

COMMUNITY RESPONSES TO DECLINING INDUSTRIES

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There is a need for progressive organizations in marginalised communities to consider collective responses where unemployment and poverty are exacerbated by declining industries in “company towns”.

INTRODUCTION

With the current debates around ArcelorMittal, industrial development and steel pricing have



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tended to ignore what is probably the most crucial aspect of a development strategy: the responses of precarious working people to declining industries and the consequent unemployment and poverty. This is well illustrated in and around Vanderbijlpark, a company town directly associated with the steel industry. While the National Development Plan (NDP) can play a role in building industries that create jobs and sustain workers in the future, the lack of a thorough discussion on the responses of working class communities deprives both the state and progressive organisations of opportunities to support those most severely affected by declining industries, retrenchments and unemployment.

This article argues that it is the time for a systematic and concrete

analysis of developments within poor, working-class communities, so that the progressive and collective responses of marginalised people can be taken into account when considering ways to alleviate the depredations of poverty and strengthen the resilience of the poor. This is particularly important in view of the general understanding that innovative industrial strategies will provide employment for only a tiny minority, and that jobs that are available in both the public and private sectors will probably offer less security and lower wages.

To examine these issues effectively, we look closely at Vanderbijlpark. Situated approximately 70 kilometres south of Johannesburg, it is where the ArcelorMittal Vanderbijlpark plant was established in 1942 as part of the Iron and Steel Corporation (Iskor), which was formed in 1928 as part of the state strategy to develop the local steel industry and create employment opportunities for white workers. The first part of this article will briefly describe the evolution of the plant, the changes in its ownership, and the reorganisation of its production processes in the face of global competition. The decline of the plant is then recounted, as well as its impact on working class communities in the area. This is followed by critical reflection on the responses of poor

and working-class communities to the decline of the ArcelorMittal plant and other industries in the area. Finally, the article provides tentative suggestions regarding developmental strategies that could help to strengthen community initiatives designed to mitigate the effects of unemployment and poverty.

ISCOR AND APARTHEID SPATIAL DEVELOPMENT

In 1942, land was acquired to build another plant in Vanderbijlpark. The planning of Vanderbijlpark, known as “the Steel City”, followed the usual pattern of town-planning under the apartheid regime; the town was divided into two: a superlative white residential area and a dreadful black township. Both residential areas emerged around Iscor, the heart and mainstay of Vanderbijlpark. The white town council was responsible for running the town, and it also managed the black townships in conjunction with the marionette Bantu Advisory Board composed of a few blacks (Hlatshwayo 2003).

Besides the town infrastructure, Iscor provided white workers with cheap, adequate housing by giving them housing loans at interest rates that were below market rates. If these workers chose to rent accommodation, their rent was heavily subsidised. It was these fringe benefits that attracted white workers to Iscor as, during apartheid, Iscor had to compete with the private sector, which paid better salaries (Xaba 2004).

Iscor housed migrant labour in police-controlled, carefully segregated areas that resemble the old mining compounds, but were built on a larger scale. In towns and cities, the National Party had eroded the citizenship rights of African workers and given them “citizenship” of the poverty-stricken bantustans (Hlatshwayo 2003). African workers stayed in the deprived



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black townships of Boipatong and Bophelong, often in compounds, and under dreadful living conditions.

Post-apartheid developments did not fundamentally change apartheid geography. The black middle class who worked for the post-apartheid state and the private sector left the townships and occupied the “white” suburbs of Vanderbijlpark, but the vast majority of the black population continues to live in the townships. The post-apartheid state built “RDP” houses as a response to migration into the area and the growing housing needs of the black population. The rising demand for housing and accommodation were accompanied by an exponential deficit in service delivery.

PRIVATISATION, CHANGES IN OWNERSHIP AND LEAN PRODUCTION AT ISCOR

As part of the apartheid state’s policy, Iscor was privatised in 1989. Unbundling occurred in 2001, and, as a result, iron-ore mining was taken over by Kumba Resources, while Iscor South Africa focused on the steel business. There were also various changes in the ownership structure of the company and, in 2006, the company became part of the ArcelorMittal Group, a leading

global steel company (Hlatshwayo 2013).

