

MINING CORPORATIONS' PSYCHO-SOCIAL, ECONOMIC AND POLITICAL IMPACT ON LOCAL COMMUNITIES: THE CASE OF NORTH WEST PROVINCE MINING COMPLEX

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ABSTRACT

Mining operations in North West Province, South Africa, are contributing to ongoing social, economic, political, environmental and related impacts on nearby communities. Mining houses make use of largely expensive and highly specialized processes of extracting minerals while closely guarding relevant knowledge and information from the general public and related institutions. The article employs the theories of resource curse, accumulation by dispossession and radical materialism, whose concepts elucidate the inextricable links between the actions of states, private entities, and civil society in the dynamics of resource abundance, resource-laden conflict, and human rights abuses. The article analyses several impacts, including tense trade union rivalries with serious political implications at both provincial and national levels of politics; provincial political contestation with equally strong grassroots-focused alliances, and a host of socio-economic related service delivery challenges. The above calls for collective sectoral engagement on the dichotomy of creating billionaires who are juxtaposed with people who are living in abject poverty in communities surrounding the mines.

Keywords: Mining, resource curse, multinational corporation, North West, natural resources, environment

INTRODUCTION

Operations in the platinum industry are currently dominated by big players including Anglo-American Platinum and Impala Platinum. The operations are also largely expensive and highly specialised, reflecting the extent to which knowledge and related information is closely guarded as well as the degree of monopoly and competitiveness. Thus, the near decade-long labour conflict between mine workers and mining companies has created social, economic, political and environmental impacts of varying magnitude on the surrounding communities.

During the 2012 strike, workers' constitutional rights to assemble, express concerns and protest were respected. In addition, the Association of Mineworkers and Construction Union (AMCU) in league with churches, civil society groups and donors, especially those working on human rights issues, provided food and basic support to striking workers' families. Meanwhile, the conflict fatalities included three annual deaths between 2007 and 2010; 25¹ mine workers' deaths in 2011; 10 deaths (mine workers, police officers and security guards) on 10 and 11 August 2012; and 34 deaths on 12 August 2012.

Mining operations created conditions that fuelled trade union rivalry in the province and beyond, especially between the National Union of Mineworkers (NUM) and AMCU. This trade union rivalry reinforced the political wedge between the ruling African National Congress (ANC) and the Economic Freedom Fighters (EFF), an AMCU ally, a development that significantly changed the provincial and country's political landscape. Both the trade union rivalry and the political ANC-EFF competition filtered into the wage bargaining chambers. Meanwhile, mining firms continued to rely on the migrant labour system from the rural areas of the Eastern Cape Province and neighbouring countries such as Mozambique, Malawi, Lesotho, Swaziland and Zimbabwe. This meant less employment opportunities for the unskilled and semi-skilled unemployed residents of the surrounding communities. This angered the communities' residents who anticipated an improvement in their living conditions as a result of mining operations. Similarly, mine workers were angered by the slow pace of converting the infamous 'single sex hostels' into habitable family housing units despite the fact that many workers continue to live in slums (Jauch 2012). Furthermore, both mine workers and communities were angered by environmental challenges associated with proximity to mining operations, which continue to affect the people and other living organism negatively.

Following the introduction, section two of the article provides the theoretical framework underpinning this debate. Sections three to nine discuss various mining operations' impacts: on the country's image, trade union rivalry, employment

creation, workers' accommodation, community projects, the environment, and the communities. The article concludes by summarising the main arguments on the nexus between mining corporations' activities and the communities.

THEORETICAL FRAMEWORK

There are various politico-economic theories which can be applied to explicate and develop nuanced scholarly insights into the relationship between resource-based conflicts and human rights. While key human rights theories are relevant to the case of natural resource conflict and human rights violation in Africa, there are additional theoretical models which can account for the relationship between resource-driven and the expected humanitarian crises beyond the basic explanatory dynamics. These are the 'resource curse theory', the 'theory of accumulation by dispossession' and 'radical materialism', all of which elucidate the inextricable links between the actions of states, private entities, and civil society in the dynamics of resource-abundance, resource-laden conflict, and human rights abuses.

The 'resource curse theory' is premised on the prevalence of low average incomes amid high rates of poverty in countries that are otherwise endowed with natural resource wealth. This agrees with Pegg (2006, 1) who argues that natural resource-rich nations display lower levels of economic growth and development in comparison to those which are relatively resource-poor. This means that there is a negative correlation between economic growth and wealth in natural reserves. Palley (2003, 54) argues that natural resource wealth generates stagnation and conflict instead of leading to economic growth and development. Boschini, et al. (2007) further elucidate this point by contrasting high economic growth rates of resource-poor countries such as Hong Kong, Singapore, Korea and Taiwan against low levels of economic growth and development in mineral resource-rich countries including Angola, the Democratic Republic of Congo and Sierra Leone.

Sachs and Warner (2001) have conceptualised the resource abundance and low economic development relationship as generally lacking consensus on the causes of the 'curse', the main explanations being of a political and economic nature, including the nature of the political state, the quality of governance and national institutions, the implementation of pro-poor economic policies and an overdependence on the mineral sector. Furthermore, an array of grievous human rights violations, especially amongst African states is blamed on intermittent civil strife, usually perpetuated by fragile legal systems, weak and disorganized civil society activism, and a culture of corruption and poor governance systems.

'Accumulation by dispossession' is another relevant theory which is applicable to the relationship between conflict and subsequent human rights violations. This theory, which has its foundations in Marx's primitive accumulation concept, suggests that the neo-liberal structure of the global economy fosters conditions under which the strategic dispossession of resource endowments by state and business elites plays

a fundamental role, in which the latter gains wealth power albeit at the expense of the labour and proletariat class. In this respect, the capitalist-driven endeavours of private entities coupled with the role played by the state seem to act in a manner which dominates in the accumulation of surplus value while undermining the status of proletariat masses. Maxted (2006, 32) argues that the notions of primitive accumulation, the current global capitalist and neo-liberal modernity are based on the systematic process of accrual, in which the capital class is making significant financial gains at the expense of the mass labour class. Further, 'accumulation by dispossession' is essentially informed by four inter-related neo-liberal practices which enable the capitalist elite to deprive the poor elements of society of fundamental rights to resource access and exploitation. These practices include state privatisation, redistributions, financialisations, as well as the management and manipulation of crises (Maxted 2006, 32). The culmination of the above exercises represents the manner in which capitalists have undertaken the strategic proletarianisation and commandeering of public commons to the detriment of the impoverished masses. In this regard, the theory attempts to trace the implications of Marx's conception of primitive accumulation within the current global political economy as a precondition of capitalist development (Glassman 2006, 612).

