

Marikana – and the push for a new South African pact¹

by **Mark Anstey***

1 Social pacting

This article considers the violent confrontation at Marikana in the context of the South African transition, and whether it represents a broader crisis in the social pact that emerged during the transition years leading up to the nation's first democratic elections in 1994.

In the last decades of the twentieth century a wave of transitions to democracy swept through South America, Southern Europe and South Africa. Threatened concurrently by coups, revolutionary overthrows, and the flight of capital, these precarious processes were usually stabilised through pacts negotiated at the political, military and socio-economic levels. Negotiations at each of the levels may have been fractious but overall they reflected choices by parties, even as they pushed against one another, to build a common vision of a future society and then to use their joint energies to push for its achievement.

South Africa, regarded by many as a model for negotiated transition processes, has been a constitutional democracy for almost two decades now. However, a surge of industrial and social protest action in recent years has given rise to questions not only about the degree to which its democracy has been consolidated, but also about the merits of the pacts that enabled it to come into existence. These questions have been increasingly salient since 16 August 2012 when police brutally crushed a strike in the mining community of Marikana in an action that left 34 dead and 78 injured. The Farlam Commission of Inquiry is currently investigating the matter but its terms of reference may see findings limited narrowly to the decisions by various social actors leading up to the tragedy, rather than addressing its wider implications or the structural conditions that gave rise to it – the shortcomings of a process rather than a structural analysis. There are analysts who see events at Marikana as a “turning point” for South Africa, in terms of not only its labour relations but also its democracy.

2 The nature of social pacts

Pacts reflect decisions by key social actors not to use the full extent of the power available to them for adversarial purposes, but to leverage mutual accommodation. Such decisions are motivated less by altruism than by self-interest – they are premised on a shared perception that the benefits of cooperation may be better than those of coercion. As grand compromises among key social actors, pacts are inevitably subject to criticism from ideological purists (those who would prefer revolutionary overthrow of

* M Anstey is an Emeritus Professor (Nelson Mandela Metropolitan University) and Senior Visiting Fellow at the Netherlands Institute for International Relations at Clingendael, where he serves on the Steering Committee for the Processes of International Negotiation Programme (PIN).

a government, or straight defeat of struggle groups) – but this does not necessarily imply weakness or a lack of principle in their formulation. In a complex world of multiple competing interests, coalitions and pacts are the vehicle through which societal tensions are regulated in the wider public good. They are the essence of democratic systems.

Labour relations systems in developed economies evolved as social pacts or as what Reich (*The work of nations*) has termed “national bargains”. They typically took shape when states and employers recognised that accommodation of trade unions might serve their interests better than blunt repression; and when trade unions perceived open, legitimated representation to offer better prospects than underground organisation and wildcat actions. Labour relations systems have taken various forms (Austrian social corporatism, US decentralised pluralism, British voluntarism, German co-determination) but they are all premised on the same core trade-offs: employers accept unions as legitimate representatives of their workforces, agree to recognise them for purposes of workplace justice, to enter collective bargaining and accept a procedurally regulated right to strike on defined matters of interest; unions agree in return to exercise their power within a regulated system in which they achieve legitimacy and can negotiate with employers but only use their capacity for industrial action according to “rules of the game” (no wildcat strikes); governments give statutory legitimacy to unions, support collective bargaining, provide dispute resolution services and provide labour market supports through training and social security benefits. These trade-offs in industrialised nations have enabled social and political stability over time, made for more predictable production, and underpinned economic growth by providing a means through which the distribution of the fruits of growth could be negotiated. Negotiation in which the social actors agreed forums and “rules of engagement”, and then used these to agree substantive outcomes, gave legitimacy to social systems at both a political and a social level. In developed economies these grand pacts have unraveled to an extent in the context of globalisation processes driven by transnational corporations using global sourcing systems that have seen manufacturing outsourced and “offshored”; new forms of work organisation and organisational design; shifts to a service economy; the use of new technologies; and the decline of “traditional” work forms and work contracts. In this context trade unions have been in retreat, with declining memberships. The social partners in western economies now face special difficulties posed by their demographics, the shape of their economies, and the consequences of the post-2008 debt crisis. In some countries citizens are taking to the streets again.

“Grand bargains” across societal interest groups emerged much later in developing nations as a consequence of late development, nation statehood and democratisation. Pacts at political levels (constitutional arrangements, electoral systems and processes), military levels (ceasefires, civilian controls, integration in post-conflict societies), and social levels (union rights, economic deals) stabilised democratic transitions, reducing the risk of social disintegration and economic collapse.