Besides privatisation and changes of ownership, the plant also undertook an extensive implementation of lean production, introducing programmes that sought to reduce waste, produce steel according to orders and customer specifications and use technology to speed up production and improve the quality of products. Unlike Fordism, which emphasised mass production and paid less attention to the requirements of clients, lean production was more concerned with eliminating wastage and reducing the size of the workforce (Hlatshwayo 2013). Lean production at the Vanderbilpark plant led to massive retrenchments which affected both black and white workers negatively. Between 1989, when Iscor was privatised, and 2015, when the company was acquired and controlled by ArcelorMittal International, 46 642 jobs were lost in plants located in Vanderbijlpark, Vereeniging, Pretoria and Saldanha Bay. By 2015, the ArcelorMittal Plant in Vanderbijlpark employed only 4 500 people. Close to 10 000 jobs were lost between 1989 and 2015 at the Vanderbijlpark plant alone (ArcelorMittal South Africa 2015).

While the ArcelorMittal Vanderbijlpark plant remains the main company in the Vanderbijlpark area, it plays no role in easing the plight of the unemployed or in the development of the area. Of course, some local businesses did benefit from its sporadic procurement deals, but due to the low demand for steel, global competition and high steel prices, the company threatened to close down its Vanderbijlpark operations in 2015. Attempts were made by government, trade unions and the company to keep the plant afloat. Closing the plant would have drastically worsened the economic conditions of workers employed at the plant, including those of temporary workers. >>



THE IMPACT OF RETRENCHMENTS ON WORKERS AND THE COMMUNITY

According to the census conducted by Statistics South Africa (Stats SA), in 2011 the current unemployment rate in the Emfuleni Municipality, using a limited definition, is 34,7%, and the youth unemployment rate is 45% (Stats SA 2011a). After being retrenched, older male workers generally return to the former bantusans, while black women in the Vanderbijlpark area tend to carry most of the social and economic burden, resulting in an increasing number of female-headed households (Van Driel 2011).

In 2012, in its Integrated Development Plan (IDP), the Emfuleni Municipality (2012:16) commented: “Unemployment and poverty is on the rise despite the economic growth that is experienced and unemployment and poverty is further exacerbated by the high in migration of unemployed

people into Emfuleni. The youth of Emfuleni is in particular the hardest hit in terms of unemployment, despite the skills and qualifications that exist”.

RESPONSES OF POOR, WORKING-CLASS COMMUNITIES TO CHALLENGES OF DEVELOPMENT

The IDP process of the Municipality, which involved community participation and public meetings, revealed that community members wanted the municipality and various arms of the government to deal with, among many other problems, “... bad conditions of roads, lack of high mast lights, illegal dumping, high rate of unemployment, high rate of crime, lack of housing infrastructure, incomplete projects in some areas, and potholes” (Emfuleni Local Municipality 2012:6).

In order to advance a developmental agenda in the area, the

local government and its various arms would do well to pay attention to the demands and issues raised by poverty-stricken residents in the Vanderbijlpark area. It could be argued that the IDP process was intended, at least in part, to provide poor people with the space to express their needs and interests, and various sections of these communities have articulated their responses to the decline of industries, rising unemployment and poverty in the area.

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NUMSA AND WORKPLACE-BASED RESPONSES

Clearly, NUMSA has not had the capacity to resist either technological changes or the implementation of the lean production process at the Vanderbijlpark plant. Unions tended to rely on their numerical strength for mobilisation and collective bargaining, and the massive number of retrenchments discussed earlier weakened the organisation and rendered it incapable of adequately representing the interests of its members. NUMSA had argued strongly for “nationalisation under workers’ control” of the plant in Vanderbijlpark. The logic of this argument was that the plant, and ArcelorMittal in general, would then serve the state and become a key agent for development in the steel sector, supplying steel for state housing and other infrastructural requirements. The union also called for a ban on the export of scrap metal and argued for the imposition of high tariffs on the export of scrap metal, which plays a role in the production of steel. The union also proposed an end to import parity pricing, which would mean that South African buyers would pay a reduced price for steel, creating more jobs for the local economy (Njobeni, 6 October 2015, fin24).