The above reflects the dominance of foreign policy principles of Global North states and international financial institutions via their respective foreign direct investment policies and loan extension endeavours respectively over the Global South. This also exposes the nexus between natural resource conflict and human rights abuses as a product of capitalistic accrual endeavours of private entities in complicity with Global South states, thereby taking precedence over the socio-economic needs of local populations. The complicity of private companies and resource-rich African states is thus succinctly expressed by Maxted:

Private security forces and African standing armies are being used to secure the interests of American, Asian and European companies as they seek to extend their control over natural resources in collaboration with state elites. Confronting the destruction of their environments and continued underinvestment, minority groups are actively seeking to attach socio-economic rights more self-consciously to their demand for political rights (Maxted 2006, 29).

The above complicity between private mining operations and the state clearly exhibits itself in the protracted labour unrest in the platinum mining belt of Marikana in the North West Province of South Africa.

MINING OPERATIONS' IMPACT ON THE IMAGE OF SOUTH AFRICA

The establishment of a mining industry in 1887 introduced new dynamics into society which gradually altered the systems of production, the division of labour,

and the forms of capital accumulation (Yekela 2004). This also entrenched racial and class segregation in the early 19th century between the natives, and the various strata of colonialists – British and Afrikaner settlers. Notwithstanding the above, the discovery and subsequent progressive ownership of mineral-bearing lands by Afrikaner and British settlers in the early 19th century led to the emergence of a primitive system of accumulation. Within the primitive accumulation model, the native inhabitants of South Africa were and continued to be effectively stripped of their land-rights, before being driven into industrial servitude for the benefit of the owners of means of production and productive assets. Out of these historical dynamics of a burgeoning mineral-driven economy were born the norms of the current mining industry, including racial capitalism which largely categorises the sector as a whole; the division of labour; the subjugation of natives to poor working conditions; the system of migrant labour; the marginalisation of natives in the ownership and operation of mine assets, and the dominance of mining companies and mining institutions on the surrounding communities.

The mining industry is the leading productive and capital base, which symbolises the sector's significance to the economy. Indeed, the industry's sheer volume of capital and operating expenditure plays a meaningful role in the economy at large through backward and forward linkages. The South African Chamber of Mines estimated the sector's expenditure at US\$43,7 billion² in 2012 out of which US\$2,6 million accrued to government tax, US\$0,6 billion to mining royalties, US\$1,7 billion to interest paid out to financiers, and US\$25,1 billion to purchases and operating expenses. Harvey (2013) observes that in 2012 the mining industry accounted for up to one-fifth of the South African economy, more than half of all export earnings and US\$46, 8 billion to the gross domestic product. This is supported by the South African Chamber of Mines (2012), which concurs that the platinum output increased from 10 per cent to 30 per cent in 15 years.

The mining industry is a significant contributor to employment creation in the country. Harvey (2013) notes that between 2010 and 2012, the sector created over 1,353 million jobs, of which approximately half represent direct mining work while the remainder stems from downstream and related service sector activities. The South African Chamber of Mines (2012) further praised the sector's contribution to the multiplier effect of direct and indirect employment, given a dependability ratio of 10 to 1, translating into 13,5 million individuals whose livelihoods are indirectly sustained by the sector. The National Development Plan also projects that the sector will create about 300 000 additional jobs by 2030 notwithstanding current challenges.

The mining sector is significantly at the heart of the socio-economic development in terms of tackling endemic and historically embedded challenges of poverty, inequality and unemployment. Baker (2012), however, warns that the industry has to resolve contentious worker-employee relationships and the unintended consequences of its operations in surrounding communities. This means balancing radical collective bargaining mechanisms within the context of democratic freedoms

and rights to assemble, organise, and protest against the constitutional rights of non-striking workers. However, government in collaboration with the mining industry and the labour unions, among other stakeholders, has since made strategic amendments to the country's industrial environment, as it relates to the minerals and energy sector. This legislation also addresses the interface between mining corporations and the nearby communities in addition to providing the basis on which authorities can monitor and evaluate mining companies' compliance with the law. Some of the relevant legislation includes the following:

- The Labour Relations Act, 66 of 1995, which fundamentally outlines the manner in which employees and their respective trade unions, as well as employers can engage in collective bargaining on matters of working conditions, wage issues, industrial policy and other key issues of mutual interest;
- The Employment Equity Act, 55 of 1998, which addresses the elimination of discriminatory practices in the workplace, particularly in relation to remuneration, hiring and appointment, as well as on matters of fair opportunity for previously disadvantaged groups within the labour market;
- The Mine Health and Safety Act, 29 of 1996, which provides guidelines for the protection of worker health and safety on mine premises;
- The Mineral and Petroleum Resources Development Act, 28 of 2002, which addresses issues of conferring ownership of mineral rights on the state. Beyond this, the Act outlines the principles of equitable ownership and the equal rights to get access to, and the sustainable development of South Africa's mineral resources;
- The Mining Charter of 2002, which is premised on the need for socio-economic transformation in the mining sector. The Charter also stipulates the need for transforming key areas of mine ownership structure and administration, including human resource development, employment equity, migrant labour, mine community and rural development, housing and living conditions, procurement, ownership and joint-ventures, as well as beneficiation and reporting (Implats 2007).

