newly industrialising countries included Venezuela, Mexico, Columbia, Brazil, Argentina, India, South Korea, Malaysia, the Philippines, Korea, Hong Kong, Taiwan, Singapore and Turkey. (Peet, op cit, p 21)

6. According to Murray, in 1989 a third of Britain's national output was in the distribution sector, and 2.5 million jobs were lost in the manufacturing sector since 1960. (Robin Murray, "Fordism and Post-Fordism," in Stuart Hall and Martin Jacques (eds), New Times: The Changing Face of Politics in the 1990s, Lawrence and Wishart, London, 1989, p 38.

7. In 1979, when Margaret Thatcher came to power in Britain, 53 percent of British workers (12 million) were unionised. By 1994 this had fallen to 33 percent (under seven million). The percentage of unionised Americans fell from approximately a third in 1963 to just over 15 percent in 1994, with only 10 percent in the private sectors, a similar figure to that in France. In New Zealand, anti-union legislation from the conservative government prompted a decline in union membership by 38 percent in a single year. There have recently been indications in Britain and US, of a slight reversal in this trend, though certainly not to pre-1980s levels. (Figures cited in The Guardian Weekly, September 11 1992 and The Guardian, September 4 1995 and September 9 1996).

8. That is, it ceased to be convertible into gold.

9. The rapid industrialisation of the developing world led to the accumulation of massive debts in most of these countries. Their growth was financed largely by borrowing, particularly from the capital surpluses accumulated by the OPEC countries after the price rises of the early 1970s (channeled through international banks). By 1983, for instance, Mexico's debt to foreign banks had reached 85 percent and Brazil's 74 percent. The scale of these debts made them vulnerable to changes in the world economy, such as the increases in interest rates of the late 1970s and the decline in markets for many of their manufacturers. The instability of this aspect of the world financial system was vividly revealed through the 1994/5 Mexican crisis which saw $10 billion in investments leaving the country in 10 days at the end of December 1994. This followed the perception - in the eyes of the IMF, the World Bank and many foreign investors - of the "Mexican Miracle", which had been widely cited as the path for Third World and developing countries to follow: a dutiful swallowing of the World Bank and IMFs structural adjustment medicine, whatever the social cost - through devaluation, privatisation, deregulation and debt repayment. In 1994, as a result of its success in attracting investment, it was admitted to the select group of OECD nations. The crisis, which was partly a consequence of the austerity measures implemented through the structural adjustment programme, led to the peso

plummeting by 40 percent on December 20 1994, with the ripples affecting the world's financial system, and most particularly the other South and Central American economies. While US President Bill Clinton immediately authorised a $50-billion rescue package (to save Mexico and to salvage the reputation of the World Bank and IMF, and the measures they were advocating) which stabilised the situation, the crisis suggested major weaknesses in the world's financial system and the international bodies controlling it.

10. Though as is discussed in chapter two, Keynesian economic theory was to make a substantial comeback in the 1990s.

11. Impeded by the growing influence of crime cartels which replaced state bureaucracies, and by violent ethnic conflicts.

12. This includes significant advances in the production of personal computers, the opening of the Internet, the introduction of fibre optic cable as a means of facilitating international telecommunications and the increasing power and access of corporations involved with cable television and with computer technology (CNN, News International, Microsoft, for example).

13. Anthony Sampson, "The axing of company man," The Sunday Times News Review, June 4 1995.

14. A term coined by Michael Piore and Charles Sabel in their book The Second Industrial Divide: Possibilities for Prosperity, Basic Books, New York, 1984.

15. P Hirst, Associative Democracy, Polity Press, London, 1994, p 115.

16. Some of these appear to represent a decisive break from Taylorism/Fordism by, combining intellectual and manual skills - a role which the desk-top computer has evidently facilitated.

17. For instance in 1980 chief executives in the US made 42 times as much as workers. Fourteen years later they were earning 52 times as much. And according to figures released by the Federal Reserve the wealthiest one percent of American households owned nearly 40 percent of the country's wealth compared with 20 percent in 1980. (The Independent, April 18 1995)

18. In the US, after 30 years of declining union membership, it has shown signs of a moderate increase (up three percent between 1992 and 1994). In Britain the number of union members declined by over 40 percent between 1979 and 1994, but since then, according to TUC figures, this reversal appears to have been halted, at least temporarily, while the number of work days lost in strikes increased in 1994 and 1995. (Government statistics cited in The Guardian, September 4 1995 and September 9 1996).

19. Francis Fukuyama, The End of History and the Last Man, London, Penguin, 1992, pp 216 - 217.

20. This is argued persuasively by Francis Fukuyama in Trust: The Social Virtues and the Creation of Prosperity, Hamish Hamilton, London, 1995.

21. Fukuyama, "The Primacy of Culture," Journal of Democracy, vol 6 no 1, January 1995, p 10.

22. It has a population of 124 million within 377 441 square kilometers of land - which amounts to 1.43 times the population density of Britain. (Oxford Hammond Concise Atlas of the World, Oxford University Press, Oxford, 1995, pp 12 - 13)

23. Senior managers earn approximately three times the average wage, with the difference increasing to nearly ten times for CEOs. (Hutton, op cit, p 270; The Independent, April 18 1995)

24. M Kumazawa and J Yamada, "Job and Skill Under Life-long Kenko Employment Practices," in S Wood (ed), The Transformation of Work, Hutchinson, London 1989, p 109 - 114.

25. For instance, according to Sony chairman Akio Morita, in 1989 the average Japanese employee worked an average of 2 159 hours compared with 1 546 for the average German. (Quoted in, Charles Handy, The Empty Raincoat, Hutchinson, London, 1994, p 10)

26. Kumazawa and Yamada, op cit, 1989, pp 107 - 109.

27. Johannes Schregle, "The German Model of Institutionalised Worker Participation in the International Context of Workers' Participation," paper presented at the 7th World Congress of the International Industrial Relations Association, Hamburg, September 1986.

28. Manfred Weiss, "Institutionalised forms of Workers' Participation with Special Reference to the Federal Republic of Germany," International Industrial Relations Association 7th World Congress, Hamburg, September 1986, p 13.

29. The average required rate of return for a 10 year research and development project was 8.7 percent in Japan, 20.3 percent in the US and 23.7 percent in the UK. In 1992 Japan invested 34.2 percent of its GDP in fixed assets, compared with 16 percent in the UK and 14.8 percent in the US. (Handy, op cit, p 138)

30. Paul Thompson, The Nature of Work, Macmillan, London, 1989, p 222; Handy, ibid, pp 153 - 154; Hutton, op cit, pp 269 - 270.

31. As mentioned in chapter two, in his more recent writings, Fukuyama has conceded the greater role played by the state in successful Asian capitalist development, including Japan, but has argued that the state has not been the prime force in Japan's economic growth. (See in particular, Trust: The Social Virtues and the Creation of Prosperity, op cit)

32. See Hutton, op cit, pp 268 - 277.

33. See Hirst, op cit, pp 124-127.

34. See Hutton, op cit, pp 243 - 254.

35. Ibid, p 274.

36. Robin Murray, "Fordism and Post-Fordism," in Stuart Hall and Martin Jacques (eds), New Times: The Changing Face of Politics in the 1990s, Lawrence and Wishart, London, 1989, p 45.

37. Ibid, p 46.

38. Thompson, op cit, pp 221 - 222.

39. Ulrich Jurgens, "The Transfer of Japanese management concepts in the international automobile industry," in Stephen Wood (ed), The Transformation of Work?, Unwin Hyman, London, 1989, p 207.

40. Cited in The Daily Telegraph, April 10 1995.

41. Its annual per capital income is $45 000 (compared to around $17 000 for Britain), it has $700 billion in net foreign assets (compared with the US debt of $800 billion) and a trade surplus of $140

billion a year. (Figures cited in Kevin Rafferty, Inside Japan's Powerhouses, Weidenfelf and Nicolson, London, 1995).

42. Figures cited in Evening Standard, August 29 1995.

43. The birth rate in Tokyo is only 1.1 babies per mother, half of what is generally regarded as necessary to sustain the population. Relating the declining birth rate to the long hours worked by Japanese people, Handy comments: "There is literally no time for babies and work. How and when these traditions of work will change in such a country of tradition is anybody's guess, but if they do not change, Japan will have an increasingly resentful, ageing and diminishing workforce." (op cit, p 10)

44. In a 1993 opinion poll cited by Handy, 87 percent of respondents said they wanted the system changed, and an MIT study comparing US and Japanese working methods, concluded that the Japanese were looking for greater individualism and creativity to balance the stress on conformity. (Ibid, pp 10 and 42)

45. Hirst, op cit, p 126.

46. Quoted in Mail and Guardian, April 28 1995.

47. See for instance, Hutton, op cit, pp 267 - 268.

48. See Lash and Urry, op cit, pp 17 - 28.

49. According to figures cited by Handy, since 1975 German firms have reinvested 67 percent of profits, compared with 63 percent for Japanese firms, 54 percent for US firms and 45 percent for British firms. (op cit, p 146)

50. Handy, op cit, pp 155 - 157; Hutton, op cit, pp 266 - 267.

51. Hirst, op cit, pp 126 - 127.

52. And particularly between 1919 and 1927.

53. As part of internationally-imposed terms for reconstruction.

54. In addition to having been decimated by the Nazis, deep divisions between communists and socialists remained.

55. Through, for example, offering significant depreciation allowances, tax rebates for exporters, cheap loans, subsidies and special tax benefits for certain industries.

56. Wolfgang Streeck, Industrial Relations in West Germany: a case study of the car industry, Heinemann, London, 1984.

57. See Schregle, 1986, op cit.

58. First through the Coal and Steel Co-determination Law of 1951 and later through the Works Constitution Act of 1952.

59. Michael Albert, Capitalism Against Capitalism, Whurr, London, 1993.

60. Supervisory boards are statutory bodies situated between shareholders' assemblies and management boards. They meet four times a year to appoint members to management boards, whose activities and decision they vet. Parity of workers and shareholders on supervisory boards was introduced in the iron, steel and coal industries in 1951 and in other industries (for companies employing over 200 workers) in 1976. In companies with under 2 000 workers one third of the representatives are workers.

61. Usually they are full-time trades union officials or former works council chairmen.

62. Elected by all employees and not just trades union members in, to be the sole legal shopfloor representative of the workers.

63. According to Weiss, most small firms and many medium sized firms have no works councils. (Op cit, p 336)

64. These are set out in the Works Constitution Act and concern co-decisions and negotiations in certain areas, information provision and consultation. (Schregle, 1978, op cit, pp 82 - 83)

65. Johannes Schregle, "Co-determination in the Federal Republic of Germany: a comparative view, International Labour Review, vol 117, no 1, 1978, pp 81 - 83 and Lash and Urry, op cit, pp 255 - 261.

66. See Lash and Urry, op cit, p 259.

67. Streeck, "Co-determination: the fourth decade", in Wilpert, B and A Sorge (eds), International Perspectives on Organisational Democracy, John Wiley, London, 1984, p 413.

