



Mangaung, Marikana and the Unintended Consequences of Mining Policy in South Africa

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"Two hundred thousand subterranean heroes who, by day and by night, for a mere pittance lay down their lives to the familiar `fall of rock` and who, at deep levels, ranging from 1,000 to 3,000 feet in the bowels of the earth, sacrifice their lungs to the rock dust which develops miners` phthisis and pneumonia."

Sol Plaatjie, first Secretary of the African National Congress, describing the lives of black miners in 1914.



"When I think of how we left our homes in the reserves, our children naked and starving, we have nothing more to say. Every man must agree to strike on 12 August. It is better to die than go back with empty hands."

Statement made by a mineworker at a public gathering before the 1946 riots in which 12 people were shot dead by police.



“This government has abandoned us. This government doesn’t care about us. The government haven’t even come here to apologise to us. The only person who came was Julius Malema, but they turned him away. Now we will be orphans. No one cares for us.”

Statement by a women at a community meeting in the Wonderkop informal settlement after the Marikana massacre.



“No one is bringing a solution to Marikanawhat we are seeing is the state cooperating with Lonmin. The state has taken the side of capital against the workers”

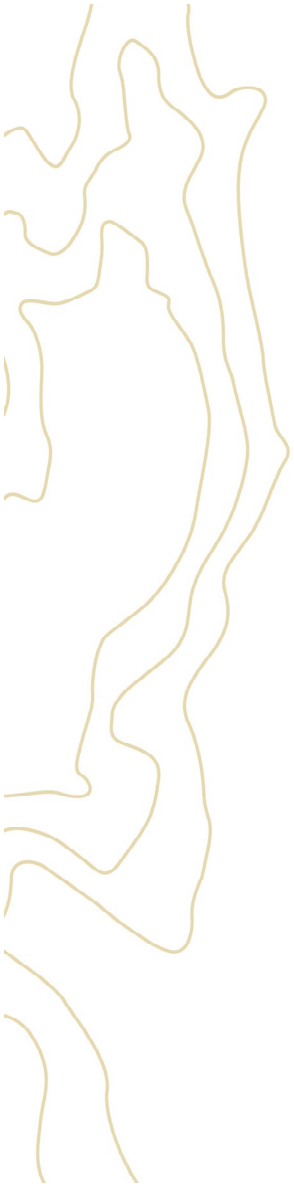
*Julius Malema at a press conference,
September 18, 2012 referring to the killing of
34 miners at Marikana by police.*





Mining and South African politics in context:
An historical background





Historical Context

- Mining in South Africa provides a highly emotive context for political change and development because of its fundamental influence on the shaping of the modern South African political economy.
- Since the formalisation of the Kimberley diamond mines under Rhodes and others, the need to drive labour to the mines but keep it under control has been a feature of our political landscape.
- Mining and the control of the mines is embedded deeply in our political economy and national psyche.

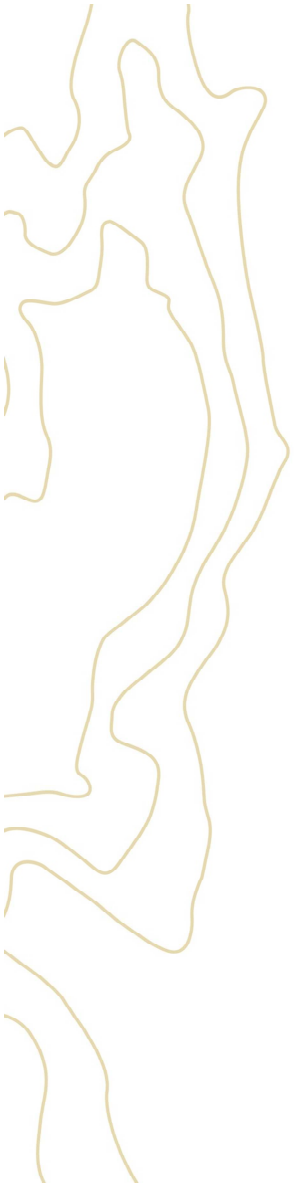




Racial legislation and mining

- The support of Politicians such as Rhodes for the needs of the mining industry led to the system of migrant labour through means such as the introduction of hut taxes in the labour sending areas of the Eastern Cape.
- The mining companies also catalysed and ushered in the introduction of influx control and job reservation and other laws that became the cornerstones of apartheid legislation.