While the above pieces of legislation address concerns of investors in the sector within the context of competing stakeholders' influence, they seek to improve the investment climate for those wishing to partake in the sector's growth and development. The above pieces of legislation also seek to protect potential investors from militant labour work force whose industrial strikes, though enshrined in the constitution, are associated with violence against non-participating workers and other people as well as vandalism to property. This calls all the relevant stakeholders to squarely and collectively deal with the question of militancy and violent unrest which recently plagued the sector. Indeed, the labour question directly impacts on

matters of socio-economic development at large while remaining a contentious issue within the sector and between worker unions and government stakeholder groups.

MINING OPERATIONS' IMPACT ON TRADE UNION RIVALRY

Historically, rock drill operators (RDOs) have been central to the resource extraction process, with their mechanical roles forming the primary function of the mining cycle. This made rock-drilling work not only a resource-intensive process which required physically strong and stout teams of men, but also a relatively well-remunerated job compared to a large proportion work categories in the sector between 1913 and 1965 (Moodie 2005). While the above elevated the status of RDOs in communities around the mines, the dynamic shifts in the mining industrial relations during the latter years of apartheid increasingly challenged their positions. Thus, from the late 1980s, the RDOs began contesting their changing position in line with the wage and employment grade structures and overall working conditions. Notwithstanding limited support from NUM, RDOs collectively protested against deteriorating working conditions, and negligible wage increments. From the 1990s, they informally developed collective bargaining groups which communicated their demands more effectively than NUM could (Alexander et al. 2012). By 2004, the RDOs began to engage virulently with mine management at Anglo Platinum through their exclusive and informal unions, lobbying for their demands successfully at varying levels (Stewart 2013). Although their wage and working condition concerns were akin to those of other mining labourers, they could no longer trust NUM to deliver a satisfactory outcome. Meanwhile, RDOs' decreasing purchasing power slowed entrepreneurial growth and developments in surrounding mining communities as well as fuelling conditions for collective violent agitation against mines' operations in North West Province, especially on the Rustenburg platinum belt operations of Impala Platinum and Lonmin, resulting in the massacre of mine workers in August 2012.

The Labour Relations Amendment of 17 December 2010, which granted organisational rights to the majority trade union, presented RDOs with an opportunity to wrestle the bargaining power from NUM. Harvey (2013) opines that union recognition and bargaining arrangements have become increasingly characterised by a practice that allows the majority union to bargain on behalf of all unionised employees. Unfortunately, the amended law functionally excludes smaller unions from the process, irrespective of potential benefits that may be derived from a more inclusive bargaining process. Kolver (2013) observes that the Act allows other smaller unions to request organisational access to the workplace from the Council for Conciliation, Mediation and Arbitration. Contrary to highly centralised industrial bargaining structures that allow the bargaining process to take place at industry level, the law allows the wage negotiations in the platinum sector to occur at company level. While collective bargaining processes at company level sometimes fail to

detect the signs of discontent at shaft level and address the causes, mining companies rely on the majority union to manage employee expectations. Centralising the bargaining process, in many instances, focuses exclusively on remuneration at the expense of other equally important concerns such as the conditions of employment, accommodation and environment.

Labour compensatory levels and entitlements more often strained worker relationships in mining companies. For instance, the majority of lowly remunerated workers were agitated by their privileged counterparts who were negotiating wage increases while accessing 'extra financial and material entitlements' from the benevolent mining companies. In this instance, the privileged workers were elected full-time branch officers, shop stewards or mining house coordinators who solicited an 'assortment of both financial and non-monetary entitlements' from the mining companies while the wage negotiations were underway (Kamidza and Ojakorotu *forthcoming*). This is supported by Harvey (2013, 17) who maintains that mining houses pay elected NUM union officers highly attractive retainer packages, including working in air-conditioned offices, free travel across operations and a range of non-monetary benefits such as time off for external union duties. This level of benevolence outside the wage bill typically becomes a central divide-and-rule strategy that benefits the mining companies while unfortunately entrenching income inequalities within the union membership and/or mining companies' labour force. Furthermore, the out-of-wage payoff to NUM office bearers was not only contrary to the heterogeneity preferences within membership, but also meant implicitly strong incentive to represent only the upper echelon of NUM members while explicitly negotiating as if they represent homogeneous membership. Using this logic, pronouncements of strikes became a mere signalling device meant to give an impression of concerned leadership with the political will to collectively bargain on behalf of all workers. As a result, there was growing dissatisfaction with NUM office bearers based on allegations of colluding with management during the wage negotiations. The agitation against NUM office bearers was further fuelled by growing disparity in earnings between management and general workers. For instance, the Chief Executive Officer's monthly income averages 162 times more than a driller's US\$400. BeBSA CSR³ (2013) estimated the wage gap in 2011 between the CEO and the average worker in the mining industry at 390 to 1 while Taal et al. (2012) approximated that the average mine worker would have to work 325 years in order to earn the value of the CEO's remuneration in 2011.

Subsequently, NUM membership rejected established collective bargaining processes, arguing that they were outdated and incapable of meeting their expectations in the ongoing negotiations, especially with respect to underground working conditions. The grievances were also against preferential treatment given to migrant workers. Harvey (2013) argues that Lonmin mine exacerbated anti-NUM sentiments by adopting old mining industry strategy of recruiting workers along tribal and regional divisions at the expense of local residents.

Capitalising on NUM's misfortune, AMCU president, Joseph Mathunjwa, 'amplified immoral bosses and senior management's fat cheque' earnings versus a combination of mine workers' poor wages and harsh underground working conditions' (Al Jazeera 2012). Jauch (2012) weighs in on the debate, arguing that NUM leaders' loss of touch with ordinary mineworkers' experiences, who felt that their demands were not forcefully raised in the negotiation room, discredited their leadership role in the North West Province's mining operations. BeBSA CSR (2013) argues that 'the benefits of mining companies are not reaching the mine workers and the surrounding communities' residents'. Moreover, the semi-skilled and unskilled workers – predominantly RDOs – who constitute the majority of NUM membership increasingly felt disenfranchised and isolated from the negotiation process. Harvey (2013, 14) confirms that NUM increasingly neglected the lower-skilled workers in their ranks and bargained selectively in favour of higher-skilled workers:

Notwithstanding that the shop stewards are elected at shaft level, the practice has become that they no longer account directly to membership constituencies, preferring instead to move across shafts, mines and even into union offices above ground. Accountability to members has weakened as pressure to account to leaders higher up in the echelons has intensified, hence the collapse of real constituency-based representation of members (Harvey 2013, 14).