68. Streeck, 1984, op cit and Hirst, op cit, pp 118 - 119.

69. Lash and Urry, op cit, pp 256 - 257.

70. Hirst, op cit, p 127.

71. For instance, over 70 percent of German employees are technically qualified compared with 30 percent in Britain. (Charles Hampden-Turner and Alfons Trompenaars, The Seven Cultures of Capitalism, Piatkus, London, 1994, p 229).

72. See Handy, op cit, pp 138 - 139.

73. Figures quoted in Hutton, "Germany defies prophets of doom," The Guardian, September 4 1995.

74. To around 8.2 percent by mid-1995.

75. Hirst, op cit, p 20.

76. In May 1994 18 000 German Volkswagen workers were laid off, as part of the company's response to Japanese competition. Through the agreement between the company and the union, reached through the works council, and achieved in accordance with the Social Chapter of the EU, workers accepted a 20 percent paycut in preference to more drastic layoffs. (BBC Newsnight, May 20 1994). It is worth noting that between January 1992 and August 1994 VW had cut its workforce by 37 000 to 241 000. (The Independent, August 19 1994). The industrial peace did not last, however, and in August 1995, Germany's powerful IG Metall engineering union began a series of strikes at VW as part of a pay dispute with the company. (Evening Standard, August 29 1995).

77. The most visible indication of strain in the social consensus of the post-war years came with the 1996 protests, culminating in the largest trade union rally in Germany's post-war history, in protest against cuts in public spending and the government's austerity drive. (Sunday Times (UK), June 16 1996).

78. Ibid, pp 120 - 121.

79. Hutton, op cit, p 267.

80. With the banks playing a major role in this development through their takeover of industrial companies

81. Lash and Urry argue: "The later a country industrialises, the more organised it must be (in terms of concentration and centralisation of capital...) in order to compete with countries whose industrialisation is already under way. (op cit, p 30)

82. This compares with 4.3 million in Norway, 5.1 million in Denmark and 5 million in Finland. The figures for the other countries discussed here are: Japan - 124 million; Germany - 80 million; United States - 253 million; United Kingdom - 58 million; Brazil - 155 million; South Africa - 42 million). (Oxford Hammond Concise Atlas of the World, op cit, pp 12 - 14)

83. Lash and Urry, op cit, p 36.

84. In 1906 the Swedish Employers' Confederation and the Swedish Confederation of Trade Unions reached an agreement whereby employers acknowledged the workers's right to form organisations of their choice to negotiate wages and working conditions.

85. Relative to other labour and left political movements at the time, and most particularly the Germans.

86. Winton Higgins, "Political Unionism and the Corporatist Thesis", in Economic and Industrial Democracy, vol 6, Sage, London, 1985, p 365.

87. Lash and Urry, op cit, p 36.

88. The American author Marquis W Childs first argued this point in his book, Sweden: The Middle Way (Yale University Press, New Haven, 1936).

89. Sandra Albrecht and Steven Deutsch, "The Challenge of Economic Democracy: The Case of Sweden," in Economic and Industrial Democracy, vol 4, SAGE, London, 1983, p 290.

90. Quoted in, Karl von Holdt, "Solidaristic wage policy: From Sweden to South Africa?," South African Labour Bulletin, vol 20 no 1, February 1996, p 73.

91. Wilks, op cit, pp 94; Albrecht and Deutsch, op cit, pp 288.

92. The parental leave system introduced in 1974 involved six months paid leave, shared between the parents in any way they chose. This was extended to 12 months of high financial compensation (90 percent of the parent's income) and three months of low compensation. All but the first two months (which have to be shared equally between the parents or forfeited) are transferable. In addition there is statutory provision for 10 days paternal leave within the first 60 days after birth. (Lars Jalmert, "Changing faces: new images for father in Sweden," paper presented to Institute for Public Policy Research conference on Fathers and Public Policy, London, April 20 1996)

93. Von Holdt, op cit, p 78.

94. Albrecht and Deutsch, op cit, p 299.

95. The Democracy at Work Act, The Public Employment Act. the Joint Regulation Act and most significantly the 1976 Co-determination Act.

96. Which workers could enforce through strike action, according to the provisions of the Joint Regulation Act. In addition, the act strengthened the unions' negotiating position by compelling an employer to negotiate at his own initiative before deciding on important changes at the workplace. He also was required to negotiate on any matter if requested to do so by a trade union.

97. See Ake Bouvin, "New Swedish legislation on democracy at the workplace," International Labour Review, 1977, p 133 - 143.

98. See Jonas Pontusson, "Radicalization and Retreat in Swedish Social Democracy," New Left Review, 165, 1988

99. Mainly by replacing obligatory stock issues with a tax on excess profits, with the revenue transferred to the wage owner funds, which, in turn, would purchase corporate shares.

100. The 1983 legislation provided for the build-up of five wage earner funds from 1984 to 1990, with each receiving one fifth of the annual revenue generated by a 0.2 percent payroll tax and a 20 percent tax on excess profits, with the total amounting to between five and 10 percent of all stocks registered at the Stockholm Exchange, according to Pontusson (op cit). The act also limited the exercise of the ownership power of workers with a provision that wage earner funds could not individually acquire more than eight percent of the shareholder funds in any one firm.

101. Von Holdt, op cit, p 74 - 75.

102. Or at least unemployment figures well under two percent.

103. Hirst, op cit, p 119.

104. The Swedish GDP, which grew at over 2 percent per annum from 1983 to 1989, fell by nearly 2 percent in 1991, with industrial production falling by 10 percent in 1990-91, unemployment rising from below 2 percent to 2.7 percent and inflation rising to 10 percent in 1991. (Wilks, op cit, p 92)

105. Among others, for privatisation, the introduction of internal markets in health and education and major cuts in state expenditure and employment. (Ibid, p 93)

106. Ibid, pp 93 - 94.

107. With 45.6 percent of the vote, which, together with its 1982 performance, was its best showing since 1968.

108. Over the next year, left of centre parties were to return to power in Norway, Denmark and Finland and in 1996 in Iceland.

109. Including many of those referred to above, voluntarily introduced by companies, or as a result of negotiations at the enterprise level, rather than via legislation.

110. Hutton, op cit, p 262.

111. Fukuyama, Trust, 1995, op cit.

112. According to FBI estimates, the number of homicide victims in 1993 was 24 500 compared with 1 640 in France (in 1 91) and 675 in England and Wales (cited in The Times, December 28 1994), though there are subsequent indications of a significant decline in murder rates in several major US cities.

113 Alexis de Tocqueville, Democracy in America, Vintage, New York, 1945, p 393.

114. According to Roger Freeman ("Jobs in the USA", New Economy, vol 1, issue 1, Spring 1994, pp 20 - 24) the bottom one-tenth of the US workforce earn 38 percent of median earnings, compared with a European average of 67 percent.

115. Hirst, op cit, p 143.

116. Through, for example, the National Association of Manufacturers, which organised mainly smaller businesses, which was extremely hostile to unions from the turn of the century, though the National Civic Federation, which organised large scale industrial employers, was generally less implacably hostile and entered what Lash and Urry call "quasi-corporatist" relations with Samuel Gompers' American Federation of Labour in the 1900s, partly to isolate left wing unionists. (Ibid, p 75)

117. Rising from a national membership of 9 million in 1939 to 15 million in 1945. (Lash and Urry, op cit, p 80)

118. See footnotes 12 and 26 above for the relevant figures on this decline.

119. In particular, the Clayton Act (1914) and the Trade Commission Act (1914).

120. Lash and Urry, op cit, pp 73 - 76.

121. Through direct primaries and tax reforms.

122. The 1934 Securities and Exchange legislation, which was opposed by the US financial sector, led to the stabilisation of the securities markets, the 1935 utilities legislation was an attempt to break the domination of the electrical power trust, while the undistributed profits tax of 1936 and the revival of the Antitrust Division of the Department of Justice and the passing of the 1936 Robinson-Patman Act had similar aims in mind.

123. In addition to further opposition to monopolies and the implementation of Keynesian-influenced New Deal plans, key government interventions in the economy during this period included moves towards greater economic decentralisation of the national economy and the attempted implementation of a "business commonwealth" - a corporatist development, favouring trade associations, through which it was intended that various industrial sectors would act in the public interest and operate with "business self-control". (Ibid, pp 76 - 77)

124. Through trade laws allowing the US government to take unilateral action against countries blocking US imports or subsidising exports - particularly through the trade wars of the 1990s with Japan and the Buy America Act which ensures that public procurement is focussed on American suppliers and also the now-declining space programme. Politically motivated trade and investment sanctions (against, for example, Vietnam, Cuba, North Korea, Iran and Iraq, and previously, in less stringent form, against South Africa), have also been a form in interventionism that most of Western Europe and the Pacific have avoided.

125. Tom Peters, Thriving on Chaos, Harper and Row, New York, 1987, pp 15 - 16.

126. Cited in Newsweek, September 14 1992

127. Ibid.

128. Quoted in, David Remnick, "Lost in Space", The New Yorker, December 4 1994, p 84.

129. F Horwitz, Managing Resourceful People, Juta, Cape Town, 1991, p 30.

130. According to a survey conducted in 1993, 20 percent of American workers expected to lose their jobs within the next year, while a further 20 percent expected a spell of temporary unemployment. (Cited in Freeman, op cit, p 20)

131. According to Juliet Schor, the average American worked 164 hours per year more in 1992 than in 1962 - an average of 47 hours per week, and if this trend continues, within a further 20 years the average person would work 60 hours a week. (The Overworked American, Basic Books, New York, 1992)

132. Interviewed by John Gray in, "Fukuyama: the end of history man", Prospect, Issue three, December 1995, p 63.

133. Figures on size and population drawn from Oxford Hammond, op cit, p14.

134. Feuerstein, who in December 1995 saved all 2 500 jobs at his company's (Malden Mills) textile plant in Lawrence, Massachusetts after the factory burned down, is now regularly featured on US talks shows, and newspaper columns and has been praised for his stakeholder approach by both President Clinton and US labour secretary Robert Reich, who said of his company: "They treat their workers as assets to be edeveloped, not as costs to be cut." (Quoted in The Guardian, March 25 1996)

135. Quoted in New York Times, July 8 1996.

136. By removing the provision of a guarantee of welfare for life and restricting welfare claims to a total of five years, and only two consecutively, where jobs are available.

137. In the first four years of Clinton's presidency, 10 million new jobs were created, while in the same period the number of people classified as unemployed fell by 2.3 million, according to US government statistics. (The Times, October 15 1996)

138. Jeremy Brecher, "US labour faces global restructuring," SALB, vol 17 no 4, July/August 1993 pp 69 - 73.

139. Lash and Urry, op cit, p 42.

140. Hutton, op cit, p 42.

141. Or what Lash and Urry call the Makler economy, op cit, p 43.

142. Ibid, pp 42 - 45.

143. For example, according to Hutton (op cit, p 7), in the 20 years up to 1979 growth had averaged 2.75 percent in Britain; in the 20 years up to 1994 growth averaged less than 2.1 percent.

