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# Marikana and the future of South Africa's labour market

Edited proceedings of a Round Table convened  
by the Centre for Development and Enterprise



South Africa's labour market is in crisis, with millions of people in unemployment and high levels of anger at their wages and prospects among many with jobs.

In November 2012, the Centre for Development and Enterprise hosted a Round Table discussion on what South Africa could learn from the processes of reforming—or failing to reform—the labour markets of India, Brazil and Malaysia. A significant part of the workshop focussed on two critical issues: labour relations after Marikana, and the politics of labour market reform in South Africa.

The workshop was attended by a diverse group of expert participants from business, labour, academia and government. (See list of Round Table participants on page 5). Participants did not agree on all the key lessons that emerge from the events at Marikana, but some common themes permeated the discussion. There was, for instance, wide acknowledgment of the failure of leadership on all sides before and after Marikana and agreement that some of the country's most important institutions dealing with labour market regulation and with local and provincial government are in urgent need of reform.

This report, **Marikana and the Future of South Africa's Labour Market**, summarises this discussion. Debate about the roots and implications of Marikana was wide-ranging. Some of the key points from the discussion follow.

### Leadership

- 'South Africa has a thoroughly weak state and it is particularly weak and indecisive in terms of governance of the labour market' (*Sakhela Buhlungu, professor of sociology, University of Pretoria, former assistant general-secretary, PPAWU*)
- 'The key political-economic challenge we must confront after Marikana is how do you govern such an unequal country? What type of institutions do you need to govern with such steep inequality? What does leadership mean in such a country where interests are so different?' (*Kuben Naidoo, deputy director-general, National Treasury, former head the secretariat to the National Planning Commission*)
- 'The people that are elected to govern the country, who desire to govern, have a special onus of leadership on them.' (*Ann Bernstein, executive director, Centre for Development and Enterprise*)
- 'We must recognise that the crisis is so serious that we could end up with a platinum industry half or a third the size that it is now if we don't get things right. So there are some heavy incentives to make the changes' (*Mike Spicer, vice president, Business Leadership South Africa*).
- 'South Africa has a political party in government that is allied to a trade union movement, Cosatu. This has meant that the interests of the labour movement and the state tend to be intertwined with aspects of clientelism and patronage' (*Lumkile Mondli, chief economist, Industrial Development Corporation*).
- 'Our social partners are locked in an endless dialogue and an endless process of making wish-lists. If you go back into Nedlac, you'll see there are five different charters that have been passed in the last 18 months or two years. It's part of a deeply entrenched culture that developed way back in the 1980s. Yet every wish-list and charter says nothing about what we need to give up. Not just what labour needs to give up, but what business and government need to give up' (*Gavin Hartford, CEO, Esop Shop and former national organiser at National Union of Metalworkers of South Africa*).

### Business

- 'You'd have to be pretty blind if you are a platinum CEO not to see what was happening to that region of the country. . . . That business was mainly silent about these issues reflects a clear failure of leadership in the business sector' (*Ann Bernstein*).



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- 'The London listings have left a big vacuum in South Africa because corporate leadership is not really present in the day-to-day discussions. They fly in occasionally, but are not part of the fabric of discussing these issues and resolving them' (*Mike Spicer, vice president, Business Leadership South Africa*).

### Unions

- 'Unions represent an increasingly small crust of the workforce. . . [and] . . . Many people who actually pay union fees don't feel represented by unions and don't feel they benefit from unions.' (*Sakhela Buhlungu*)
- 'We are likely to see less and less unity within unions on specific issues. As a result collective bargaining would have to become more and more differentiated or less collective.' (*Nicoli Natrass, professor of economics, UCT*).
- 'Currently we have a heavily fragmented wage structure, with so many different wage-setting mechanisms. The lack of centralised bargaining in platinum was a significant factor in the unfolding of events around Marikana' (*Neil Coleman, strategies coordinator, Cosatu*).
- A simple rule for a business is 'don't hire what you can't fire' . . . If we could open up labour regulations it would make the employment decision easier and remove some of the disincentives. It is Cosatu's challenge to recognise the problem and to change the paradigm.' (*Jayendra Naidoo, executive chairman, J&J Group, former deputy general-secretary, Cosatu*)

### Local government

- In Marikana and elsewhere, failures of local government were clearly making labour relations and wage negotiations more complex and fraught. Reforming the labour market might, therefore, be facilitated by resolving crises in other institutions (*Antony Altbeker, research and programme director, Centre for Development and Enterprise*).
- 'In theory, the municipality is supposed to be upgrading that informal settlement, providing water, housing, sanitation, electrification and refuse removal. This in itself could have improved the social wage and improved the conditions of the mine workers. But in many areas it has obviously been a failure' (*Kuben Naidoo*).

### Black economic empowerment

- 'The general model of BEE in the mining sector has been that you get a 20 per cent BEE partner and they own 20 per cent of the mine. It is a cost to the firm but there isn't anything transformational about it other than the fact that you got a few black owners and a couple of black board members' (*Kuben Naidoo*).
- '[Business] thoroughly messed [BEE] up, too. The only thing I can say in mitigation is that we were incentivised that way. The mining charter is written in a way that is just a wonderful case study in how not to do it. Process rich, it requires phalanxes of people to compile the social and labour plans and all the reports. All the effort goes into compiling the documents and not in doing what you are meant to be doing because the process is so damn complicated' (*Mike Spicer*).

### The future of mining

- I was at a university and the vice-chancellor said to me, "The platinum industry is pouring out all these profits, so why can't it deal with its issues?" I had to explain very carefully to him that the platinum industry was deeply troubled and that they are not "pouring" out any profits at the moment. I think it is simply not brought home to key constituencies, let alone the public (*Mike Spicer*).



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- Since the living out allowance was introduced in the mining industry, the national figure of tonnage extracted is going down . . . This is . . . because of the poor living and social conditions in the shacks that rock drill operators take with them to the rock face (*Gavin Hartford*).
- We are the only industry in the world that works 230 to 260 days a year; everyone else is working 330 to 360 days. We're giving up one third of our annual production. . . . We need to deal with the holy cow of productivity, which so far hasn't featured in wage negotiations. Business has simply folded in the face of labour demands every single time, and they have failed to raise the issues and opportunities related to increasing productivity (*Mike Spicer*).

### Concluding Remarks

The tragedy at Marikana left South Africa reeling. It exposed many of the key fault lines plaguing our society. While it is impossible to predict what the long-term consequences of this will be, it is clear that already 'the winds of change' are blowing through our labour market institutions.

The CDE Round Table focussed on what South Africa could learn from the experiences of regulating and reforming the labour markets of India, Brazil and Malaysia. A comprehensive report on these issues will be published in the coming months. What Marikana shows is that the country needs to tackle the challenges of the labour market with urgency and purpose.

It is to be hoped that this tragedy will spur South African leaders-across the cabinet, the business community, and the trade unions-into a new appreciation of the fundamental challenges we are facing. What is needed is thoughtful leadership on a range of vital issues central to the labour market; as well as related issues ranging from more effective housing policy to urbanisation, from the quality of governance to the future of the migrant labour system.

Marikana seems to have opened up space for a potentially constructive debate about the direction of the country. It is a space South Africans desperately need to exploit.

This is an executive summary of CDE Round Table no 21, *Marikana and the Future of South Africa's Labour Market*.  
The full-length publication is available from CDE, and can also be downloaded from [www.cde.org.za](http://www.cde.org.za).



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