The above, coupled with the allegations that NUM negotiators had accepted wage settlements that would tie workers into years of meagre increases, benefited AMCU, which took over the organisational rights of workers in the platinum belt during the 2012 round of wage negotiations. In this respect, AMCU easily exploits the divergent interests between lower-skilled workers and NUM elites by positioning itself as a credible, caring alternative with their interest at heart.

The strike action at Lonmin occurred in the context of a wave of wide strikes within the platinum, gold and diamond mining companies. The ferocity of strike occurrences was linked to the peculiar conditions of RDOs within the platinum labour-mining operations relations following the collapse of collective bargaining agreements largely due to 'breakdown in communication and harmonious relations between workers, unions and mine management' (Hartford 2012). This is particularly so given that the job grades and structure within the platinum mining sector presented an inherently controversial dynamic within the annual wage increase negotiations. Thus, the disquiet at the Lonmin mining complex was centred on failure to secure wage increases for the manual and unskilled labour, the majority of whom constitute RDOs.

There is a general assertion in the communities that mining companies collude to perpetuate income poverty by paying community-based workers low wages, often arrived at after protracted negotiations. It emerges that the RDOs are the lowest-paid in the platinum belt of North West Province. Notwithstanding low pay, they perform the most strenuous, physically demanding and hazardous work (Hartford 2012; Alexander et al. 2012). As a result, they fail to improve their professional skills or

educational qualifications amid limited prospects for promotion or significant salary increases (Stewart 2013). Hartford (2012) weighs in on the debate, arguing that most of the RDOs, some of whom are now in their 40s and 50s, have been performing the same duties for well over 20 years. This indicates their respective inability to transform prevailing socio-economic living conditions. Their predicament is further worsened by correspondingly low levels of pension support after their respective active working life.

Constant reference to NUM's role in the struggle against the apartheid regime enabled its office bearers, until recently, to get away with costly decisions of underestimating the collective power of the illiterate and semi-literate rank and file membership. Harvey (2013) explains how NUM office bearers' arrogance, based on the organisation's anti-apartheid activism, as an affiliate of the hegemony and dominance of the *Congress of South African Trade Unions* (COSATU) in the labour market, exploited the low literacy rates within the rank and file of the membership as well as the perception of unquestionable loyalty of rank and file members. Unfortunately, the majority of the rank and file membership increasingly became irritated with office bearers' visible lifestyle and material privileges which coincided with the conducting of wage talks. As a result, the majority of mine workers was increasingly convinced that their negotiators had no real interest in fighting for improved income, working conditions and living conditions. Harvey (2013) argues that AMCU skilfully exploited the information asymmetry between office bearers' living lifestyles, better income and incentive material privileges and membership wage poverty coupled with discomfort on working and living conditions. As the AMCU-NUM rivalry intensified in the Rustenburg platinum belt mine workers naturally split into hostile factions of 'either for or against' the unprotected strike which broke out across the platinum belt in February 2012, following RDOs' mobilisation and coordination of about 3 000 people. Subsequently, NUM's attitude towards the wage negotiations caused disgruntled membership to swell the rank and file of AMCU, causing a decline in membership at Lonmin from 66 per cent of workers to 49 per cent (Malala 2012). Furthermore, AMCU's impressive recruitment of new membership from NUM was bolstered by its ability to conclude a labour negotiation deal tripling an entry-level underground miner's monthly wage from the current US\$400 to US\$1,250. Subsequently, Lonmin on 14 August 2013 signed an agreement with AMCU, granting it sole bargaining recognition in line with the Labour Relations Amendment Act, sections 26 and 18⁴.

The concluded more than three-fold monthly wage rightly appeals largely to semi-skilled and unskilled workers who were less rewarded in previous wage negotiations. Knowing very well that no wage settlement could be signed without the ratification of both mining firms' (Impala Platinum and Lonmin) shareholders and its membership, AMCU adopted a rigid negotiation strategy supported by the report back sessions, which increasingly became rallying platforms to strengthen the union leaders and membership's collective resolve for undiluted demand settlement

at US\$1,250. Though the demands sounded unreasonable to the mining houses, it significantly appealed to AMCU's constituency, leading to equally higher levels of influence in the political economy of the platinum belt. The leadership of the new trade union became synonymous with radical and militant wage negotiations in pursuit of a lucrative outcome from the owners of mining capital. Eventually, NUM's fortunes continued to wane, but with future political implications. What makes the unfolding episodes exciting is the eminent entry of AMCU in the labour market which coincided with the birth of the EFF, thereby not only forming a formidable alliance on both labour and political fronts, but also creating sufficient conditions for challenging the political hegemony of the ANC-COSATU alliance at both provincial and national levels. Politically, this challenges the hegemony of the governing ANC in the province as well as at national level. Already the alliance of EFF and AMCU has facilitated the building of structures for effective grassroots socio-economic and political mobilisations, resulting in the former becoming the official opposition in the provincial legislature. The level of mobilisation systematically swelled AMCU membership, now estimated at about 70 per cent across Lonmin mines. It is not surprising therefore that the wave of strikes spread to gold and coal mines by end of August 2012.

The unfolding agitation described above contributed significantly to current political contestation in both the North-West provincial legislature and the National Assembly. To ameliorate the situation, the governing ANC party announced a financial package aimed at improving the living conditions of the communities surrounding the mining corporations. Furthermore, both the business community and some development partners opted to construct dwelling units that are adequately connected with social provisions including water, sanitation and electricity. As AMCU and the EFF increasingly expressed advocacy for the nationalising of mining rights, some civil society groups joined them by means of benevolent monthly support in cash and kind to those on strike, thereby enabling AMCU to adopt a rigid negotiation strategy that delivered the right wage package to the workers. Furthermore, AMCU's victory which bolstered the EFF's ideological message of economic empowerment through nationalisation of mineral resources, resonate with provincial communities.

