Unscrupulous lenders target South African mineworkers

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South African mineworkers unable to service personal loans are suffering because of emolument attachment orders (EAOs) improperly obtained against them by unscrupulous lenders at various magistrates' courts.

Mining Weekly Online states that—contrary to regulations—most EAOs are laid against delinquent debtors in their absence. Worse, EAOs (incorrectly called "garnishee orders") are often signed by a clerk of the court instead of going through any judicial oversight.

The University of Stellenbosch's legal aid clinic has launched an application to the Western Cape High Court to have the issuing of EAOs not considered by a judge or magistrate declared unconstitutional.

Mining Weekly Online cites an investigation conducted by employer body the Chamber of Mines (CoM) showing that human resources personnel are often out of their depth when a lender confronts them with an EAO against a mineworker. Unable to determine the validity of the EAO, human resources workers prefer to err on the side of officialdom and simply process the order. As a result, deductions are made in the lender's favour out of the mineworker's pay. Workers are then driven further into debt in an attempt to make up the resulting shortfall. This was a contributory factor in the strikes that have recently swept the industry.

In January, 70,000 workers mainly at the North West province platinum mines of Lonmin, Anglo American Platinum (Amplats) and Impala Platinum (Implats) staged a five-month strike, South Africa's longest ever, in support of a R12,500 (US$1,124) basic monthly wage demand. The Association of Mineworkers and Construction Union, the recognised union in that strike, settled for a R1,000 a month increase in each of the first two years, and a R950 a month increase at Amplats and Implats in the third year. Only then will basic pay for the lowest-paid workers rise to R8,000 per month.

In July, members of the National Union of Metalworkers of South Africa—which recruits across sectors, including mining—and five other unions embarked on a four-week strike resulting in a 10 percent pay increase. The National Employers' Association of South Africa (NEASA) claimed it had been sidelined from the closing stages of negotiations leading up to the deal and refused to sign it. Although the Labour Court recently threw out NEASA's attempt to interdict the settlement from being extended across the metals and engineering sector, the employer body is planning further resistance to the wage agreement. Meanwhile NEASA's 3,000 members are free to pursue lockouts against employees.

Once workers' legal lines of credit are exhausted, many are forced to turn to loan sharks. The *Daily Maverick* estimates a total of 30,000 illegal credit providers in South Africa, charging interest rates of as much as 200 percent per month. The CoM refers to amounts owed to loan sharks as "invisible debt" because installments must be paid in cash, leaving no detectable trail as in bank statements.

"To manage employee indebtedness," *Mining Weekly Online* reports, "the CoM has supported the Department of Trade and Industry's... proposal that... a person applying for credit... sign a declaration under oath on what the person's expenses are. This will force applicants to indicate their 'invisible debt'..."

Far from being bound by even such petty niceties, "legal" lenders are known to falsify the income and expense declarations of applicants in order to secure business.

Following wage agreements in 2013, CoM members have raised the basic wage of entry-level gold mine workers to R5,700 a month. The CoM claims, "In addition... profit share, bonuses and overtime pay... potentially lift... the lowest-paid underground employee's package to as much as R12,570 a month."

Yet even these earnings, equivalent to US$1,125 a month, are by no means guaranteed in the face of a gold bear market being dragged further down by worsening global deflation. The average monthly salary in South Africa is a little under R15,000.

The CoM's feigned concern for the worst-paid mineworkers coincides with the December 7 publication of the South African *Sunday Times* Rich List, which has become a media event.

According to News24, this annual chart shows that in spite of the strikes and general economic stagnation, three mining billionaires made it into the top 10. Glencore Chief Executive Ivan Glasenberg is the wealthiest of the trio with a net worth of some R60 billion. Next up is Patrice Motsepe, executive chairman of African Rainbow Minerals, with holdings worth an estimated R18.4 billion. He is followed by Des Sacco of Assore, with wealth of R13.5 billion.

For some reason News24 omits any mention of Nicholas Oppenheimer among the mining billionaires. This is despite his controlling an inheritance founded on Anglo American and De Beers.

At any rate, as Marx explained, the accumulation of luxury and wealth at the pole inhabited by Oppenheimer and company is bound up with the accumulation of misery and want at the opposite pole of society. Under these conditions the prescriptions of the CoM for over-indebted mineworkers merely adds insult to injury.

The CoM, in reality, takes the side of the loan sharks against their victims. It lines up with the "banks, the National Treasury and the mining companies" in agreeing "that if an individual incurs a debt, the debt has to be settled."

The ruling African National Congress (ANC) must be held to account for creating the political environment that allows workers to be preyed upon by financial parasites.

Under the ANC's watch, the same group of capitalists who benefited under white-minority rule have benefited tenfold under black-majority rule. The only proviso was that they allow politically connected blacks like Motsepe and Deputy President Cyril Ramaphosa (a former Lonmin director) to join them in intensifying the degradation of workers—demonstrating so clearly that class, not race, is the fundamental division in society.