While the demands of NUMSA may be viewed as radical and transformative, to date they remain rhetorical as there have been no practical campaigns to realise them. The union has also not developed sufficient understanding of the intricacies of the production processes implemented at the plant; it is therefore unable to suggest feasible alternatives, as work continues to be reorganised to suit the interests of the owners at the expense of the workers. Although a NUMSA-led united front has been formed, ostensibly to link the workers’ struggles with those of the community, there have been no



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sustained attempts to make a common cause between the employed workers organised by NUMSA, the retrenched workers and the wider community in the Vaal area.

THE RESPONSE OF THE RETRENCHED WORKERS

According to Hlatshwayo (2013), in 1989 the plant introduced a Japanese-inspired work reorganisation model called Omega. This was a lean production method which emphasised eliminating waste and increasing productivity. NUMSA had just stabilised its presence in the plant and made some tangible gains for its members in the form of improved wages and living conditions, and campaigns to deracialise the plant. Older workers who were migrants from Eastern Cape and Limpopo saw lean production as a threat as it emphasised team-work and training to expand the skill set. On the other hand, some shop stewards and younger workers with higher levels of formal education were prepared to participate in Omega. In the early 1990s the implementation of Omega was followed by massive retrenchments, which tended to target older workers with less formal education. These differences led to intra-union rivalry, killings and generalised violence.

In 1998 older, ex-Iscor employees formed the Working Class Coordinating Committee (WCCC), which

has an elected leadership and about 1 000 active members. The KwaMasiza hostel, where many of them still live, became a base for organising against the company. Iscor later sold the hostel building to a private buyer, who failed to evict its residents. According to Emfuleni Municipality, KwaMasiza housed 7 400 people in 2012. It is still occupied - a health hazard with no running water, sanitation or electricity, and has been earmarked for redevelopment by the Municipality.

Members of the WCCC have waged two types of campaigns: those related to old workplace issues and demands for basic services. The members felt strongly that they had been retrenched unfairly, without receiving proper retrenchment packages. Due to the nature of steel work, a number of them suffered from occupational diseases such as respiratory problems, skin diseases, foot infections and impaired eyesight, for which they demanded compensation from the company. Plans for the re-development of the hostel by the Municipality might be partially the result of the campaigns of the hostel-dwellers for access to basic services.



The North West University, the Vaal University of Technology and Sedibeng Further Education College play a major role in building capacity among the local population

A concern raised by members of the WCCC is that the upgrade of the hostel will not cater for them as ex-workers of Iscor; many of them are unemployed and others are pensioners, so they cannot afford to pay rent. However, RDP houses have been built close to the hostel and some ex-workers have moved into them.

THE RESPONSE BY ENVIRONMENTAL GROUPS

Members of the WCCC also belong to the Vaal Environmental Justice Association (VEJA), a network of community organisations and ex-workers fighting for environmental justice in the Vaal area. Water and air pollution has had a negative impact on the community and on the environment. Some residents have suffered from cancers and kidney problems, animals that consumed the water have died and there were huge problems on farms in the area.

VEJA initiated legal action, which led to the release of an environmental master plan that held the company responsible for the environmental crisis in the area. As a result, the company announced a commitment to engage with VEJA in an “open and transparent manner” (Ackroyd, 23 June 2015, ENCA).

SERVICE DELIVERY BY THE STATE

In 2011 the Emfuleni Municipal Council reported that it experienced 422 service delivery complaints via the Presidential and Gauteng Premiers’ hotline. According to the Council, 220 of these cases were resolved, and a Customer Care Centre was established, with a budget of R4 million, to deal with service delivery problems such as street lighting, water leakages, potholes, traffic lights and electricity supply problems.

Progress has been made with regard to electrification, provision of

sanitation and refuse removal. For example, 92.2% of households have access to electricity. According to the Emfuleni municipal council, more work was needed to provide access to piped water inside dwellings. Interventions by government agencies had also managed to reduce HIV and AIDS prevalence by 0.4% in the last three years as well as the number of illiterate people older than fourteen, largely as a result of an increase in the number of state-supported learning institutions (ELM 2015).