While Januch (2012) expects the South African state to resolve conflicts without resorting to brutal violence, the unfolding developments in the platinum belt, especially the Marikana events, remind the diverse stakeholders in the industry that unresolved conflicts breed acts of violence and barbarism. Indeed, wide-spread acts of violence and barbarism in informal settlements and surrounding communities are due to a combination of failure to access proper dwelling units (due to either high costs or non-availability) and poor living conditions (due to limited access to water, sanitation and electricity). Thus, as labour-employer and inter-union labour tensions escalate, the prevailing environment could not support joint initiatives involving government agencies, mining companies management and representatives of trade

unions aimed at searching sustainable labour relations currently at the heart of the wide-spread industrial action in the sector.

The above is at the backdrop of both the mining management's and government's failure to prevent the escalation of tensions, resulting in the direct police shooting and killing of several scores of mining workers in seconds, twenty years after democracy. Charles Nupen, the Chief Technical Advisor to ILO, laments a culture of finger pointing, naming, shaming and blaming instead of pulling together towards a shared vision based on shared analysis of the unfolding problems (Cavvadas and Mitchell 2012). Meanwhile, the tragedy not only brought the conduct of police into the spotlight, but also evoked memories of the apartheid era in the new constitutional democracy. Harvey (2013, 5) links the tragedy of Marikana 18 years into democracy to the 1961 Sharpeville massacre. This calls for collective actions aimed at promoting the interest of mining houses, trade unions, workers and the communities. Secondly, the tragedy exposes AMCU's failure to provide sufficient education to the striking workers on the importance of respecting human life, especially of those workers who opted not to join the struggle. Again, AMCU failed to dissuade striking workers from carrying lethal weapons such as knobkerries, sticks, knives, guns and razors as they publicly appeal for sympathy. Furthermore, AMCU and allies failed to empower striking workers and community residents with non-violence messages, especially in the absence of laws and regulations to ban from the parading lethal weapons during protests and industrial actions. Lastly, the fact that on 9 August 2012, the labour conflict resulted in 10 deaths, including two police officers and two security guards near the mine exposes the complacency of development partners (especially churches and faith-based organisations) and traditional authorities in the area.

MINING OPERATIONS' IMPACT ON EMPLOYMENT CREATION

Notwithstanding the fact that the provincial mining operations have been a source of employment, mining houses' decisions to mechanise and restructure have since mid-2000 been blamed for the excessive retrenchment of workers. In this regard, Anglo American Platinum for example reduced employment from 88 300 in 2007 to 51 000 in 2012. Of the above figure, BeBSA CSR (2013) reports a decline of contract workers from 39 000 to about 4 000. Similarly, Lonmin Marikana's restructuring exercise affected 7 000 in 2009 and 9 000 in 2011 fulltime mine workers and contractors (Ledwaba 2012).

The rising retrenchments amid growing unemployment described above compelled nearby community members to stage an unprotected protest, demanding the mining company to create employment opportunities instead of further retrenchments (Wessels 2011). Unfortunately, the protest prompted the mining company to halt production at two shafts. This is supported by Reuters (2011), which reports that

the unprotected industrial action disrupted output at the platinum operations since the night shift of 17 May 2011. Thus, mining company-led retrenchment triggered community pro-employment protests also aimed at compelling mining houses to operate within the law, which stipulates that 51 per cent of the local employees in any South African mining operations should be drawn from within a 50 km radius of the mine, as reflected in Figure 1 below with respect to various sites of Implats mine.

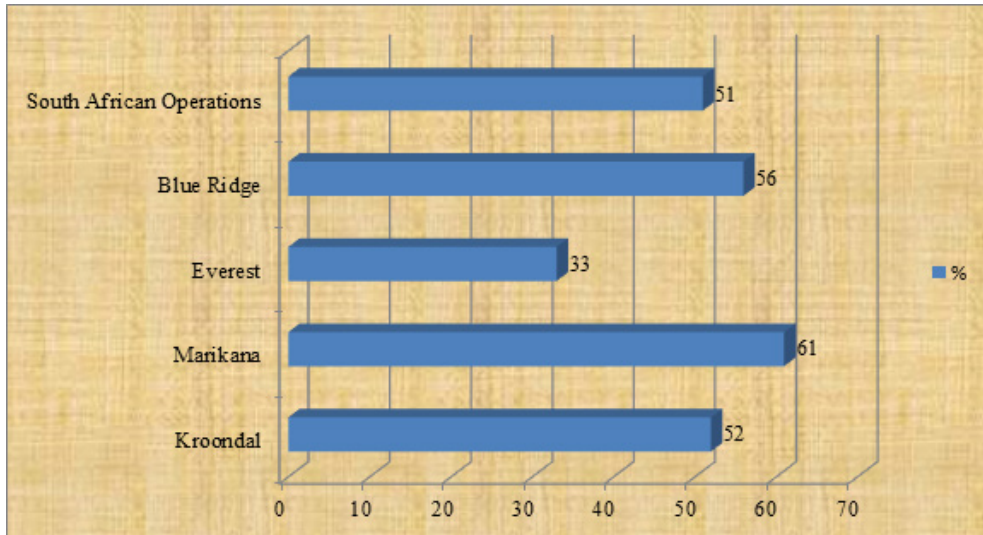


Figure 1: Employees in services at Implats in percentages

Source: *BeBSA CSR (2013)*

While mining houses thrive to employ local people both Stewart (2013) and Hartford (2012) argue that the platinum and gold mining companies continued to rely on migrant labour⁵. Thus, several thousands of RDOs are from outside the communities which are experiencing growing unemployment, especially among the youth. Furthermore, provincial mining companies also continue also to rely on sub-contracted workers, that is, out-sourcing work justifiably on grounds of containing costs. But this development has been blamed for taking away employment opportunities for communities' residents, that is, a strategy by mining houses not to employ people from the surrounding communities. The development described above also coincided with the communities' demands in 2006 that the mining corporations should start phasing out migrant labour. But as shown in Figure 2 below, provincial mining operations struggle to reduce employment sub-contracted workers between 2010 and 2011.