144. According to the Lausanne-based International Institute for Management Development's rankings of world economic performance, Britain slipped from 15th to 19th place during 1995 - behind most of the other EU states and some of the newly industrialised states like Taiwan and Chile, though another 'league table', published at the same time, had Britain in 15th position, one behind Thailand and five behind Malaysia. (OECD and World Economic Forum rankings, published in The Sunday Times (UK), June 2 1996 and The Guardian, May 28 1996).

145. Hirst, op cit, pp 130 - 131.

146. Hutton, op cit, p 281.

147. See Lash and Urry, op cit, p 50.

148. See Lash and Urry, op cit, pp 53 - 55.

149. British government statistics show that 29 474 000 working days were lost through strikes in 1979. After 1981 (with the exception of 1984), the figure remained below the 10 million mark and since 1991 has remained below the one million mark, falling to a post-war low of 278 000 in 1994, but rising again to 415 000 in 1995. (Figures cited in The Guardian September 9 1996).

150. Committee of Enquiry on Industrial Democracy, Report, 6707 London HMSO, 1976.

151. Ibid.

152. Membership of trades unions fell from over 12 million in 1980 to under seven million by 1995. (UK Government statistics cited by The Guardian, September 9 1996)

153. According to the results of a 1995 survey conducted for the white collar Manufacturing, Science and Finance Union, nearly one in three workers in the 400 workplaces complained that bullying had increased in the previous five years, while one in 10 claimed that employers tolerated bullying or encouraged a bullying management style. (Reported in The Guardian July 10 1995)

154. Handy, op cit, p 157.

155. The Guardian, November 29 1993.

156. For example, in 1994 the then British Secretary for the Treasury, Michael Portillo, praised non-union factories which had embraced "Japanisation" and introduced quality circles. (Reported on BBC 9pm Evening News, March 18 1994)

157. Stephen Wood, "Are Human Resource Practices in Japanese 'Transplants' in the UK Different," paper published by Department of Industrial Relations, London School of Economics, 1995.

158. These include British Telecom, BP and Marks and Spencer.

159. In November 1996, the party's shadow chancellor, Gordon Brown, said a Labour government would opt out of Social Chapter requirements regarding employee representation on boards of directors. (Reported in The Times, November 12 1996)

160. Quoted in The Guardian September 4 1995.

161. See footnotes 11, 26 and 165 in this chapter, above.

162. See Salamon, op cit, p 299.

163. Board of Trade, "Report of the Committee of Inquiry on Industrial Democracy (Bullock Committee)", HMSO, 1977, p 25.

164. Interview, Mark Phillips, April 17 1996.

165. As discussed in chapters five and eight, the Semco experience, and Semler's ideas, had a direct influence on Cashbuild, the Itisa consultancy and on PG Bison's TPQ programme, particularly through an early formulation of Semler's ideas in the Harvard Business Review ("Managing without Mangers, Harvard Business Review, September/October 1989). There was also considerable publicity in South Africa for Semler's ideas after the 1993 publication of his book Maverick! The Success Story Behind The World's Most Unusual Workplace, (Hutchinson, London, 1993). See "Everybody's the boss in this factory", and "Curing 'time sickness'", The Star, July 6 1994, and "Brazil has a lesson for SA firms", Mail and Guardian, March 24 1995.

166. It manufacturers marine pumps, mixers, truck fittings, valves, digital scanners, dishwashing machinery, among others.

167. Semler, 1993, op cit.

168. Semler, 1989, op cit, p 77.

169. Speech by Semler at Interlaken 1990, quoted Tom Peters, 1992, op cit, p 287.

170. Semler, 1989, op cit, pp 77; Peters, 1992, op cit, p 286.

171. See Semler, 1989, op cit, pp 76 - 78 and 1993, op cit.

172. Particularly through the Partido dos Trabalhadores.

173. Particularly through the trade union federation, the United Workers Centre of Brazil.

174. See Margaret Keck, The Workers' Party and Democratization in Brazil, Yale University Press, New Haven, 1992.

175. Semler, 1993, op cit.

176. As Semler himself tends to do.

177. Mail and Guardian, op cit.

178. Devoting a chapter to this point. (Semler, 1993, op cit)

179. Quoted in Mail and Guardian, op cit.

180. This is dealt with in 5.3 and 5.9

CHAPTER FIVE

PARTICIPATIVE MANAGEMENT IN SOUTH AFRICA

5.1 THE IMPETUS FOR PARTICIPATIVE MANAGEMENT

The South African economy in the mid-to-late 1980s was not structured in a way which easily lent itself to the advance of participative programmes on a significant scale. In fact it might be argued that the country's economic conditions were of the kind to make 'stakeholding' an unlikely managerial option were it not for the politically related pressures on business at the time. Those countries where participative management developed deep roots in one form or another - through legislation, voluntary adoption or a combination of both - tended to have several factors in common: cultural and linguistic homogeneity; settled labour forces; relatively low income differentials; low rates of unemployment and/or strong welfare nets; a strong manufacturing base with a wide spread of ownership (in most cases); and a tradition of cooperation between management and labour. Certainly most of these factors could be said to apply to Japan, Germany and Sweden and also to some of those countries not specifically discussed like Australia, Norway, Denmark and the Netherlands. In contrast, in the US, with its deep racial divisions, weak unions, high income differentials, porous welfare net, highly mobile labour force and flexible labour market, participative management has been a minority option, while in Britain, with its economy dominated by the 'City', its deep class and cultural divisions, its history of persistent antagonism between capital and labour and its more flexible labour market, participative management has yet to establish substantial roots.

When participative management in South Africa first emerged as more than an isolated phenomenon in the late 1980s, the economic conditions were those one might expect to militate against the spread of this project. Several points are worth stressing here:

1. The economy had been structured around the extraction of raw materials since the end of the last century. Despite periods of impressive growth, the manufacturing sector (which in 1991 accounted for only 12.2 percent of the country's economically active population[1]), was relatively weak. For many years major sectors of it were dependent on protection from the state (particularly through import tariffs), and also came to rely on the role played by the state as a purchaser, most markedly in the spinoffs from the armaments industry[2] and the apartheid infrastructure - with both of these factors contributing to its declining productivity relative to that of its major trading partners. The capital goods industry in particular was extremely underdeveloped, meaning that the production of consumer goods was dependent on the import of machinery from Germany, France, the US and Britain. Furthermore, whenever economic activity increased, the economy became more dependent on oil imports because it had no liquid fuel reserves of its own.

2. The ownership portfolio in the economy, if not unique, was more skewed than that of any other developed or developing country. The key dimension to this was the concentration of ownership and control in white hands. By 1995, of the over 600 companies listed on the JSE, only 11 were controlled by blacks.[3] But even within the parameters of white-owned business, this concentration of share ownership was extremely narrow, with the 'Big Five' financial and industrial conglomerates - Anglo American, Sanlam, Liberty Life, Old Mutual and Rembrandt - controlling between 80 and 85 percent of the JSE's market capitalisation through

multi-layered pyramid structures of ownership (though in some respects this figure provides an inaccurate picture of real control[4]). Furthermore, according to some estimates, the 'Big Five' generated nearly half of the country GDP (while in comparison, in the US, the Fortune 500 companies produce approximately 10 percent of the GDP).[5]

3. One reason for this concentration (aside from the politically-related causes such sanctions, disinvestment, exchange control and various apartheid distortions) was that the financial markets were driven primarily by institutional investors, with most of the cash flows from this expanding sector[6] invested in the JSE. This further concentrated control of the market, which had the effect of diminishing market liquidity[7] and reducing the number of investors. This concentration of wealth, along with the country's political instability, contributed to the British-style 'short-termism' with respect to the relationship between institutional shareholders, banks and investors.

4. The disparities in the distribution of wealth between rich and poor was racially skewed to an extent not experienced in any other national economy. This had the effect of curtailing the growth of internal markets. Although the racial gap was gradually narrowing, this shift was not sufficient to boost demand to the extent required to encourage sustained industrial growth. By 1990 white metropolitan incomes averaged 8.2 times that of Africans (compared with a differential of 11.8 in 1960)[8], while the share of whites in the country's total personal income was 52.7 percent in 1994 (down from 70.1 percent in 1960) and the share of Africans was 34.7 percent (up from 22.4 percent in 1960).[9] According to the 1991 population estimate over 75 percent of the country's population was African and under 14 percent white.[10]

attractive option for management, despite the pressures in the opposite direction exerted by some of the country's economic conditions. It is worth reiterating the main currents here.

By the mid-1980s the white business community's faith in government reforms was rapidly eroding in the face of international sanctions and internal revolt. As discussed in chapter three, this prompted an activist ethos among a section of this community, with energies directed outward into the broader political arena, and inward into company change policies. Within several of the companies which adopted participative programmes, there was a strong sense, particularly among executive directors, of needing to bridge gaps at the enterprise level which were being widened in society more generally. A more specific concern related to the role being played by the independent trades union movement, which enjoyed a spell of rapid growth throughout the decade and was becoming more militant and politicised in its demands. By the mid-1980s, and particularly after the formation of Cosatu in 1985, the hope contained within the Wiehahn Commission's remit at the end of the previous decade, that unions could be steered away from politics, had faded. Furthermore, the unitarist, management-dominated liason committee system of the early 1970s had been replaced by a more sophisticated industrial relations regime involving the recognition of collective bargaining rights and the right to strike, with many recognition agreements also curtailing the powers of management regarding issues such as dismissal, discipline, health and safety, retrenchment and redundancy.

But, largely because of the depth of racial and class divisions, the relation between unions and management still tended to be founded upon mutual antagonism, sharpened considerably by the political struggles of the day. Some of the more far sighted business leaders had come

to realise that, in the absence of viable, legal political vehicles for black workers, the unions would inevitably play a politicised and politicising role for the members, and that this dimension could not be explained away in terms of the 'interference' of an activist layer (and dealt with accordingly), but needed to be accommodated. It was also becoming apparent to them that there was a strong tendency among black workers and their union representatives to equate white power at a company level with the white power of the state, and oppose it on the same basis. This perception was strengthened by several, well-publicised examples of collusion between senior managers at some companies and the security police, in detaining worker leaders during periods of industrial action.[22] Unless a company took a stand against apartheid, both in terms of its internal operation and its public pronouncements, this equation was unlikely to be avoided. This realisation contributed to the political stances taken by some business leaders during this period and, internally, to the invariably politicised education and value sharing programmes that some companies introduced. In some cases, an added motivation was the desire on the part of executive directors to give workers a stake in the 'free enterprise' system and win them away from socialist ambitions.