The Boer War and Afrikaner economic disempowerment

- Rhodes used the cause of the Uitlanders in Johannesburg to commission the Jameson Raid that finally led to his political downfall.
- However, between Rhodes and Milner they forced the outbreak of the Boer War in order to gain control of the Johannesburg gold mines in the Boer Zuid Afrikaansche Republiek.
- The scorched earth policy of the English in the Boer War destroyed the Boer agricultural economy and drove tens of thousands of Boer workers to the mines where they displaced Cornish, Welsh and black miners.
- Afrikaner urbanisation in the wake of the Boer War resulted by 1922 in the situation that one in two white miners was Afrikaans-speaking.
- Ownership and control of the mines remained in English hands.



The Rand Revolt of 1922

- The Rand Revolt of 1922 was precipitated by predominantly Afrikaans white mine workers who perceived that their work in highly dangerous and unhealthy conditions was the means by which their employers “maximized profits and their own luxurious lifestyles”.
- Official records list the dead as 129 soldiers and policemen, 43 civilians and 39 miners.
- These strikes had been preceded by earlier strikes in 1907, 1913 and 1914 in which more than 20 workers were killed in clashes with police and military units.
- But 1921 white workers constituted only 21 000 of the 180 000-strong labour force yet their wage bill was double that of their black counterparts.

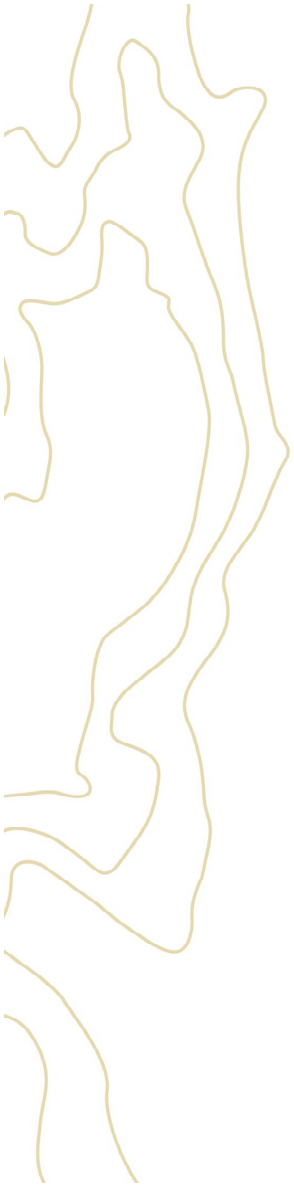




The Political Consequences of the 1922 strike

- The 1922 Miner's Strike was a response to the mine owners decision to reduce mine wages in the wake of a decline in the gold price and replace the well-paid white workers with cheaper black workers.
- The Smuts government attempted to get the two sides to negotiate, but neither side was willing to compromise. The strikers formed commandos which went into battle with Government.
- Smuts crushed the rebellion with 20 000 troops, artillery, tanks, and aircraft. Over 1 000 miners were arrested and 18 were sentenced to death, four of whom were hanged.
- This caused a political backlash and Smuts lost the following elections in 1924 to a coalition of the National and Labour parties.