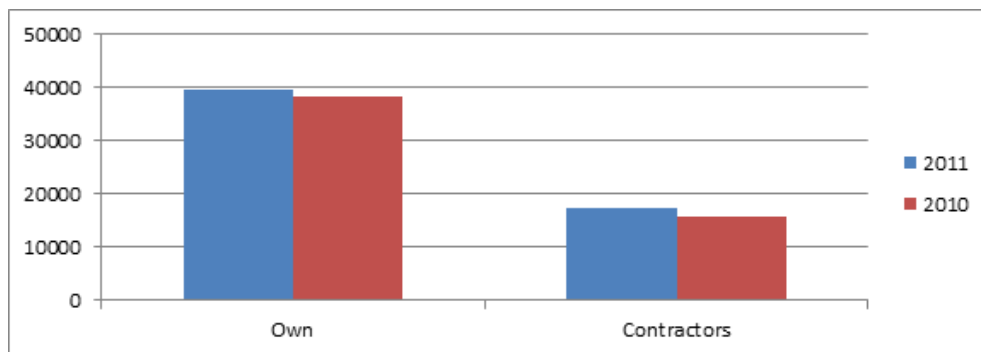


Figure 2: Employees in service, 2010 and 2011

Source: *BeBSA CSR (2013)*

MINING OPERATIONS' IMPACT ON MINE WORKERS' ACCOMMODATION

Anglo Platinum and Lonmin mining have home-ownership schemes in which mining companies merely assist employees with bank guarantees for home loans. This is presented as a benign social corporate responsibility of ensuring that mine workers own houses or flats in order for them to live well with family members. But the scheme only transfers the said property into the mine worker's name upon paying the bank the full amount. As BeBSA CSR (2013) argues, the schemes undermine the employees' freedom of association, and the right to organise and to withhold labour since any of these actions leads to 'no income' in line with the labour principle of 'no work no pay'. This has two direct implications to the mine workers. Firstly, this means that in the event of a protracted unprotected strike such as the pre- and post-Marikana debacle, miners will not be able to pay monthly home-loans or negotiate alternative payment plans. As a result, there is a high risk that the home or flat will be repossessed by either the bank or the mining house. Secondly, this means that in the event of retrenchment for whatever reason (a market collapse and employee downscaling, illness, injury or dismissal), the employees risk losing their houses when they fail to continue paying monthly bond instalments. As a result, most employees shun participating in home ownership dwelling unit schemes (buying) in favour of living-out allowances, which enable them to rent available accommodation in the informal settlements surrounding their respective working place. This development has swelled the population of settlements, thereby putting pressure on available social services provisions, especially water, electricity and sanitation. Furthermore, some employees are uncomfortable living in mining environments largely due to security, safety, and health concerns and environment-related issues.

Provincial mining companies have for decades been making promises for home-ownership schemes, some of which remain unfulfilled. Notwithstanding repeated annual empty promises and commitment to assist workers to secure own accommodation, mining houses not only built very few houses, but also transferred fewer houses to mineworkers' ownership scheme. This means that these mining companies are significantly behind schedule in fulfilling their respective promised hostel conversion programmes. For instance, between 2003 and 2012, only just over half of Lonmin's hostels were converted into a mining workers' ownership scheme (BeBSA CSR 2013). A systematic review of the mining house hostel conversion efforts has been largely unimpressive as evidenced by unfulfilled commitment on publicly set targets (see Table 1 below). From the table, there was no hostel conversion reported in 2003, 2005, 2006, 2007 and 2009 while only 79 houses were handed over to the workers. The same report also revealed that Lonmin failed to convert all hostels into family or bachelor units by 2011 and 2012 as well as to eliminate single sex hostel living units between 1999 and 2004. The mining company also failed to build a single house, despite its pledge to construct 6 000 houses by 2011. So, the hostel conversion record in the Marikana mining corporations was widely condemned as largely inadequate, and as highlighting a high degree of dysfunctionality, unfairness and unsustainability of the process. Generally, the mining housing project schemes remained unattractive to the extent of compelling some miners to live in nearby informal settlements or township shacks and communities. However, the hostel conversion and housing backlog is a problem of Lonmin as well as other mining corporations in the province and nationally.

Table 1: Mining hostel conversions 2004-2012

Year	Commitments and reporting	Completed hostel conversions
2003		0
2004	Hostel accommodation must be eliminated.	4
2005		
2006	Lonmin will 'convert all hostel accommodation into family accommodation within 5 years' since about 8 000 permanently established workers are reportedly staying in hostels.	0
2007	About 8 000 'employees' still stay in hostels despite Lonmin saying it has started to convert 29 hostels.	0
2008	SDR: 29 hostels out of 114 have been converted 'to date'.	25
2009	Lonmin says: 'We will not achieve our target to convert 85 hostels by 2011 despite promising 5 conversions by 2010'. There are no new conversions reported.	0

2010	5 hostels were converted and SDR commits to 26 conversions by 2011/12	5
2011	Lonmin completed 26 conversions promised in 2010, and promised to convert additional 24 hostel blocks in 2012.	26
2012	Lonmin still has 49 blocks to convert though both the Annual Report of 2012 and the 2012 SDR says 146 hostels. About 18 additional conversions were promised – making the sum of conversions 97. This is in line with 128 hostels (as stated in the 2012 'Fact Sheet Lonmin').	19
	Sum of conversions according to the SDRs 2003-2012.	79

Source: BeBSA CSR (2013), Lonmin, SDR, Policy Gap 7

Contract workers currently account for about 30 per cent of the work force in the platinum mines and between 10 per cent and 15 per cent in the gold mining sector. Lonmin's contract workers since 2002 were between 20 per cent and 25 per cent and the proportion grew up to over 30 per cent in the period 2008–2009 (BeBSA CSR 2013). The same report further observes that the mining companies have also continued to rely on migrant workers who are living in appallingly maintained and managed group/hostel accommodation provided by the sub-contractors who employ them. As such, most of migrant sub-contracted workers have taken advantage of the 'living-out' allowance and relocated from mining companies' preferred accommodation to nearby informal settlements and/or communities where they live in backyard shacks. In Marikana, the residential conditions under which mine employees live are still appalling including the proliferation of shacks and informal settlements, rapid deterioration of formal infrastructure such as roads and dwelling living places; limited access to electricity and water, and broken down drainage systems resulting in direct spillage into nearby rivers, which are more often used as a source of drinking water.