Furthermore, there was a realisation from business leaders of an ever present danger, sometimes realised, that the politics of 'ungovernability' which was gaining currency in the African townships in the mid-1980s, would find its way onto the shopfloor through wildcat strikes, go-slows, sabotage of machinery and general indiscipline.[23] This further contributed to a sense among some captains of industry and commerce to 'get on side' through making clearer anti-apartheid gestures, and it also prompted them to improve relations with their black workers and their unions in order to reduce the often-politicised and over-heated shopfloor conflict. Reducing tensions was often viewed as a means of improving productivity

and quality in the longer term, and was usually complemented by a variety of other programmes with this goal in mind. These included the often controversial strategy of offering individual or group incentives to workers, as well as of finding more productive and challenging ways of channeling their skills through forming TQM-type discussion groups to iron out problems and initiate solutions, as well as increasing the 'transparency' of the firm by providing more information to workers, improving internal communications systems and in many cases, flattening management structures. An added motivation was to reduce tensions associated with annual wage negotiations by making contact with worker representatives an ongoing process rather than a once-off event. Arguing for this strategy, Loet Douwes-Dekker of the Wits Business School noted:" The formal introduction of workers' participation can prevent situations developing where workers, because of uncertainty regarding management actions, resort to restrictive practices to control output. If collective bargaining is institutionalised to the satisfaction of both parties and by agreement confined to a once-a-year-event, the distributive phase, then time and space are created for the parties to consider entering into **'working together'** arrangements, the integrative phase. This differentiation is of advantage to the respective interests of both sides and removes the element of surprise from management actions in that year. Such arrangements give the necessary assurance to workers about the impact of those decisions."[24]

It was also recognised that in order to improve performance it was imperative to win greater commitment on the part of workers to the 'values' of the firm, which, it was widely acknowledged, did not exist in the earlier period.[25] Winning worker loyalty, however, was not easily achieved. One problem was the gap in aspirations and perceptions of society between white managers and supervisors on the one hand and black workers on the other.

This was often manifested through worker objection - frequently passive, but increasingly active - to the managerial style of white supervisors and line managers. While the political upheavals and union growth of the previous decade had awoken among executive directors a desire to move beyond 'baaskap' and paternalism, and towards a more cooperative, less racist, shop floor ethos, the message was not easily absorbed further down the line. White managers, raised in a culture where their supremacy was assumed as a natural fact of life, were unlikely to change their way of relating to black workers simply because the CEO said they should. The fact that with few exceptions managers were white and workers black formed the basis of many of the shopfloor tensions, as well as the basis of many of the difficulties involved in improving performance. One example was that as a result of the legacy of neglect of African education, many workers, including matriculants, were functionally illiterate and innumerate[26], and therefore provided a very small pool of potential recruits to the ranks of management or of professional staff[27] at a time when, partly because of white emigration, the skills shortage was becoming acute. This prompted several companies to introduce literacy and numeracy programmes, and contributed to the affirmative action drive which began in the late 1980s. Furthermore, many companies increased their training budgets, though usually from an extremely low base[28].

Also relevant was the fact that most white employees lived close to their places of work while, because of the Group Areas Act and other apartheid laws, most black employees lived considerable distances from work, in overcrowded and under-serviced conditions[29], often having to make use of inadequate public transport and therefore contributing to absenteeism, lateness, exhaustion, low concentration levels and a sense of the place of work as an alien environment. As a result some companies introduced housing schemes, mainly aimed at black

employees, allied to their participative management programmes (or as part of them, through involving unions in the planning process). It might also be argued that the far higher levels of unemployment within the African population, when combined with generally larger immediate and extended families, stronger community ties, and far lower average incomes than whites[30], meant that pay packets needed to be stretched far further - thereby contributing to constant pressures for wage increases above inflation levels.

But the gap between black, and particularly African, workers and white managers could not be reduced merely to a set of political consequences of apartheid. As in other countries, there was also a more deep seated cultural component which intermeshed with the political dimension - a consideration invariably ignored or underplayed by those, whether historical materialist or neo-classical, who view employers and employees primarily as economic agents. The most obvious example relates to language: the fact that white managers tended to issue instructions in Afrikaans or English, which were the second, third or fourth languages of African workers. This had a direct effect on communications between management and workers, increasing the possibility for misunderstanding and offence. In many instances communications between white and black amounted to little more than a set of simplified commands, which effected their perceptions of each other. From the point of view of white line managers and supervisors, it tended to reinforce prejudices about African inferiority; from the point of view of workers it deepened perceptions about white arrogance and racism. But the gulf in perceptions about each other and the world between black and white employees went beyond the confines of language. It is worth reiterating the point that while workers and managers spend, on average, only half the time at work that they do away from work[31] - on buses and trains or in their cars on their way to their suburbs or townships

or hostels, eating and sleeping, spending time with their families, going to church or football or rugby, watching television, drinking in the pub or shebeen, hanging out with their friends, attending weddings and funerals and so on. In each of these areas the experience of an African worker and a white manager invariably differed widely.

And the differences did not relate only to the variables of day to day experience, but even more pertinently to received values and cultural heritage more generally. Even in areas of apparent consensus, the differences were sometimes more pertinent than the similarities. To take the example of religion: while most whites and most Africans might be nominally Christian, their perceptions of their relation to each other, their god, and of the spiritual and physical world more generally, differed widely. Most whites were raised within an ethos influenced by Protestantism, and among Afrikaners, particularly Calvinism, with its emphasis on predestination and individual faith, combined, particularly in its Dutch Reformed variant, with its strong sense of community obligation, mixed with a ethno-statist dimension which had its historical expression in the notion of Afrikaners as a chosen people. Among Africans, Calvinism had shallower roots, with the fastest growing denominations being those of the Zionist and other African independent churches. Among the membership of most of these churches, and others, there was a tacit acceptance of mixing traditional ancestral belief and practices[32] with those of Christianity - a view anathema to most branches of mainstream Christianity, and most particularly its Calvinism.[33]

The combination of religious and other cultural traditions and received values, and the reality of people's lives at work and away from work, meant that white and African employees tended to approach the world from different angles, and this related to their concepts of each

other, of immediate and extended family, the place of the individual in society and within the group, of work, authority, time and leisure, duty, choice, and of community. Within several companies involved in pioneering participative programmes, there was an explicit acknowledgement of the importance of this cultural dimension to their industrial relations problems[34]. For example, at Cashbuild the MD Albert Koopman came to the conclusion that he needed to focus on black employees as a collective and not merely as individuals, after studying aspects of Zulu as well as Japanese culture. As he put it: "In one significant respect the Zulu and Japanese people showed a remarkable similarity - they both placed a great emphasis on group cohesion as opposed to individualism."[35] A major aspect of the 'change processes' adopted by various companies involved finding forums aimed at bridging these cultural gaps and encouraging black and white employees to participate directly in the process. Several major firms introduced what amounted to political education programmes for their employees, which were combined with 'value-sharing' workshops, often involving black and white employees expressing perceptions of each other and the world. Furthermore, a few tried to build this kind of perceptual awareness into their day-to-day operation. For example, a handful of companies held classes in Zulu and other African languages for their white managers.

But if the pressures for the introduction of participative management programmes were found largely, though by no means exclusively, within the internal politically realm, the solutions initially adopted owed a great deal to international precedent. This influence was absorbed through a number of channels. In a few cases - particularly within the motor industry - the framework was set by a foreign parent company. More commonly the channels were diffuse, involving the impact of business conferences and seminars, managerial books, journal articles

and newspaper features on managerial theory and practice, as well as the influence on company CEOs and other executive directors of local and foreign managerial consultants, and in some cases, international trade and travel. In this way aspects of the experience of companies and national systems in Japan, Germany, the US, Britain and Brazil was absorbed into the South African business milieu. Once applied under indigenous conditions, the experience was passed on to other companies, through direct contact between executive directors and facilitative staff or, again, through the conference circuit and publications and through management consultancies such as Itisa and business forums such as CBM which emerged in the mid-to-late 1980s.

In this way the pool of information - and jargon - from which management could draw became widely available. As one South African business 'change' specialist put: "There's a finite set of ideas floating the world at a particular time and everyone picks them up, though they interpret them differently. Everyone's now talking about the 'Learning Organisation' and Peter Senge is the new guru, so business leaders go and get his ideas. Systems theory, which is actually drawn from family therapy theory, is also big across the world - how does a system interact with itself in sub-parts? You go to conferences and seminars and find people are talking the same language, and, of course, wherever you go you pick up copies of the Harvard Business Review. When I talk to people, they're all using the same jargon - global competitiveness, empowerment - everyone talks about empowerment now, though, of course they attach different meanings to it."[36]

5.2 THE EMERGENCE OF SOUTH AFRICAN PARTICIPATIVE MANAGEMENT

If the above discussion points the way to some of the general pressures and inducements prompting the participative wave, it is worth looking more specifically at how this came to be established. While participative management in South Africa was first initiated in a handful of companies in the early 1980s, it took until the end of the decade before they became in vogue in a critical mass of corporations. However, by the mid-1980s this option was starting to achieve a measure of prominence and respectability in business schools and business think tanks, and was beginning to make an impression on several prominent business leaders and consultants, even though, with the exception of isolated examples like Cashbuild and, in a different form, Volkswagen, there was little evidence until the second half of the decade of the implementation of these ideas in practice.

Writing in 1986, John Viljoen noted that despite various attempts at participative programmes, workers were no closer to effective participation than they had been a decade earlier. The reason, he wrote, was the "misconception that management is the application of a collection of processes, practices and techniques rather that a total system of interacting activities built on a cohesive corporate ideology."[37] While this observation was essentially correct, Viljoen's downbeat prognosis about the prospects for the future, turned out, in retrospect, to off the mark. Instead, the theorising about participative management gradually began to have concrete effects in practice because it gelled with the political requirements of some managements in this period. In the second half of the decade there were several notable interventions aimed at changing the business culture in this regard.[38] Of considerable significance was the work of Project Free Enterprise, and particularly its final report, "Economic Participation in South Africa"[39] published in 1986, which Christo Nel - later to play a central role in PG Bison, Itisa and CBM - was employed to draw up. It outlined

arguments for participation and dealt with concerns from within business about this option as well as with worker antagonism to business and to capitalism, noting that South African managers were not inclined to look beyond the day-to-day activities of workers, that they tended to reject worker participation in managerial decision making beyond the most superficial forms, and that most were strongly opposed to majority rule democracy, preferring limited reform within a group-based consensus system.[40] While this report and the work of Project Free Enterprise more generally did not initially make a major impact on business leaders[41], it helped to crystalise thinking on this issue of a number of some specialists in the field, who then built on the ideas when implementing participative programmes towards the end of the decade.[42]

But the caution concerning participative strategies was not confined to management. Among workers, and more particularly among the leadership of trades unions, there was a deep suspicion about such strategies which persisted throughout the 1980s and early 1990s, and certainly still exists in a more muted form at the time of writing. The dominant response was that participative management was a scheme to coopt workers away from class struggle and socialism and that workers had more to gain by keeping a distance from managerial programmes and adopting an adversarial approach. There were frequent statements from worker leaders about the dangers of participation - even from those associated with less confrontational stances. For example in August 1986, soon after the publication of the Project Free Enterprise report, CUSA general secretary, Piroshaw Camay argued: "One cannot talk about participation in the economic sector when there is still discrimination on a political level in this country."[43] At the same time, many in management feared that participative programmes would grant too much power to workers and their unions. Maller noted that the

reason for the reluctance of South African management to introduce worker participation structures was the "fear that labour will extend its control over production and undermine managerial prerogative"[44], and this was one of the reasons for the initial reluctance to embark on this journey.