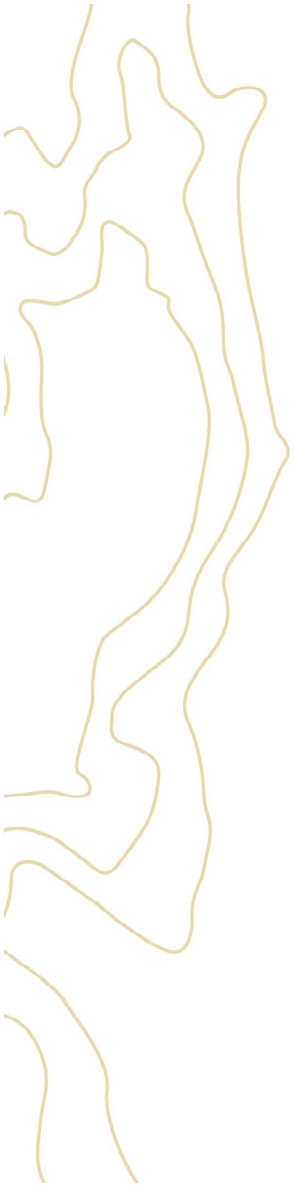




Smuts, Afrikaner divisionism and the Afrikaner right wing

- The 1922 miners' strike was a seminal event in South Africa's history.
- Comparatively, during the buildup to the 1922 Miners' Strikes the political enemy of the Afrikaans mine workers was the government led by an Afrikaans Prime Minister Jan Smuts while at Marikana in 2012 government was led the populist black ANC President Zuma.
- The political repercussions accelerated the development of Afrikaner nationalism and consigned these miners to the status of martyrs. This is also likely to be the case with Marikana.
- The Rand Revolt highlights the deep divisions within white South African society over the what was then perceived as inequitable distribution of benefit from the mining sector.





The Miners and the birth of Communism in South Africa

- Ironically in terms of the current tri-partite alliance, in the wake of the 1917 Bolshevik Revolution in Russia, Communism in South Africa thrived on the back of *white* mine labour.
- The Communist Party of South Africa (CPSA) took an active part in the 1922 uprising on grounds of class struggle and the pro-communist Miners' Council of Action gained control of the strike and aggressively supported doctrine of white supremacy.
- However, while the strike leaders argued that their first task was to break the power of the Randlords, they also argued that the struggle would replace the miners' race consciousness with class consciousness, purportedly seeking solidarity with black miners.
- Despite this sentiment the primary purpose of the strike in 1922 was to defend the privileged position of white miners.

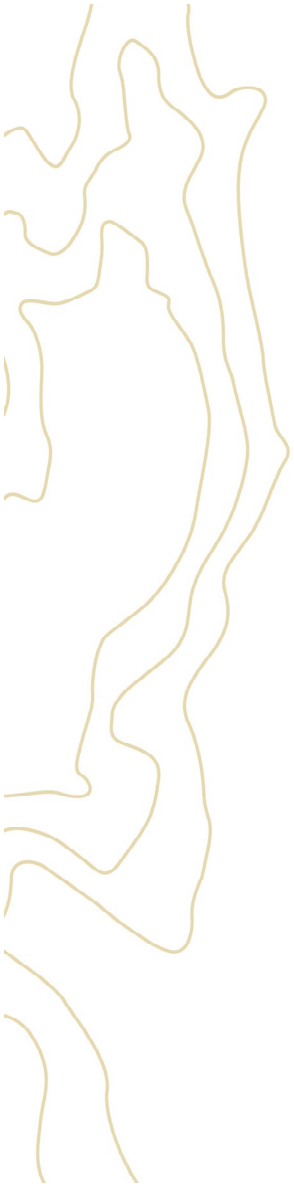




The social consequence of the 1922 Miners Strike

- Around 2 200 white mineworkers lost their jobs to black replacements.
- In the light of the Marikana situation, it is significant that the 1922 strike effectively destroyed the bargaining power of trade unions in the mines and led to widespread poverty amongst former white miners displaced by cheaper black labour.
- By comparison, NUM's failure to take control of the widespread strikes facing the mining industry now has significant consequences for the bargaining power of organised labour. The short-term gains achieved by industrial action outside of the collective bargaining construct developed since the 1980's may not ultimately serve the longer-term benefits of mineworkers.