MINING OPERATIONS' IMPACT ON COMMUNITY PROJECTS

Even though mining houses consult communities around mines in North West in particular and South Africa in general, the balance of power in such consultations is skewed in favour of the mining houses. This is largely due to the fact that the communities negotiate with mines suffer from limited knowledge and financial resources to engage in complex and technical mining-related legal, environmental, geological and hydrological issues. Further, mining companies' commitment during negotiations to support communities affected by their operations through their respective social capital budget spending, often does not translate into actual expenditure in support of community-based social and economic development

projects. For instance, Lonmin mine's commitment to allocate 1 per cent of its pre-tax profits towards the development of corporate social investment programmes or community development projects has not always been met as shown in Table 2 below. Furthermore, these annual allocations which have been given to the Lonmin Community Development Trust to financially roll out approved social and economic project activities vary from year to year.

Table 2: Social capital spending, 2004 and 2006

Item	Percentage spending in 2004	Percentage spending in 2006
Skills development	2	-
Administration	9	15
Rural development	14	-
Donations	15	-
Business development	27	60
Housing development	33	-
Education	-	14
Health and wellness	-	5
Environment	-	2
Sports and Culture	-	2
Safety and Security	-	1
Discretionary	-	1

Source: *BeBSA CSR (2013)*

What is seemingly consistent is administration and business development, which do not benefit the majority of community residents. As illustrated in Figure 3 below, Lonmin mining's social capital spending on housing significantly declined in 2006 when compared to 2005. This declining trend is confirmed by Wessels (2011) who observes that the mining firm planned to spend about US\$3,9 million in 2012 covering education, health, enterprise development and local economic development.

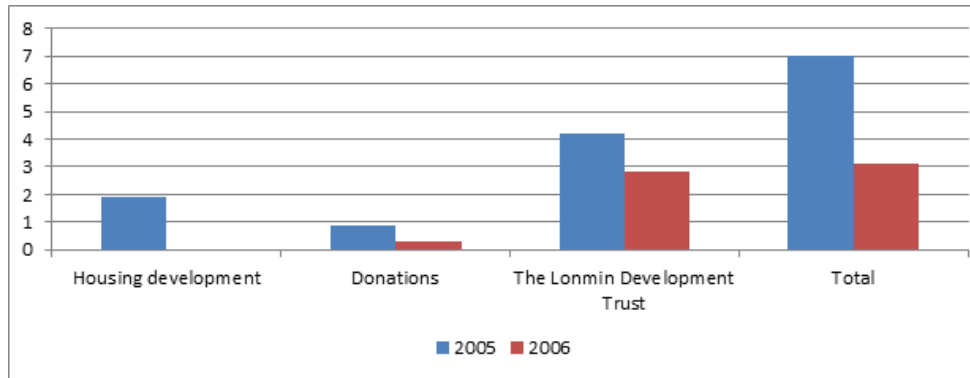


Figure 3: Social capital categories, US\$ million, 2005 and 2006

Source: *BeBSA CSR (2013)*

However, the community leaders, senior civil servants and politicians co-opted onto the boards of corporations serve to blur the lines between the public and private sector, thereby not only weakening communities, but also representing a serious conflict of interest (Kamidza and Ojakorotu forthcoming). As a result, mining companies' corporate social responsibilities risk not necessarily benefitting the communities' general populace, but only a few politically connected people. The political connection has since been influencing the implementation of the black economic empowerment policy in the sector in which communities obtain mining shares through the assistance of financial institutions. This has been the case with communities around Twickenham, Mogalakwena and Amandelbult mines (Limpopo province) and Khomanani, Bathopele, Siphumelele, Thembelani and Khuseleka mines (Rustenburg).

MINING OPERATIONS' IMPACT ON THE ENVIRONMENT

The South African mining industry has recently been hit by a combination of 'acid mine drainage' phenomena and a socially unbearable environment. In the North West Province, there is evidence of the significant cumulative impact of emissions, especially from the many smelters around the Rustenburg area. Thus, Kolver (2013) has linked environmental and health hazards such as a gradual increase in respiratory ailments with platinum mining operations in the North West Province. He further observes that the emissions violated waste management procedures since sometimes dust fall exceeds the legally required limits at various mining locations. Thus, the impacts described above on the health of both workers and the surrounding communities result in mining operation-related deaths in the communities as well as indirect damage to flora and fauna organisms. In particular, the mining companies' emissions of dust and sulphur dioxide not only pollute the surrounding communities' environment, but also disturb and hurt residents via related diseases including

difficulty in breathing, wheezing, coughing, asthma and worsening of existing respiratory and cardiac conditions. As a result, affected people experience increased medication use, frequent doctor’s room visits and hospital admissions, and premature death. Although Lonmin claims to have better social and environmental policy interventions that won accolades⁷, there is evidence (see Figure 4 below) indicating that the company has on several occasions missed the level of emissions of sulphur dioxide permitted by law per day or tonnes (BeBSA CSR 2013). Notwithstanding the above, the company continues to secure its license by indicating publicly its willingness to reflect improvement in future reporting.