Furthermore, aside from the resistance of management and worker leaders, there was the question of the ethos within business at the time, which required fundamental change before participative management programmes could succeed. Viljoen argued that in order to raise worker motivation through participation a system was required with the following requirements in place: 1. A friendly, relaxed, supportative work environment involving a comfortable relationship between subordinates and their superiors. 2. Managers showing full confidence and trust in subordinates. 3. Responsibility for achieving company goals shared at all organisational levels. 4. Employee development policies and fringe benefits implemented at all organisational levels. 5 Superiors and subordinates in close physical proximity of each other to promote interaction. 6. Teamwork encouraged to create affiliation with the workgroup.[45] He added that for participation to contribute to industrial democracy, workers required the right and ability to ensure that democratic interests were served within their organisation and the industrial relations system more generally.[46] Furthermore, to improve management decisions through participation, several additional, assumptions needed to be met: 1. That all employees were aware of the values, philosophy and success factors of the organisation. 2. All employees had a basic education, broad and detailed enough for them to appreciate the significance of multi-disciplinary worker-management interaction, including cooperation between different functional levels. 3. Employees were trained both to be competent in their jobs and to have the ability to perceive the organisation as a total

interacting system. 4. Employees perceived that effective participation on their part would result in a meaningful reward from the company.[47] This set of pre-conditions is too rigid, and suggests an ideal-type notion of participation, unlikely to be met prior to the implementation of such a programme under South African conditions. In most companies which subsequently initiated participative programmes, meeting some of these conditions formed part of the process of implementing their programmes rather then being regarded as a set of goals to be achieved before the process could begin in earnest. The goals of participation and of changing the workplace ethos were seen as directly related by most managements which moved along this road. Nevertheless, the usefulness of Viljoen's approach is that it indicates just how far most South African companies had to go in changing their managerial cultures before participative management could, at least, become self-sustaining.

As a result of the prevailing conditions and managerial ethos in South Africa and of the attitudes of management and unionists, there was no rush on the part of large companies to introduce innovations of this nature. Rather, there was a gradual move in that direction. A 1987 survey showed that of companies in the South African manufacturing and commercial sectors with over 100 employees, a large majority had not introduced any form of worker participation in decision making but that such programmes were beginning to gain currency. Eleven percent had quality circles, nine percent suggestion schemes, 15 percent communication schemes, 18 percent briefing groups, 20 percent employee trustees on pension or provident funds and 23 percent had joint health and safety committees.[48] Maller noted that the 11 percent figure for quality circles was significant and indicated "the increasing popularity of this institution since the early 1980s when quality circles were first introduced into South African companies".[49] There was a drive among various managerial consultancies and organisations such as the National Productivity Institute during this time to promote "in-

a-groups", quality circles and other autonomous workgroup forums to improve productivity and quality and communication between management and workers[50]. Douwes-Dekker, however, argued that the "success cases" of quality circle implementation in this period operated mainly in white collar and semi-public services enterprises where the power dimension of unionism was latent, and that very few recognition agreements contained specific procedures on this or other forms of worker participation[51], although it is worth adding that there were several companies which implemented quality circles in this period as part of an overall commitment to a TQM 'philosophy', rather than merely as an adjunct to existing hierarchical practices. Carlton Paper, for instance, a company unionised by Ppwawu, began changing its managerial structure along TQM lines in 1987, by reorganising production around natural work teams, eliminating some levels of management by shifting responsibility to these teams, and appointing employee development officers from the ranks of workers with the aim of identifying education and training gaps which needed filling.[52]

This period also saw the introduction on a significant scale of various programmes aimed at increasing the financial stake of workers in their companies. Profit sharing schemes for workers were gradually gaining in popularity in the 1980s. The 1987 survey cited above indicated that 21 percent had profit sharing or value-added bonus schemes[53], though in most cases these were not negotiated with unions and can only be said to be an aspect of participative management within the broadest parameters of the definition adopted in this study. Some subsequent performance-based reward systems, such as that negotiated between Volkswagen and Numsa in 1994, were based on company rather than individual performance, however and were negotiated with unions as part of participative packages. More significant, however, was the growth of Esops, which achieved a measure of popularity in the late 1980s.

According to one survey, 120 companies had introduced some form of employee scheme by October 1988[54], up from 24 a year earlier.[55] These schemes typically involved either an outright purchase of share (or minimum deposit) or an option to purchase, made available to all full-time employees, including directors. Most specified a maximum limit of around between one and 10 percent of the company's issued share capital.[56]

One of the most widely publicised was the Anglo American and De Beers scheme[57] first introduced in November 1987 after over two years of research. Anglo offered employees with two years service or more, five company shares, to be held in trust for four years (during which time workers received a small dividend). After this they had the option of selling, taking direct possession of them or retaining them in trust, with 69 percent of eligible employees accepting this offer.[58] The plan immediately attracted controversy because Anglo American did not consult its trades unions during the process, leading Cyril Ramaphosa, then general secretary of the NUM, to describe it as "political and economic blackmail that the corporation is using to try to seduce the workers away from socialism" and a "Thatcherite" plan to "make every worker a capitalist ... (and) ensure that free enterprise is entrenched in a post-apartheid society."[59] Similar criticism was levelled at Pick 'n Pay by its majority union, Ccawusa, when, in late 1987 it extended its existing Esop to workers with five years experience, with shares held in a trust fund for five years (after which they could buy their share or wait another five years before claiming it for no charge).[60] Ccawusa criticised the lack of consultation around this plan, attacked it for aiming to reduce worker power and promote capitalism, and announced an intention to oppose it.[61] In contrast to the Anglo and Pick 'n Pay approaches, as part of Ford's process of disinvestment, in 1987 it negotiated an agreement with Numsa through which 24 percent the equity in Samcor (Ford's successor)

would be held in trust and administered by workers, with dividends channeled into community development (though subsequently workers were given the choice of accepting the dividends for themselves).[62] Several other disinvesting companies adopted similar models including IBM (black employees gained 13 percent of equity in 1986), General Motors (an undisclosed portion of profits were shared with selected employees) and Coca Cola (one percent of its equity to previous Coke employees and 10 percent to black traders).[63]

However, the independent movement was reluctant to embrace Esops of any description. In a 1988 survey of all Cosatu unions, all but one (from a response rate of 67 percent) rejected Esops[64], while the then Cosatu general secretary Jay Naidoo[65] and the then-SACP secretary general Joe Slovo[66] also went on record as opposing them. However, Anglo American and Gencor won more kudos from NUM for their handling of profit sharing schemes at their gold mines. In 1992 a framework was negotiated with the Chamber of Mines as part of a job-saving plan, whereby every three months the mines calculated the total profit (after deducting capital expenditure). Thereafter part of any profit made went to the workers. The model involved two stages, with minimal profit sharing initially (five percent), and a higher worker share (up to 20 percent) once a "trigger level" was reached.[67]

At a very different level[68], in the mid-to late 1980s several companies also embarked on vigorous 'value sharing' programmes, aimed at countering racially related antagonisms, reducing the gap between managers and workers, and creating a better shop floor understanding. These typically involved white managers and black workers meeting to share perceptions of each other, explain their day to day problems, and discuss issues of racism. In some cases these programmes also involved an anti-racist educational component, and in

several cases what emerged from these sessions contributed to decisions to introduce literacy and numeracy programmes, upgrade training and improve company housing.[69]

Here, as in other aspects of the participative management wave in this period, the role played by the management consultancy Itisa was signifi- nt. For instance, one variant of the value-sharing process was pioneered at Cashbuild (in which Itisa had close connections[70]) and from 1988 was implemented in a more politicised form at PG Bison (which in the late 1980s had a 50 percent share in Itisa[71]), before being used as part of the change process programmes at several other companies which retained Itisa, including SA Breweries and Nampak.[72]

These value sharing programmes, along with the other dimension of participation, were not introduced in isolation of the political context of the day. 1988 saw a period of heightened business opposition to the government and a more defined role in the politics of negotiations, particularly with the formation of CBM. In 1989 De Klerk took over from a stroke-stricken Botha as NP leader and eight months later as State President. The release of political prisoners began in 1989 and the year also saw several high profile contacts between the ANC and various actors from the white business and political stages. In February 1990 De Klerk unbanned all banned organisations, released Mandela and later repealed most of the remaining apartheid laws, including the Group Areas, Separate Amenities and Population Registration Acts, while Namibia achieved its independence. While the form of the future political and economic dispensation was far from clear, it rapidly became apparent to business leaders during this transitional period that apartheid was on its way out, that the country's future would be decided by negotiations between former enemies and that the days of exclusive white rule would soon be over. As discussed in chapter three, the impact of these changes on the thinking of business leaders regarding their own, external political role

was considerable. It also contributed to a reassessment of past ways of managing their c[illegible]tions. In some cases, like Nampak and SAB, the catalyst was a damaging strike, in c[illegible] Premier a decline in relations with trades unions played a contributory role, and in all cases the role played by 'enlightened', or reformed, CEOs was crucial. There was a palpable sense among many business leaders that the old ways of doing things were no longer working and were destined for extinction[73]. White managers ordering around black workers, or in perpetual conflict with black unions, was not the way of the future, and a change in the direction of increasing worker participation and raising the proportion of black employees within managerial ranks was seen as imperative.

Writing in 1989 Maller noted that, "although management strategies of participation are in their infancy in South Africa, there is evidence of serious consideration being given to the establishment of structures which encourage worker participation in limited decision making on the factory floor".[74] She offered four reasons for this: 1. the need to improve productivity in the context of economic crisis; 2. the attempt to increase loyalty among the workers and diminish confrontation action as a result of the growth of unions earlier in the decade; 3. the need to draw on workers' skills and innovative capacities in order to improve productivity and the quality of their work; and 4. the need to "rescue" the project of free enterprise which had been jettisoned by the political programme of apartheid.[75] While her approach understated the role played by political pressures in this regard, and went too far in universalising the impact of trades union growth on this phenomenon, her general observations, and the prognosis they suggested, proved to be correct.