The 1946 Miners Strikes

- With the rapid development of the gold mining industry, the number of African people living in towns nearly doubled in the 1940s, eventually outnumbering White residents.
- Most of these migrant workers had to live in shantytowns or townships on the outskirts of the cities and living and working conditions were appalling.
- As a result of this, many new trade unions were formed during the 1940's. By 1946, there were 119 unions with about 158 000 members demanding to be heard.
- Workers sought higher wages and better working conditions
- African Mine Workers' Union (AMWU) came into being and elected a committee under the presidency of *J. B. Marks*, who also became *President of the Transvaal African National Congress*.





The AMWU and Government

- Initially the AMWU was not recognised by the Chamber of Mines.
- After sustained pressure for better wages and living conditions, the prime minister, Field Marshal Jan Smuts, announced some improvements in the living and working conditions of miners while at the same time banning gatherings of more than twenty people on mining property without permission.
- Finally, AMWU went on strike in 1946 and 60 000 men stopped work in demanding higher pay.
- The police crushed the protest, shooting 12 people dead and injuring many more while arresting thousands of workers.





Miners and the 1948 General Election

- Because of the support that Smuts had afforded the mining companies, he was widely seen as a traitor by the Afrikaans mineworkers, and this sentiment was exploited by his hardline right wing enemies.
- Consequently, his arch-political rival, DF Malan with the support of the MWU defeated Smuts by a slim majority.
- However, despite winning the 1948 election, the Afrikaans-speaking community remained the working class on the mines.
- The English speaking community retained economic power while the Afrikaans-speaking community held political power, which was ultimately untenable.





Mining and Afrikaans Empowerment

- Consequently tension between Afrikaans labour and the English-speaking mine owners and managers reached a head and led to the sale of General Mining and Finance to a small Afrikaans coal miner, Federale Mynbou, in 1964 to form Gencor.
- By the mid-1980's, Gencor developed into Sankorp, second only to Anglo American in size and served as the pillar of common Afrikaans wealth.
- This constituted South Africa's first politically driven effort at ethnic economic empowerment.





The Rise of Black Trade Unionism and ANC Political Power

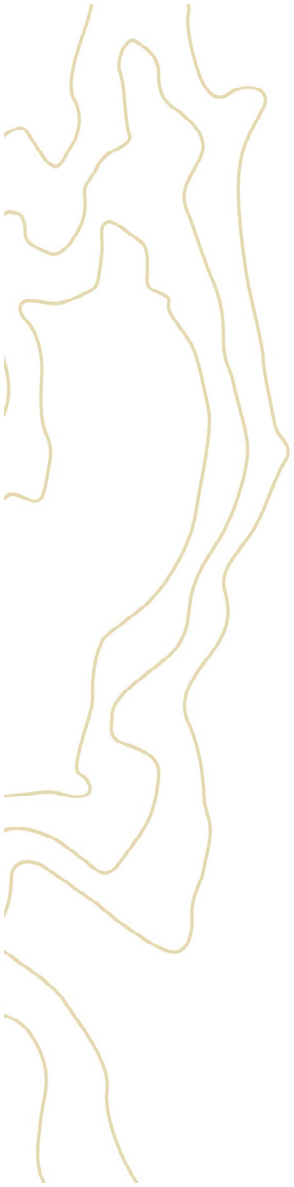
- The rise of black trade unionism after the Wiehahn and Schlebusch Commissions of the 1980's led to the NUM providing the vanguard for black political expression and leadership.
- The tri-partite alliance formed prior to the 1994 elections comprised the ANC, the NUM-dominated COSATU and the SACP.
- Since then NUM has provided mainstream leadership for both COSATU, the ANC and emerging black business.
- The proximity between government, labour and black business was initially seen as a positive and stabilising factor in the emerging democratic South Africa.