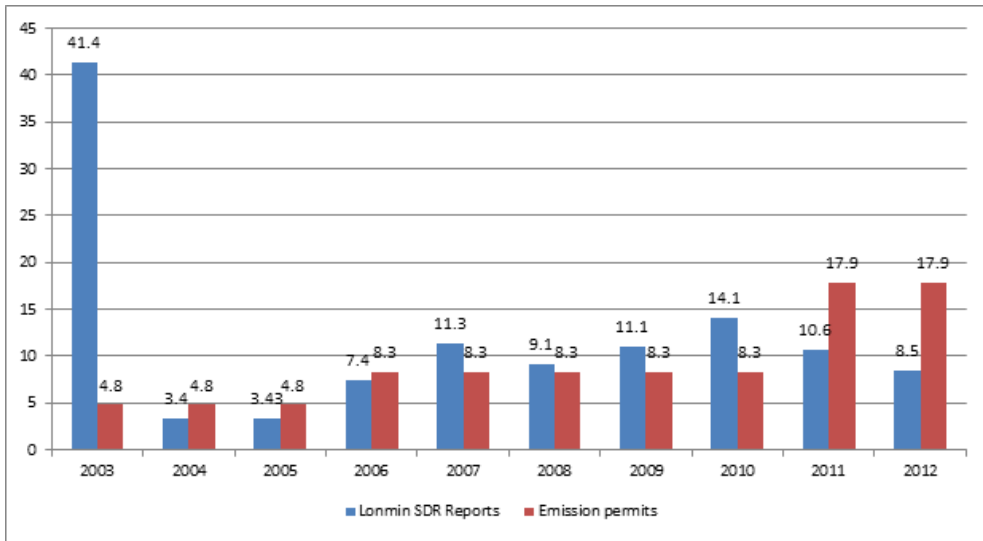


Figure 4: Lonmin sulphur dioxide emissions compared to legal limits 2003-2012
 Source: *BeBSA CSR (2013)*

Further, Lonmin mining company in 2011 recorded unplanned discharges to the environment: six Western Platinum Limited discharges which went into the tributary of the Maretlwane river, six Eastern Platinum Limited discharges which went into the tributary of the Modderspruit river, and seven Karee discharges which went into the tributaries of the Brakspruit and Hoedspruit rivers (BeBSA CSR, 2013). This affected the quality of water in the communities, endangering the lives of people, animals and other living organisms. Similarly, the same study shows how some dams in the communities have been compromised by sludge deposits that contaminated the groundwater, surface water and soil through seepage. Furthermore, during the winter and summer when the dams dry up, the sludge turns to dust which is then blown by the wind to the surrounding areas thereby affecting people and the environment. Thus, the above shows how the rapid expansion of mining operations

has significantly contributed to environmental decline in and around mining centres in the form of blast damage, pollution and exhaustion of ground water.

MINING OPERATIONS' IMPACT ON COMMUNITIES

Manson (2013) argues that local and near-mine communities should benefit (through royalties, joint ventures, share transactions and employment) from mining on land they own or occupy. *Business Report* 2012 reports on the communities' growing demands and protests against mining companies on account of inadequate corporate social responsibilities, including providing amenities and preferential employment for local residents. For instance, the traditionally constituted baFokeng community to the north-east of Rustenburg has waged a protracted legal battle aimed at improving the royalty payments from Impala Platinum (Manson and Mbenga 2003 cited in Manson 2013) thereby successfully corporatising its interests and image (Manson 2013). Thus, the settlement ensured baFokeng chieftaincy earns a fair royalty from mineral and mining rights as well as receiving a substantial number of shares, and social development funding. This means that baFokeng assumed a legal status of a non-profit organisation (hence exempted from tax earned on cash in the bank) that is operated in the interests of a community. Manson (2013) observes an increased migration of non-baFokeng into the area, now estimated at over 42 000 people. Meanwhile, the dilemma of inclusive or exclusive sharing of wealth between ethnic Fokeng and non-Fokeng residents seems to have been resolved through inter-ethnic marriages. Manson (2013) narrates how income from mining provides direct benefits to all households of the baFokeng in the form of electricity, improvements in infrastructure, subsidised water, waste removal, security and emergency services, improved schools and clinics and a number of social need-related services with long-term benefit. He, however, observes that those village people who were relocated to pave the way for the mining ventures, still complain of inadequate compensation, loss of grazing and ploughing lands, and the provision of inadequate or inferior houses at their respective new sites.

CONCLUSION

The unfolding labour conflict between mine workers and mining companies that lasted for nearly a decade impacted negatively on the economy. While the conflict respected constitutional provisions of workers' rights to assemble, express concerns and protest, it unfortunately turned a blind eye to the constitutional rights of non-striking mine workers, some of whom were killed in the process. Indeed, the prolonged industrial action by numerous workers from Anglo American Platinum, Impala Platinum and the British-owned Lonmin in the North West Province exposes unholy alliances between AMCU and other development partners whose involvement

seem to have fuelled the tensions in the mining labour relations. Be that as it may, this labour conflict between working class power and capitalist interests was ghastly and synonymous with the large-scale massacre of striking workers notwithstanding the level of provocation.

The labour conflict created conditions that fuelled trade union rivalry between NUM and AMCU, which also directly impacted on South African political landscape at both provincial and national levels. In particular, this reinforced the political wedge between the governing ANC and the EFF – a new political party – in the province and at national level. Meanwhile, AMCU, with support from some development partners such as churches and traditional authorities, some political parties, and those civil society groups and donor agencies working on human rights, adopted rigid wage negotiations tactics and strategies resonating with workers and the communities.

This conflict exposes critical challenges that are linked to mining activities in the province. These include rising unemployment in communities as mining houses opt to recruit migrant labour; accommodation shortages as the conversion of hostels remains largely inadequate, dysfunctional and unfair amid appalling living conditions for mine workers and their families; and environmental impacts that threaten the health of both workers and community residents. The other impacts relate to influencing the change of the political landscape and to fuelling trade union rivalry.

NOTES

1. From Anglo American Platinum, Impala Platinum and Lonmin
2. Calculations based on the exchange rate of R10 to a US\$.
3. Bench Marks Foundation of Southern Africa for Corporate Social Responsibility
4. The sections allow companies to set threshold levels for a union to get official recognition from management to negotiate wages and labour settlements.
5. These are from the rural areas in the Eastern Cape Province of South Africa, and regional countries including Mozambique, Lesotho and Swaziland.
6. Sub-contracted labour compromises mine safety because the workers are not only usually poorly educated, trained, remunerated and accommodated, but are also highly mobile between jobs and lack long-term familiarity with the work environment and culture.
7. This includes the Nedbank Green Mining Awards (in both the environmental and socio-economic categories), and the Strategic Planning Society's Lang Communications award (for most improved narrative).

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