Certainly from the turn of the decade one can detect a greater sense of urgency within leading companies about considering participative schemes. For instance, after 1990 PG Bison Chief Executive Leon Cohen and members of the TPQ staff said they received "scores" of invitations to make presentations to other companies, conferences, business schools and other business forums, or to meet with or pass on materials to other managements.[76] Asked, in November 1991, what effect this was having on other companies, Cohen said: "I think they are now questioning very deeply what they have to do. We see it through CBM in and the question of looking at in-house change".[77] CBM's national organiser, Colin Coleman, said that accounts of participative success stories had a considerable impact on other companies. "What happened at companies like PG Bison was very broadly accessed via CBM and there was a lot of interest. The PG experience, in particular, was a very useful model. It quickly became very well known and had a definite influence in the in-house change area. There are 100 leading corporations in CBM and they're all very aware of what PG has achieved."[78]

This wave of managerial interest nudged the union movement into formulating more considered responses to participative management than they had managed previously. While in the 1980s attitudes within Cosatu unions ranged from passive acceptance to suspicion and antagonism, in the early 1990s there were moves within some unions towards arriving at a coherent policy. Perhaps the most significant intervention came within Ppwawu, which by 1992, found itself having to respond to an advanced participative programmes in which the unions were central to the process, at PG Bison, an emerging programme along similar lines at Nampak and a more conventional, TQM-type participative management scheme at Carlton Paper. The variety of responses within union branches prompted Ppwawu to seek assistance

from Wits University's Sociology of Work Programme, resulting in two senior officials being given two month research fellowships to produce a position paper on worker participation[79]. They warned against outright rejection of participation, arguing that such programmes were too popular with workers and shopstewards to take this road, and instead the position they advocated was framed around the term 'adversarial participation' (involving union-centred participation in certain management participative schemes with a view towards changing them, and ensuring they fell within extended collective bargaining structures, rather than being parallel to them)[80]. This was subsequently accepted as Ppwawu policy[81] and later became a dominant position within Cosatu.

One of the aims of the Ppwawu intervention was to encourage unions to run education programmes for shopstewards to inform them about the aims of managerial participative schemes and about how to respond to them.[82] While this was obviously a prudent response from the union's perspective, the depth of managerial enthusiasm for participative schemes at the turn of the decade should not be overstated. Despite the inclination of many CEOs in the late 1980s and early 1990s, the extent to which these programmes were effectively implemented during this period varied considerably from company to company, with the major obstacle often being the lack of commitment from middle managers who felt threatened by the process or could not see the point of it, and this contributed to the already deep-seated worker suspicions about such programmes which hindered their implementation in the medium to long-term. As Viljoen put it: "If the basic value system of an organisation is not supportive of participative management, great difficulty will be encountered in sustaining its use as a management technique. After an initial period of enthusiasm, probably because of the novelty value, both workers and management will begin to resist the technique."[83]

A 1993 survey of 22 South African companies which had introduced participative management programmes of some kind, found that 26 percent of the 9 500 workers in these firms did not trust management because of "autocratic style", "bad supervision" and "no suitable recognition". This compared with a figure of 38 percent of workers not involved in participative programmes who did not trust management for similar reasons, suggesting that trust levels were significantly higher in companies with participative programmes, but mistrust was still the dominant worker response.[84] Commenting on this survey, Petrie Schutte argued that despite the commitment of CEOs to these programmes, "a very high percentage of managers in South Africa still lack the ability to deploy participative processes aimed at empowering people and making them excited about their jobs."[85] He said much of the problem lay in the lack of commitment and resistance to change shown by line management "Management has never learned to take up business challenges in cooperation with its people. More often than not, corporate goals are striven for in spite of, and without consultation with, the person at the shopfloor level, who makes it happen. ... Most often the line manager is concerned about achieving production targets - often irrespective of, and without regard for the interests of employees, and it is left to the personnel function to take responsibility for looking after the individual within the line function. Unfortunately, this management practice is still alive and well today."[86]

Most of the companies introducing coherent participative packages in the late 1980s and early 1990s were based in the manufacturing and to a lesser extent the retail sectors. Among the mining conglomerates, only Gencor introduced a substantial stakeholding approach, while there were less ambitious examples in the banking sector. But several of the major movers in South African industry made few substantial efforts in the direction of participative

management beyond the introduction of Esops and profit sharing schemes, despite, at times, adopting a high profile stand on political issues and making a stand for political democracy. The most significant example was Anglo American, which, through several of its directors, played a prominent role in pressuring the government to move away from apartheid and in supporting programmes aimed at eliminating racism. It also had the most ambitious external corporate social responsibility programme of any group[87] and, as is mentioned above, took a lead in initiating Esop and profit sharing schemes for its employees, as well as in recognising independent unions, in the provision of housing and of provident funds for workers, and in affirmative action[88]. Furthermore, through its 'High Road' scenario productions at the turn of the decade, some of its directors showed enthusiasm for aspects of Japanese managerial practice[89]. But as far as implementing employee participation at the enterprise level there was little evidence of sustained interest and no moves from the centre to set up either task and value-centred forms of participation (such as quality circles and value sharing groups) or less direct power centred forms (elected works councils or workplace forums), with no enthusiasm for the stakeholder idea internally and little attempt to change the management culture or introduce participative forums beyond those of the collective bargaining structures. When the issue was addressed, it came with a firm rejection of extending democracy from society generally to the workplace[90], and, subsequently, arguments for a reduced role for unions[91].

One reason for this approach may be the British and American managerial approaches from which the company has drawn - from the Oxford education of many of its executives to the influence of the US Minorco connection. But perhaps more important is that the structures and traditions of the group, and particularly its centralised command structure and the lack

of real autonomy of most of its subsidiaries and divisions, has made experimentation more difficult. As Cohen put it: "The application of the principles of democracy can happen within any company, no matter how big or small, although if this were to be initiated in large holding companies, such as Anglo American, Barlow Rand and SAB, it would be best organised within the natural business units, rather than from the corporate headquarters."[92] He added, however, there was no reason why the "commitment for this method of democratic development shouldn't emanate right from the top - from the shareholders", even if the organisation took place at a lower level[93]. This is precisely what happened within SAB at this time, but with Barlows (where the added dimension of the secrecy required by its armaments producing divisions provided a further drawback to worker participation), and Anglo American, there was neither the commitment at the top, nor the autonomy within the 'family', for participative programmes to flourish. But despite this caution, by 1994, when white rule finally ended, participative management programmes had been implemented in a substantial minority of medium to large companies, including several in which Anglo and Barlows had ultimate control (through interlocking shareholdership). And, as is discussed in chapter six, since then the pressures favouring participation have continued to mount, albeit with considerable ambiguity, as a result of the imperative to improve performance and efficiency because of the increased local and foreign competition following the lifting of sanctions and tariff barriers, and as a result of the political imperatives of majority rule which have prompted moves to increase black economic power, both through affirmative action and through the democratisation of aspects of the workplace, and, more particularly, through legislation.[94] By the mid-1990s several companies involved their unions in the governance of the organisation, including through their company boards[95], and this trend will be stepped up as a result of the provisions relating to workplace forums in the Labour

Relations Act. To build a fuller picture of the field, and to better understand how political factors coalesced with concerns about union growth profitability and market share, in prompting these ventures, it is worth examining some of the representative examples.

5.3 CASHBUILD AND VOLKSWAGEN

Two of the earliest examples of comprehensive participative management programmes were those at Cashbuild Limited, the southern Africa-spread building materials wholesale company[96], and Volkswagen South Africa, the Uitenhhage-based, German-owned motor manufacturer. The comparison is interesting, not only because both have been the subject of debate within business, trade unions, academic circles and more generally[97], but because they form models which, in several respects, arise from conflicting managerial and trade union approaches. They also emerged in firms with substantially different conditions: the one a high paying, single factory manufacturer with a strong union presence, the other a relatively low paying, multi-store retailer, with a weak union presence. VWSA, a wholly owned German subsidiary, introduced its programme through the mechanisms of its collective bargaining structures as a result of a sustained conflict with its main union, and focused primarily on what Salamon and Douwes Dekker call power-centred but indirect forms of worker participation while Cashbuild, which had a weak union presence, focused both on direct, task oriented forms of representation and direct and indirect power centred forms of a different nature[98], and at the same time placed considerable emphasis on changing the work culture and eliminating managerial racism, something that VW placed less priority on. Furthermore, the comparison is relevant because aspects of both models have subsequently

been absorbed into various other firms, including PG Bison, Premier, Nampak, Gencor, SA Breweries and Mercedes.

5.3.1 Cashbuild

Cashbuild was formed in 1978 as part of the Metro Cash and Carry group, with the aim of focussing primarily on the African wholesale building market. In 1983, after significant profit losses, its managing director Albert Koopman introduced a participative management scheme - with the acronym CARE (Cashbuild's Aspirations with Regard to Excellence). Koopman and his successors appear to have had considerable autonomy in conceiving and implementing this programme, despite being a wholly subsidiary of Metro Cash and Carry and later of Pepkor. One reason for this is that the company's performance since participative management was introduced in 1983 was generally impressive, a factor which has kept its holding companies from intervening to short circuit the process.[99] The system was imposed on the company from above, with Koopman insisting that CARE be introduced at all branches, leading Lynas and O'Neill to criticise this "highly authoritarian" approach[100], though it is difficult to see how such a radical departure from a managerial system (which the company subsequently described as highly centralised, rigid and traditional[101]) could have been implemented without an initial measure of compulsion.

Cashbuild's participative management programme was launched after an initial "year of total research" involving discussion with the employees through a series of workshops and surveys, and a process of studying Japanese management approaches and Japanese philosophy, as well as Zulu language and culture, which led Koopman to stress the

communal (rather than individualistic) values of his African workers, and the need to develop programmes which would be consistent with this heritage. He concluded, for example, that the hierarchies of the previous managerial system were meaningless or demotivating to workers and looked towards Japanese precedent to find what he regarded as relevant cultural parallels.[102] The Cashbuild experience was subsequently described by Freund as one which "is as close a model to a South African prototype of Far Eastern production culture as one could find"[103] Furthermore, from the start the programme was viewed in political terms, because, as one company document puts it, Koopman and senior managers recognised that "what the black people of Cashbuild wanted was a political commitment."[104] This was subsequently framed as a "solution to the South African business dilemma" which would facilitate the "managing of the various cultures in the work place" and counter the "symptoms of apartheid", and the "white positional versus black personal power" dilemma.[105] Though the company avoided taking an external political profile, Koopman was one of a group of businessmen subsequently involved in the discussions with UDF and Cosatu political leaders which led to the formation of CBM.[106]

After the year of research, CARE presidents in all branches were elected and taken off the job to participate in 'indabas' where their opinions were solicited on the company and on their own needs, aspirations, and beliefs about the future. Koopman and his senior managers found that the views of the black presidents and the white managers were often diametrically opposed to each other, with the former feeling alienated and viewing the company as an exploitative instrument of white domination, and the latter feeling the ethos in the company was acceptable.[107] According to Gerald Haumant, who succeeded Koopman as CEO, the specific objectives of white managers related to growth and rewards, while for black workers

the priority was a stable workplace, lifetime employment, the right to fire managers and the promotion of women.[108] The initial roles of the branch presidents included conducting in-house surveys about employee grievances and problems within the company.[109] The results provided further evidence of a gulf in the aspirations and attitudes of black and white employees. As Koopman put it: "For a whole year we collected every single problem, political or otherwise, which existed between our white managers and black staff. We recorded every single event - unfair dismissal, bad treatment, foul language, and that wasn't good enough, because although we recorded it, what came out of that was very sad."[110]