Marikana and policy failure in the mining industry





The problem is socio-economic and political and not a labour dispute

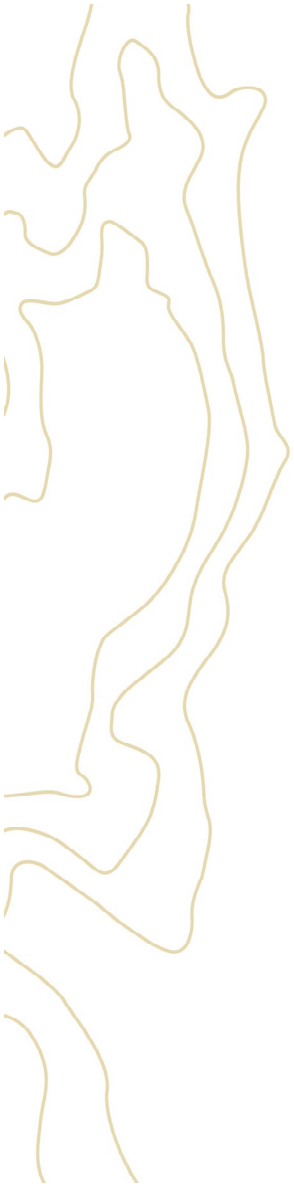
- What happened in the North West mining town of Marikana is much more serious than the massacre itself.
- This was a violent expression of wide-spread deep-seated popular frustration at the perceived lack of broad-based benefit from the mining industry on the one side and lack of Government concern on the other that was met with violence on the part of their own Government who they felt should have been protecting their interests
- While industry is blamed for non-delivery on the Charter, Government is condemned as being ineffective in protecting the rights of its constituencies, with much more serious consequences.



Misleading Conclusions

- Political cronyism and the gauche conspicuous consumption of the the black *nouveau riche* aristocracy has created resentment.
- Mr Malema had jumped onto the bandwagon of discontent in Marikana but he has no answers.
- The rivalry between NUM and AMCU (formed after the expulsion of NUM shop steward, Joseph Mathunjwa) contributed to the tragic illegal strike at Marikana.
- Police were not trained properly in riot control and are ill-disciplined.
- The mining industry has not done its bit in meeting the terms of the Mining Charter.