SERVICE DELIVERY PROTEST

Unemployment and poverty in townships like Bophelong lead to a prevalence of illegal electricity connections and this has increased as the price of electricity rose. There needs to be dialogue between the local municipality, Eskom and the residents, so that the local communities can access electricity legally. This would also reduce the risks of injury and loss of life that accompany illegal connections.

YOUNG PEOPLE AND THE DEVELOPMENT AGENDA

The Youth Development Centre (RYD) trains young people to either initiate small businesses or make them employable for local businesses and the public sector. The RYD has four main programmes, namely an advice and referral centre; developing “hard” skills such as carpentry, arc welding, plumbing, bricklaying, tiling and ceiling construction; computer literacy and how to provide emergency medical services.

STOKVELS, FUNERAL SOCIETIES AND OTHER KINDS OF RESPONSES

The various responses that have been discussed are not new, but in



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the context of industrial decline and generalised unemployment they are becoming crucial social safety nets. Social grants from the state tend to be the most significant source of income for poor community members. Other forms of responses to generalised poverty and unemployment include membership of burial societies that provide resources for conducting funerals, as these are also becoming expensive.

Stokvels also play a role as they mobilise savings for bulk buying at the end of the year. Some community members have formed building stokvels, which enable them to renovate their houses. There are also grocery stokvels, which provide a platform for members to help one another to feed their households. However, many people who are unemployed are unable to take part in these savings societies. Sex work, crime, gambling, leasing shacks and backrooms and borrowing money from loan sharks form part of the survivalist activities that occur in the community (Van Driel 2011).

THE ROLE OF THE POST-SCHOOL EDUCATION SECTOR

The North West University, the Vaal University of Technology and

Sedibeng Further Education College play a major role in building capacity among the local population. The Vaal University of Technology specialises in technical education and has become a feeder for local industries, state corporations and the private sector. The Sedibeng Further Education College supplies the area with technical skills such as electrical work and plumbing. A decline in employment opportunities for graduates is a major concern for education institutions and local authorities; turning this around is not an immediate possibility as even ArcelorMittal faces the possibility of closure. Jobs are also becoming scarce for young people with practical skills, and the adult education sector faces problems as resources decline and there are no clear pathways for its graduates.

DISCUSSION AND CONCLUSION

The decline in industries and the implementation of technologies that lead to retrenchments, unemployment and poverty require a multi-faceted response and not only the social and economic strategies articulated in government policies, the NDP, the IDP and other planning processes. For a strategy to make an impact, it must be based on concrete analysis. One of the first steps should be to strengthen public participation in the IDP process. However, the IDP process can only be effective if community structures, trade unions, and NGOs bring concrete proposals to the process. Socio-economic and environmental rights organisations, progressive academics, universities and other sections of civil society all have a role to play in building the capacity of unions and community structures, so that they can engage in meaningful participation in the IDP process. Such grassroots formations can be given a space to

shape a development agenda that will prioritise local needs.

Some of the issues that must be considered include local and central government support for co-operatives that are run democratically and transparently, instead of Black Economic Empowerment projects which tend to benefit a tiny minority of politically connected local elites, widening the gap between rich and poor at a local level. Localised co-operatives are crucial for addressing poverty and promoting productivity, especially as industries are no longer creating jobs.

The decline of industries and the rise in unemployment requires some reconfiguration of the post-school education sector. For example, VUT and the Sedibeng Further Education College should be encouraged to support community projects and mobilise against the negative effects of widespread poverty. Community based formations such as Stokvels could provide training in financial management. This orientation need not prevent them from continuing to perform their current function of co-operating with declining industries in the area. Initiatives that construct roads, housing and general infrastructure can create employment opportunities for young people in the townships. The post-school education institutions in the Vaal area can also provide the skills necessary for the development of the region, and the Gauteng government and the state authorities have a major role to play in this regard: they must ensure that the ArcelorMittal plant is kept afloat so that job losses are minimised, and that the system of labour brokers and outsourcing is done away with at the plant.

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