The outcome of this process of consultation was a fresh set of company principles, stressing, among other things, joint decision making between management and other employees, easy access to management, full disclosure of information on the company and a strict ban on any form of racial discrimination.[111] Soon after, CARE groups were set up consisting of employees in each of five categories ranging from unskilled workers to senior management, with a president elected by each group, whose role was to communicate with management on issues of common concern. CARE group meetings were held a minimum of once a month.[112] But by late 1983 some of these CARE presidents were rejected by workers for being "too white" (through becoming increasingly identified with management). Further consultations through the CARE process revealed to management a strongly expressed desire among workers for greater participation, and this led to the establishment of the managerial forum, 'Venturecomm', early in 1985.[113]

Through secret ballots, all employees elected representatives to a Venture Committee in each branch or store which comprised more than 10 people, in order to fulfil defined managerial

roles. Venturecomm portfolios included merchandising, labour relations, worklife quality, safety and operations (a position always held by the branch manager). Besides the branch manager all Venturecomm members were elected annually, after which they were trained in decision making and management skills.[114]. Their powers included training selection, distribution of bonuses, hiring and firing of all staff, including managers (raising the theoretical possibility of workers dismissing a manager), promotions and demotions, security, performance appraisals, grievances, discipline and personnel counselling.[115] Each Venturecomm representative was responsible for decisions and actions taken in his or her management area.[116] It was viewed by the company as the prime forum for its participative programme. As one in-house publication put it: "Venturecomm serves as a platform for freedom of speech and upward mobility of staff and for the active involvement of all races, religions, sexes and creeds in the day to day running of a Cashbuild branch. It will serve as a platform for **genuine management involvement** by all staff through a process of **joint decision making** at all levels. **Effective communication** and time management thus achieved will lead to an era of trust building by virtue of developing **unparalleled company commitment** through directed **team effort** and company **shared values.**"[117] The Venturecomms did not, however, determine investment and financial strategy, nor negotiate wages. Instead, each year at the annual 'Great Indaba' two elected representatives from each branch gathered to discuss wage and renumeration packaged, make company policy, represented all the CARE groups and generally operate as what the company called a "democratic forum of majority rule".[118]

Meanwhile the CARE groups continued with their previous functions though they appeared to have been de-emphasised in the early 1990s. In addition, as part of the CARE process,

the company introduced 'Hana-Hana' meetings (problems and complaints sessions) every six months, involving one elected worker representative from each branch and selected executive, regional and branch managers. These meetings had open agendas and would usually take place around a fire in a bush setting. The aim, according to Haumant, was for management to listen, observe and record employee perceptions, but not to judge.[119] There was a variety of other measures aimed at increasing productivity and loyalty to the company (not all relating to participation), including a system of bonuses for high sales, an annual profit-sharing scheme, inter-branch competitions, merit awards, letters from management to employees in recognition of achievement (or of under-achievement) and the "Hall of Fame" board at the company's Head Office in recognition of "outstanding contributions".[120] In 1992 Pepkor signed a 'Charter of Autonomy' agreement, recognising Cashbuild's policy that up to 15 percent of pre-tax profits could be distributed in bonuses and that up to 25 percent of equity could be owned by the staff.[121]

Cashbuild introduced several community-oriented programmes for employees, focussing on training, education and housing, as well as a group retirement plan, but did not have an external corporate social responsibility programme.[122] The housing programme involved loans drawn from the company retirement fund, which were available for buying, building or improving houses.[123] All management and technical skills courses were run externally[124]. According to Haumant, in one year, 40 percent of all staff attended a formal training course to supplement on-the-job training.[125] Literacy programmes were carried out at branch level and according to the company, by 1994 only four percent of their employees were functionally illiterate.[126]

Considerable effort was given to challenging racial attitudes, particularly on the part of white staff. The introduction of CARE groups and then Venturecomm led to an initial decline in support for the company from management, though by September 1985, according to Koopman, this had returned to its 1981 level of 89 percent. The reason for this was that he had "lifted them out of their traditional South African way of thinking".[127] Racism was banned and the company introduced programmes such as joint management-worker social events involving staff and customers, to help combat it. However, according to Maller, "the perceptions of workers indicate that some level of racism persists, despite branch managers' adherence to official company policy".[128] However, her survey of worker attitudes also suggests that most managers were, by 1989, well respected by those under them. 68 percent of her worker respondents said their branch managers consulted them regularly, 74 percent said branch managers treated them as human beings and 70 percent said managers were concerned about the welfare of workers[129], while 62 percent ranked their branch manager's communication with workers as very good or good.[130] Certainly the company's leadership has placed considerable stress on the priority of listening to worker complaints and criticism, constantly assessing their reactions and on learning to feel comfortable in this milieu. According to Haumant, the keys to the participative management process are to monitor employee aspirations on a regular basis and to have a management team which was open to criticism and which "puts its money where its mouth is". He went on to say: "The pilot of change must adapt at all times to the context he faces. Participation at all times highlights the shortfall of management. You have to feel comfortable with criticism."[131]

An ongoing criticism from workers related to the dominance of whites within the ranks of management. As a result, the company formally adopted an affirmative action programme

with the aim of headhunting potential black managers from outside the company. Cashbuild Human Resources director Kevin Lowe said this resulted in one in four management appointments being externally based.[132] Of the 1 104 people employed by the company[133], 776 were black (African), 152 white, 139 coloured and 37 Indian. Of those classified as managers, 30 percent were black.[134] Lowe said the company aimed to have 75 percent black managers by the year 2 000[135], though in 1992 Haumant had predicted Cashbuild would reach the 75 percent figure by 1997[136].

Cashbuild's attitudes to trades unions in general, and to its own trade union, Saccawu, in particular, could best be described ambiguous. While there has been no anti-union action or rhetoric at the company, and the company has always allowed union subscriptions to be deducted through stoporders, the predominant view in the early days of the company, was that unions had little role to play. In 1990 the then-human resources director, Roy Bagatini, said Cashbuild had never been hostile to unions, and argued that the company's value system distinguished its approach from conventional industrial relations, adding that the company had won the trust of the workers over the years.[137] Writing in 1992 however, Maller, described the attitude of management to the union as "predominantly unitarist", though this appears to have been too rigid a definition of their approach at that time. She noted, for example, that the Venturecomms bore close resemblance to the German Works Committees, which, as is discussed in chapter 4, contain a strong pluralist element, though she added that at Cashbuild the Venturecomms had only limited influence over corporate policy.[138] It is worth mentioning that Koopman's attitudes to unions appeared to change gradually in the direction of a more pluralist understanding of industrial relations around about the time of his departure from Cashbuild to take up the position of MD of another wholesale chain,

Trador Cash and Carry in 1987[139], and, at least in theory, this shift in perception was carried over to Koopman's successors at Cashbuild.

Maller' research indicates that 10 percent of Cashbuild employees were union members in late 1984, and this increased to 26 percent in 1989[140], though according to Finance Week under four percent of staff were unionised by 1992[141], and according to the company, about six percent of all employees were paid up members of Saccawu at this time (though the MD estimated that the total membership was closer to 10 or 15 percent[142]). The low level of unionisation was partly a result of the small sizes of the branches (an average of about 14 employees per branch in 1994)[143] and their predominantly rural location. Maller argued that as a result of this, the effect of the union on working conditions, wage rates, relations among workers and between workers and management was negligible. 74 percent of her worker respondents felt the union had no role to play in the company, and only seven percent felt the need for the protection offered by a union.[144] The company has never experienced a strike at any of its branches throughout its 18 year history.[145] Her research also indicated that wage levels at Cashbuild were "extremely low relative to wages earned by retail workers in urban, unionised companies"[146], though there have subsequently been significant increases in the company's minimum wage, including a rise in the minimum wage from R780 to R 1 000 between 1992/3 and 1993/4.[147] A majority of respondents (64 percent) "reported good or satisfactory working conditions"[148] and 90 percent said they were never or seldom ill, leading her to conclude that despite being based in areas traditionally associated with chronic disease patters, "there appears to be a low prevalence of disease and ill-health which can partly be explained by a non-hazardous working environment."[149]

Maller's antipathy to the programme[150] arises from her view that "there is clearly no institutionalised structure of collective representation at Cashbuild"[151], as well as her view that the internal system of collective representation through the CARE groups and Venturcomms was inadequate, and therefore that Cashbuild workers had little opportunity for influencing decision-making.[152] While her criticisms of the paternalism that has sometimes been an aspect of the company's ethos, have validity, a weakness in her approach is, as Freund notes, she is "reluctant to celebrate Cashbuild success, given her strong union commitment and the reality that management power is not seriously affective by the participatory structures."[153] It is worth noting, for example, that a majority of the worker respondents (54 percent) to her own survey felt they were personally involved in decision-making and that "they had a say".[154]

Furthermore, the company had considerable success in eliminating managerial racism and in reducing the communications gap between workers and management. Its strike-free history and its record on health, safety, as well as the positive responses elicited in her surveys from workers on their working conditions, suggests either an unlikely degree of universal benevolence on the part of management, or, more credibly, that the collective worker voice through the participative structures, was less muted than Maller's conclusions indicate. Given these achievements, and its long tenure with its CARE programme, it seems recalcitrant not to cite the Cashbuild example of participative management as one of the more successful in the South African experience.

5.3.2 Volkswagen South Africa

Volkswagen South Africa (VWSA), a wholly owned subsidiary of the German-based corporation, also began moving in the direction of greater worker participation in the early 1980s, though it followed a route distinct from that at Cashbuild with a substantially different destination. Its motivation, successes and failures can be sourced primarily to two factors: First, periodic strike waves by a militant and increasingly politicised trade union, which, however, held a deep-seated suspicion of co-option through managerial overtures. Second, the benevolent influence of a foreign parent company whose managerial attitudes had been forged through several decades of co-determinism, and, related to this, a liberal top management regime at VWSA. The relation between the parent company and subsidiary has been particularly important. The VWSA board was (and is) chaired by a senior German executive and while it enjoyed considerable autonomy in terms of daily operations, its strategic business plans required the sign-off by the parent company.[155] Most aspects of its relation with its workforce therefore fell within the realm of the local management's domain, though this was strongly influenced by the advise from the VWAG representatives.