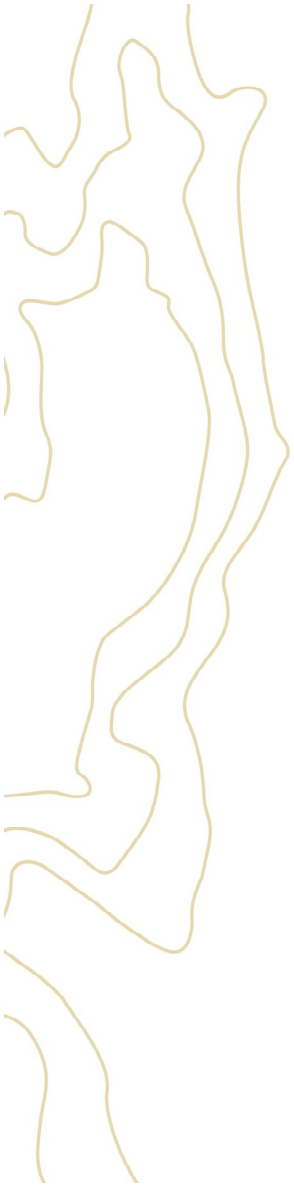




The real issue: Socio-economic conditions of miners

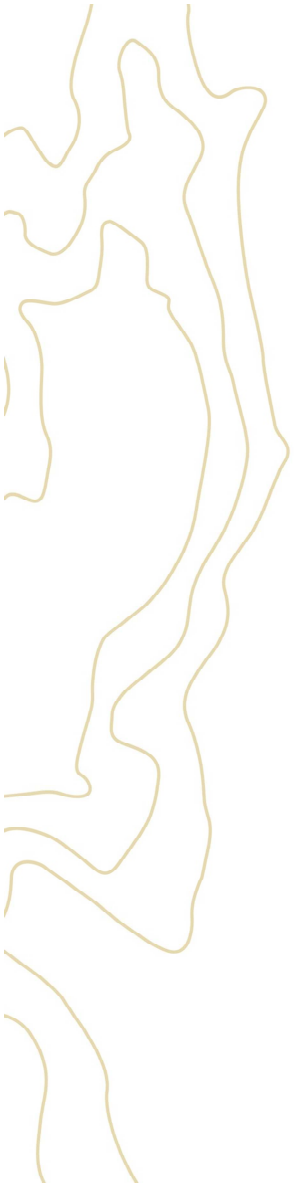
- This has been a issue for over 150 years and has influenced the political economy of South Africa for 112 years.
- With the development of the MPRDA and the Mining Charter, because of the history of the industry in inequitable benefit from the industry and the concomitant social and political strife related to mining, the primary focus was on the socio-economic development deriving from mining.
- Because of untrammelled political cronyism within the ruling party, corruption in government and naivety on the part of mining companies, the *ambition* of **broad-based** black empowerment of the industry has failed dismally (it may ultimately have been a pipe dream of mismanaged expectations).





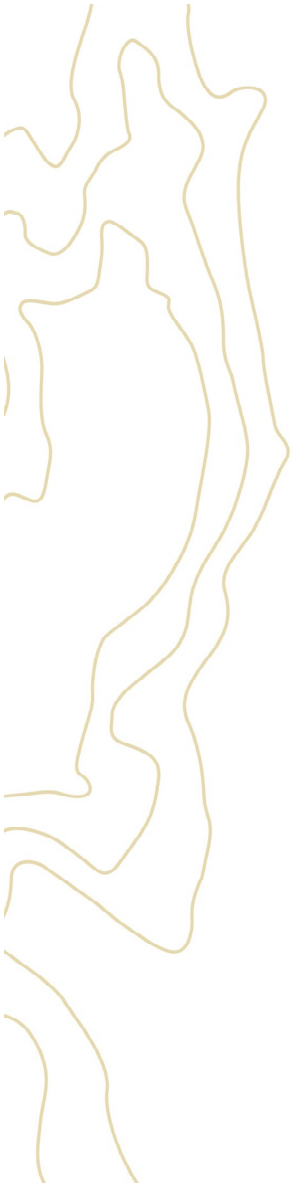
Socio-economic conditions of black miners since 1994

- One of the key issues of the Charter and MPRDA was the improvement of mineworkers living conditions through the upgrading of hostels into decent single quarter accommodation and married accommodation.
- In order to mitigate the expense of these programmes mining companies introduced living out allowances and offered these to workers in lieu of mine-sponsored accommodation.
- There was no proper planning by either the mining companies or government as to where these miners were to live once they vacated mine hostels.
- Many mineworkers took the allowance as it represented a significant increase in their disposable pay packet.



Informal settlements around mines

- Predictably, because of the lack of suitable, affordable accommodation, informal settlements of miners mushroomed in the immediate vicinity and around shafts along the platinum belt.
- The presence of cash-flush miners in these settlements drew shebeens, sex-workers, work-seekers and other informal economic activity, diversifying the demographic of these settlements and contributing to the rapid growth of these settlements.
- Neither mining companies nor local government took full responsibility for these settlements or could take measures to curb their growth.
- They are now virtually impossible to dismantle and provide the fetid environment that has catalysed and fueled the Marikana uprising.



