Record level of strikes in South Africa

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The number of days lost in strikes across South Africa approached 30 million at the end of July. This is already more than the number of days lost through strikes last year and the "strike season" is only part way through. On top of these record figures there is now the prospect of a nationwide mining strike. South Africa has not experienced a national mining strike since 2005.

Last week 150,000 coal and diamond miners went on strike and were followed by 200,000 gold miners. Production was halted at Anglo American and De Beers, the world's largest diamond producer, and AngloGold Ashanti, Goldfields, Harmony and Rand Uranium.

South Africa produces 225 million tonnes of coal a year, 66 million of which is exported. Electricity generation in South Africa is heavily dependent on coal. Eskom, the state-owned power company, whose workers are in the process of negotiating their own wage demands, will be forced to close down if the coal strike continues for more than a few weeks.

Gold prices have reached record levels, topping $1,600 an ounce, as uncertainty surrounding the dollar increases. South Africa is the world's fifth largest gold producer, producing 192 tonnes of gold last year.

Platinum miners who are currently in negotiations may join the strike action. Their action is likely to drive up the world price of this vital commodity very rapidly. Approximately 80 percent of the world's platinum comes from South Africa. Analysts are already factoring in the loss of the 88,000 ounces of platinum that South Africa produces every week.

The South African strikes have an international significance because mineworkers all over the world are currently engaged in disputes with the same companies. As mining companies' profits have hit record levels, disputes have broken out in Indonesia and Chile.

BHP Billiton declared force majeure as a strike at its Escondida copper mine in Chile reached its eighth day. Force majeure is normally only declared after a major earthquake or other natural disaster. It relieves the company of the obligation to fulfil contracts. Escondida produced 7 percent of the total copper supply last year.

Meanwhile Freeport-McMoRan was hit by a strike at Grasberg, the company's biggest mine in Indonesia. The price of copper rose 3.5 percent last month alone on the basis of reports of strikes by workers around the world.

"There is a perception in the mining sector that the big mining companies are making too much money at the moment," Rob Clifford, mining analyst at Deutsche Bank, told the *Financial Times*.

Vast profits are not confined to the copper sector. Anglo American's profits rose from $4.4 billion to $6 billion in the first six months of this year. Iron ore production in South Africa played a major part in the company's increased profits. Iron ore prices were up 56 percent on last year. The company also earned a dividend from its shareholdings in De Beers.

The mining sector constantly complains of rising costs, including rising labour costs. But all input costs that the industry faces are comparatively small in comparison to the profits they are making from rising commodity prices.

By contrast, gold miners earn on average 3,800 rand, or less than $500, a month. They often work 14-hour shifts, seven days a week and endure intense heat underground. Just as in the days of the apartheid regime, many of them are migrant workers and send home remittances to their families.

"The prices of food are always going up and the cost of living is too high," gold miner Bongile Ndongen, who earns 4,500 rand a month, told the *Mail and Guardian*. "I can't survive with this salary. There are too many days when my family goes to bed hungry. In our culture I don't just look after my wife and my children, I also look after my cousins and my wife's family."

Inflation is running at 5 percent. But the cost of food, fuel and transport, which make up the bulk of workers' expenditures, is rising much faster.

South African workers are receiving a smaller share of the national gross domestic product. GDP has risen every year since 1998, with the single exception of 2008. But wages have made up a smaller and smaller proportion of

GDP.

In 1994 wages made up 50 percent of national income. In 2009 wages accounted for 45 percent of national income. Over the same period the share of national income accounted for by profits rose from 40 to 45 percent, according to Dick Forslund of the Alternative Information Development Centre.

Rising unemployment is increasing the pressure on workers' living standards. Unemployment rose to 25.7 percent in the second quarter of 2011. This official figure is almost certainly a gross underestimation of the true picture.

Employment in the official sector contracted by 21,000 jobs over the same period. Most losses came in Gauteng, the North West and Eastern Cape. At the same time, employment in the informal sector grew.

All companies have plans to cut jobs as part of a strategy to drive down labour costs.

"Without the development of low-wage companies, South Africa will not be able to create the millions of jobs we need or achieve higher rates of economic growth," Goolam Ballim, the chief economist of Standard Bank, told the *Mail and Guardian*.

The response of the unions to this worsening situation has been to maintain their agreement with the government. They claim that the ANC government is committed to formulating a growth pact that will create 5 million jobs a year. But talks on a supposed "growth path" have still not begun and the economic development department has no plans for them to begin. The reality is that whatever jobs were created under this plan would be low-wage jobs designed to meet the demand of transnational corporations for cheap labour and even higher profits.

The unions have put themselves at the head of the current strike wave to prevent their members' anger boiling over in an entirely unchecked manner. But they have been careful to keep each sector of workers isolated.

Last week petroleum workers returned to work. Their strike threatened to cripple the economy as queues built up at filling stations. Their union Ceppwawu originally asked for a 13 percent across-the-board increase. It settled for 8.5 percent and a minimum wage of 6,000 rand.

"It's not what we set out to achieve," John Appolis, Ceppwawu's national policy coordinator, said, "but it's a reasonable conclusion seeing as though the employers were offering only 7 percent."

The same approach can be expected from the unions in all the current disputes. An initial demand for a double-digit increase is made, the members are allowed to vent their anger, and as the financial strain on their families increases they are persuaded to accept a paltry few percent above the original offer. Job losses and speedups follow the return to work.

COSATU, the South African union federation, is working overtime to prevent the different disputes coming together. Four public sector unions are engaged in talks over a wage demand. If they strike some 1.3 million civil servants would be mobilized, as they were last year. The state is the single largest employer in South Africa.

SAMWU, with 200,000 members, is still in negotiations over a double-digit pay rise. A strike by its members, who run municipal services, would bring the strike into the townships. Last year's strikes by public sector workers led to repeated clashes between protesters and the police. The unions are going to great lengths to prevent this situation arising again. Strikes among civil servants and the municipal workers have the potential to draw in the majority of nonunionised workers in a movement that the unions would find hard to control.

The National Union of Mineworkers, the most powerful union within COSATU despite the many job losses in mining, is currently demanding a 14 percent rise for platinum miners. Those negotiations are continuing despite the fact that coal, gold and diamond miners are on strike, each with separate negotiations. Together Impala Platinum and Anglo American Platinum dominate the market for this precious metal, which is vital to the global auto industry.

"The strikes happening now are much more serious and intense than usual," economist Andrew Levy said. This is certainly true in terms of numbers and days lost. But the South African working class is shackled by trade unions that are determined to divide them sector-by-sector and to work on a national footing rather than in alliance with other workers around the world.