VWSA's initial entry into the stakeholder terrain can be traced to its 1980 trade union recognition agreement, which followed a year-long strike wave. This provided for the election of part-time shop stewards, and was followed by the merger of two existing independent unions into the National Automobile and Allied Workers Union (NAAWU - which later merged into Numsa). A year later NAAWU and VWSA negotiated a 'Code of Conduct' which, among other things, prevented supervisers from disciplining workers without the union's involvement. Despite the progress in this respect, in 1982 VW workers,

along with other motor workers in the Eastern Cape, went on strike (followed by a wave of subsequent industrial action) over a wage dispute. This led to a new series of negotiations after which full-time shop stewards were introduced (eight by 1989 and 14 by 1994) along with an initial quota of 35 other shop stewards, all of whom enjoyed considerable powers within the company.[156] Another major wave industrial action came in 1985 when Ford workers, along with 100 000 others from the Eastern Cape, including the VW workers, embarked on a four day stayaway against the Amcor-Ford merger, increased petrol prices and retrenchments.[157] A further wave occurred in 1989 when, between June and September, there were 30 strikes and work stoppages, many in response to dismissals[158]. Thereafter strikes became almost an annual occurrence[159], in some cases over pay or dismissals, and at other times as part of regional and national disputes within the motor industry. During the first five months of 1994 the company said it had lost R20 -R25 million in "unprocedural" strikes[160], which its HR Director, Brian Smith, said would "threaten the future of all jobs at VW and throughout the supplier industry."[161] In August 1994 25 000 motor workers[162], including 5 000 from VW[163], were involved in an industry-wide pay strike, lasting five and a half weeks (at VW[164]) - estimated to have cost the industry R2.5 billion[165], and endangering its future in the region.[166]

VWSA was headed throughout this period by a liberal and socially active MD, Peter Searle, who favoured a formal working partnership between capital and labour[167], though the company's labour relations department adopted a more explicitly pluralist approach, making a point of acknowledging that management and workers had distinct interests. At least until the end of 1994 the tone of relations between labour and capital remained essentially adversarial, despite management attempts to shift this, and the company was unable to move

with regard to participative structures without the prior approval of the cautious Numsa, which, by 1990 had 81 percent membership among wage earning workers[168], and had the authority and structures to act in a unified way. The dominant attitude within the branch, and within the Eastern Cape Naawu more generally, particularly during the early 1980s, was one strongly influenced by 'workerist' currents within Fosatu, the main union federation prior to the formation of the larger and more overtly politicised Cosatu. This approach, which was influenced by militant currents within the British syndicalist tradition[169], involved a strong emphasis on the autonomy of working class 'struggle' and particularly on the independence of trades unions, both from management and from political and community organisations, such as those within the UDF, with a national democratic programme.

By the late 1980s, however, there was a shift in direction within Eastern Cape Numsa towards a closer alliance with community organisations within the Congress tradition[170], largely as a result of popular pressure from shop stewards and rank and file members. One effect of this development was to ensure that mass community struggles of the period, and the political militancy of the community more generally, began to have a profound impact on the union, which spilled over to its relations with the company. The combination of the hands-off, adversarial approach of the Fosatu days, and the politicised militancy which emerged subsequently, created a gap between workers and management, which, in many respects could not be bridged, at least until a national political settlement was reached. According to Maller the need to move towards a more cooperative model of industrial relations, which did not compromise union independence, was widely accepted within the union at the turn of the decade, but this was premised on the view that this presupposed the extension of political rights and the upgrading of their community.[171] And partly as a

consequence of the suspicion of managerial motives, a state of industrial tension, with periodic strikes, walkouts and other forms of industrial action, continued, despite efforts by senior management to develop a better working relation with the union. What this suggested was that the company failed to institutionalise conflict in the way it set out to do. There was a great deal of caution on the part of the union with regard to management-initiated programmes and structures, with a strategy of 'adversarial participation' being followed, and some of management's overtures, such as for union representation on the company's board, were rejected until 1994.[172]

Nevertheless, aspects of Germany's co-determination model were introduced with union backing in the late 1980s and early 1990s. Particularly important were the joint management-worker committees to promote co-operation on issues of common interest. The key committee was called Jumec (Joint Union/Management Executive Committee) comprising the company directors and the full-time shop stewards, which met four times a year to discuss 'corporate strategic issues' and information on company performance.[173] This was viewed by management as an embryonic, German-style works council, and by the union as a negotiating forum where its concerns could be put to management, and through which it could obtain strategic information on the company.[174] By 1994 VWSA had a variety of other participative structures in place, including Business Unit Committees (involving weekly meetings of unit managers and shop stewards to discuss issues of concern to business units), Plant Committees (monthly meetings of shop stewards and business unit heads) to discuss matters of plant-wide concern and issues which could not be resolved by the Business Unit Committees and including provision for joint union-management presentations on business unit successes and failures, a Negotiating Committee (meeting when necessary and

comprising senior managers, shop stewards and union officials) to negotiate company policy and issues of strategic concern and various working groups comprising union and management representatives to develop proposals and or implement agreements.[175]

Management also succeeded in introducing important components of Japanese motor industry production technique, as well as its continuous improvement programme[176], though the potential for introducing some vital aspects of the Japanese model, such as a 'just-in-time' relation with suppliers, was curtailed by the periodic strikes and work stoppages which regularly interrupted the flow of goods and services. Despite these innovations VWSA maintained a policy of labour intensity, which implied avoiding the introduction of new capital equipment if this was likely to replace jobs[177]. Management was not able to secure any agreements related to productivity, such as performance or profit-linked bonus schemes or employee share ownership schemes prior to November 1994, although it remained one of the highest payers of wage earning employees in the country.[178]

Part of the problem for management in gaining a deeper acceptance of its stakeholder approach was that the programme at VWSA had little effect in challenging the racism of white employees.[179] One reason for this was that the participative structures emerged were introduced primarily through the existing collective bargaining structures, which in practice tended to limit their scope. Furthermore, they were drawn to a significant degree from the German model as well as from prolonged negotiations with a union maintaining strong reservations about increasing day-to-day, individual participation. As a result there was no attempt until 1994 to introduce task-centred structures along quality circle lines which might challenge white racism and reduce racially-related conflict. There was also no attempt from

either management or the union to introduce programmes aimed at changing the work culture more generally - along the lines of the value sharing workshops introduced at companies like Cashbuild, PG Bison, Premier and Nampak. Workers perceived that management was entirely a white affair, and therefore equated the political conflicts of the day with those at work, and Numsa included "apartheid wage anomalies" as an aspect of wage disputes.[180]

Behind this was a paucity of black representation in managerial ranks. Of 7 160 people employed at VWSA in August 1994[181], 3 194 were African, 1 797 coloured, 2 082 white and 87 Indian. Of 38 senior managers, one was black, while of 477 middle and junior managers, 35 were black (African, coloured and Indian).[182] As a result of this low representation of black employees in managerial ranks, VW launched an affirmative action drive in 1993 to increase the proportion of blacks in management through outside recruitment[183] (and among those employed were several prominent UDF leaders.[184]) However, there appeared to be little attempt to upgrade wage earning black employees to managerial positions. As a black marketing manager put it in 1995: "My impression is that the company is now very serious about combating racism and I have been well treated since arriving here in 1993. They have a major affirmative action drive, but it is still very difficult for workers to move into management, so the union can use the issue of racism to maintain support. Black managers are all recruited from outside like I was."[185]

In 1994 Numsa and some of the white foremen and technicians made their own attempt to combat racism when the union recruited members of the white Iron, Steel and Allied Industries Union, some of whom were previously prominent in right wing, Afrikaner organisations in Uitenhage such as the CP and AWB. This followed a VWSA announcement

that salaried staff would have to undergo assessment tests, which led many whites to the conclusion they would be better protected by joining the more powerful and better organised Numsa. The motivation from Numsa's side related to the perception that jobs were defined in racial terms with whites automatically joining the ranks of the salaried staff and blacks being slotted into the wage earning categories[186] - a claim challenged by company figures showing that in August 1994 only 49 percent of artisans, foremen and supervisors were white[187]. Numsa's aim was to win majority support among the 1 800 employees in these categories in order to eliminate what they saw as de facto racial classification and to create a single bargaining forum for non-salaried and salaried staff.[188]

To improve relations with its workforce and the surrounding community, VW worked with Numsa in initiating several community-oriented projects, some aimed at benefiting VW workers directly, and others at a wider community. After two years of discussion and negotiations, the company launched its VW Community Trust in December 1988, involving union and management representatives, with the aim of initiating community projects for workers and the broader community[189]. It also introduced well-funded literacy, numeracy programmes, and, in late 1994 a multi-skilling training scheme[190], as well as training for unemployed workers, and scholarship and bursary schemes[191]. An ambitious low cost housing programme was also introduced for VW workers in Uitenhage 1995[192] - a development cautiously and critically accepted by Numsa.[193] Externally oriented commitments included a R10-million pledge to the RDP, made by VW group chairman Dr Ferdinand Piech at a meeting with Nelson Mandela in August 1994.[194] Programmes emanating from the VW Community Trust included various educationally oriented schemes[195] (which have accounted

for between 60 and 72 percent of the fund's budget[196]), job creation, community action and business development programmes and support for township sporting clubs.[197]

After the August-September 1994 strike the company and the union began to ease their long-term antagonism and move away from the adversarial relations of the past - first through a multi-faceted agreement in the direction of a more far reaching stakeholder programme at VW itself, and later as part of an industry wide agreement. The result was that a period of industrial peace emerged and racial conflict was reduced. After several months of negotiations, in November 1994 VWSA and Numsa (together with the Iron and Steel Workers Union) signed an agreement described by Innes as "the boldest move yet towards industrial power-sharing in South Africa."[198] Included in it were elements both of the Japanese-American TQM model and the German co-determination system, as well as indigenous dimensions. Essentially, it involved a commitment from the union and the company to work together to promote the continued viability of VWSA. Its main components included: The formation of a joint union-management executive committee to meet quarterly to discuss company strategy and share information about company performance; the formation of quality circle-type work teams as part of a programme to flatten management structures; the introduction of a company-based performance-reward system as part of a plan to increase production; the acceptance of 'outsourcing' (contracting out) of non-core activities; a moratorium on retrenchments[199] while the agreement was being implemented[200]; a commitment by the company to training and skills development as part of an agreement by the company to pump an initial sum of R10-million into basic education with the aim of benefiting up to 1 000 employees and a firm commitment by the union and a company to

implement affirmative action principles, prioritising black and women's appointment both internally and externally.[201]

Innes argued that this agreement represented the way to "bridge the gap" between the conflicting approaches of unions and management towards participation (with the former seeking to democratise the workplace through extending their scope in company decision making on questions such as investment, training, retrenchments, research and development and the latter seeking to improve company performance through increasing worker decision making in work tasks and through emphasising 'green areas' and teamwork). He noted that the introduction of a performance-based reward system on a company-wide basis implied a compromise, with the union accepting the notion of an incentive scheme for the first time, but ensuring that its rejection of individual-based systems won the day. Furthermore, the union gained an increased role in the joint executive committee whose function extended beyond discussing workplace tasks and could extend to negotiating criteria for the appointment of certain managers, and also gained an acceptance of a retrenchment moratorium (removing the fear that performance-rewards were a prelude to layoffs). Management for its part gained union cooperation in the formation of work teams and in 'outscoring', which gave the company greater flexibility.[202] Overall, it appears that the union, negotiating from a position of strength after a prolonged and successful strike, was the main beneficiary from the deal in that its power relative to management was strengthened without it having to make substantial concessions.

This deal was complemented by a three year agreement between all motor industry employers and unions, including VW, signed in June 1995. This agreement, effective from July 1 1995