Malema

- Malema has not caused the current sentiment but has skilfully exploited the situation and cynically adopted a strategy of short-term political gain at the peril of long-term economic consequences for those whom he purports to support.
- This is symptomatic of the political economy of South Africa where pro-poor policies and populist rhetoric conflict with sensible and structured developmental economic policy.
- The irony and danger here is that democracy may ultimately compromise economic development. However, the heavy-handedness of of an authoritarian regime is also not the answer.





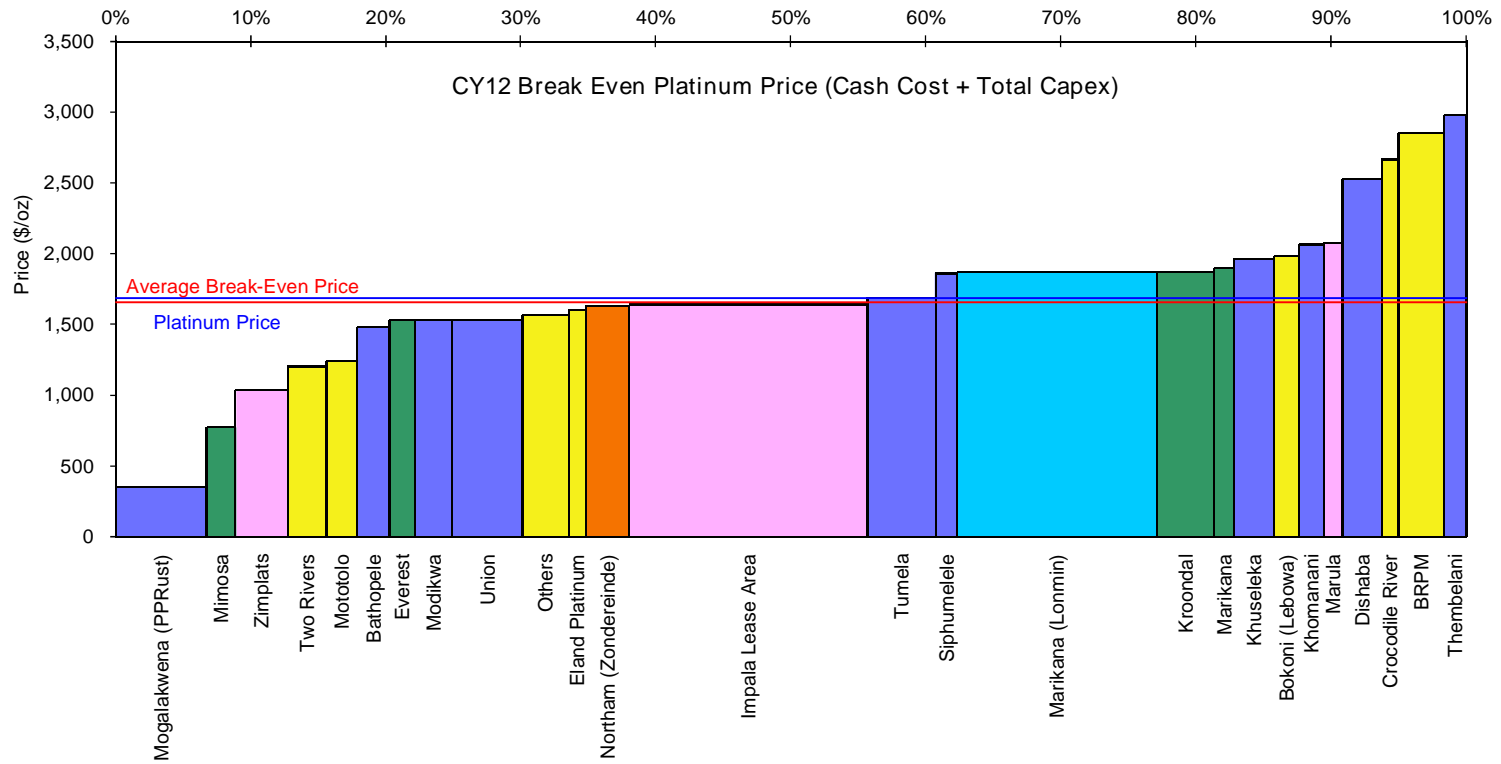
The implications for Collective Bargaining

- The Association of Mineworkers and Construction Union (AMCU) did not play a pivotal role in the final wage settlement, but precipitated the strikes.
- Impala Platinum is in talks with an interim workers committee comprised of AMCU and NUM
- Goldfields is sitting out its strike obdurately stating that it has a two year wage agreement with NUM and it is only half way through it.
- This signals a fragmentation of the collective bargaining construct in South African mine labour and weakens the hand of both industry and labour to reach critical accord on the economy of the industry while protecting their own sectarian interests.



Economic consequences

Wages already account for over 60% of costs on most platinum mines



Source: J.P. Morgan estimates, Bloomberg

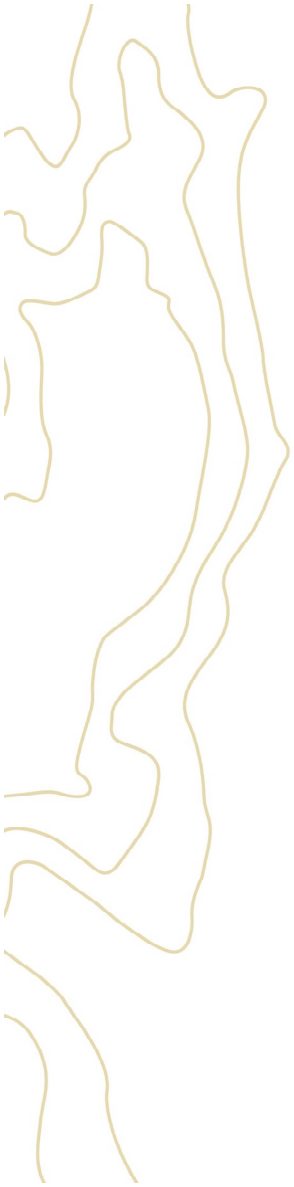




Key issues facing the industry in the wake of Marikana

- A lack of clear accounting standards and methodologies to assess performance of mining-related economic development against government policies.
- A desperately low level of trust between government, industry, labour and civil society.
- The lack of thought leadership and role clarification in industry, government and labour in resolving the underlying issues of inequitable distribution of wealth and social conditions around the mines.
- The breakdown of the collective bargaining structures in the mining industry.





Fault Lines in the Tri-Partite Alliance

- In the context of social and economic transformation in South Africa and the perceptions of inequitable distribution of wealth deriving from mining, there are almost by definition diametrically opposed objectives of government and mining companies in satisfying a disgruntled electorate.
- Juxtaposed with this is an increasing divergence between rich and poor, poor service delivery, corruption and political cronyism.
- NUM has been accused by AMCU as being ineffective in either catering for the benefit of its workers effectively or fighting off its opposition, which will force NUM to be more radical to survive.
- Marikana will result in an increasing tension between Government and Labour, and along with it, the Communist Party.



Clearly, from the above discussion, the perception of close cooperation between mining companies and government on the one hand and lack of government response to miner's grievances by government on the other has historically had dire political consequences in South Africa.

Similarly, the impacts of Marikana will fundamentally impact on the political economy of South Africa for decades to come.



The Marikana massacre is a deadly body blow to the democratic social fabric.... the Breitling Brigade, will use workers and the poor as cannon fodder.... but the fact is that there is a deep and growing mistrust of leaders in our country, and the expanding underclass feels it has no voice through legitimate formal structures. Violence becomes the only viable language.

Jay Naidoo commenting on Marikana, September 2012



Finally, unless the mining industry, government and labour can have an open, honest, interest-based discussion on how to jointly deal with the problem facing the mining sector and, indeed, the entire country, we have little hope of resolving these issues.