South Africa’s transition evolved through a period of labour and other reforms, followed by secret talks about talks, confidence-building steps through the release of political prisoners, the unbanning of political parties, the extension of political freedoms, and suspension of the armed struggle; all of which were followed by tougher negotiations through multi-party talks over a future political dispensation. The process was supported by a national peace accord negotiated by civil society actors. The social actors engaged over social and economic issues through a National Economic Forum,

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and through collective bargaining and dispute resolution processes. Upsurge tensions were managed through dialogue, and a series of forward-looking pacts. In the immediate aftermath of negotiations a Constitutional Court was established, along with a National Economic Development and Labour Council (NEDLAC), a Human Rights Commission and many other institutions intended as vehicles for dialogue, and checks and balances to ensure South Africa's democracy had "legs". Since 1994 the nation has held four peaceful national elections and has retained the ranking of "free" by Freedom House, but the system is showing signs of strain. South Africa's transition was widely described as one of rapid political transformation, but its participants recognised that economic change would be a slower process. One of the levers used to achieve change in the latter area was the legislation passed by the government promoting collective bargaining as a vehicle for industrial stability and wealth redistribution, along with employment equity, affirmative action and black economic empowerment to re-engineer the demography of businesses inter alia through share ownership and preferential procurement processes. Platinum mining is a key sector for Black Economic Empowerment (BEE) within wider government development planning. South Africa is home to over 85% of the world's known reserves of the mineral. In this context, should we see events at Marikana as an anomaly or do they represent a more fundamental breakdown in South Africa's transformation project?

3 What makes pacts functional?

Social pacts are feasible to the extent that peak functional organisations exist that represent particular interest groups (business, labour, civil society) – they are about a coordination of interests at a centralised level rather than a decentralised pluralism. These peak organisations recognise an interdependence, perceiving their interests to be best served through mutual accommodation, and they have the power to deliver something of value to the other parties involved. Economic pacting is generally regarded as functional when business, labour and government are not so deeply divided as to be calling for each other's destruction, when they are not making demands on one another that put any of them under threat, and when they offer sufficient rewards to one another to make continuance of a pact more attractive than blunt confrontation, or unilateralism.

In practical terms there should be centralised organisations made up of business (employer organisations) and labour (union federations), and each should be internally unified with the capacity to enter into deals on behalf of their constituents, and to deliver on the terms of these deals. Typically, such deals are not simply about claims on one another but about making contributions and sometimes sacrifices at a sectional level for a greater and jointly acknowledged common good. For instance, higher taxes are accepted for social interest purposes (education, training and retraining of workforces, social benefits for those who lose their jobs in recessionary conditions) not out of altruism but from enlightened self-interest – the price of ensuring political stability and counteracting threats to economic freedoms. Top managers might forgo salary increases and bonuses during tough times in solidarity with workforces because they recognise the political significance (big p and small p), and to make a demonstrable contribution to reinvestment in the organisations they lead. Those living opulently seldom have persuasive capacity with workers in overalls whom they are threatening with layoffs or from whom they are demanding austerity. Unions on their part, if they wish to retain investor confidence in the wider economy, accept the legitimacy or at least the reality of markets, indicate willingness to temper demands in the context of

struggling economies, and have demonstrable capacity for internal discipline. They should be able to enter into deals at the centre to the effect that their structures will deliver at all levels of engagement with business. Their members adhere to collective agreements and eschew wildcat strikes. Those in government are seen to use national resources responsibly, efficiently and cleanly in the national interest, rather than for personal gain or as a source of patronage. In other words, pacts are as viable as the capacity and commitment of their signatories.

In South Africa a rising tide of industrial action has raised questions as to whether its labour pact at various levels is fraying, and events at Marikana have brought these questions sharply to the fore.

4 Origins and shape of South Africa's labour relations system

South Africa is no stranger to politically driven, large-scale strike action. The Rand Rebellion of 1922 – really a strike by white mine workers – lasted three months before eventually being put down by the military. Its political and labour relations consequences were significant – the fall of the government of the day, and the passage of the Industrial Conciliation Act of 1924 which institutionalised collective bargaining in South Africa, but did so on a racially exclusive basis, appeasing white demands for a colour bar by denying black workers rights of representation. It was an enabler of a system of racial corporatism. A strike wave in 1973 led to the appointment of the Wiehahn Commission, whose recommendations in 1979 kick-started a series of legislative reforms that created space for the social movement unionism, which energised political change. Indeed labour relations reforms provided the civil society legs for the country's transition to democracy in 1994. The struggle years from the late 1980s saw a huge surge in strike action in South Africa. In the context of the country's new inclusive democracy a labour-friendly legislation was negotiated among the social partners (government, business and labour) with extensive rights of association, organisation, collective bargaining and protected strike action. A sophisticated dispute resolution service was established, namely the Commission for Conciliation, Mediation and Arbitration (CCMA), in support of workplace justice and collective bargaining. The CCMA sits on around 150 000 cases a year.

During the struggle years several major strikes turned violent. In 1987, for instance, a strike on South Africa's railways was triggered by the unfair dismissal of an individual worker. Within six weeks a small industrial action by 350 workers had escalated into one involving 22 000 workers, huge losses of rolling stock, a series of violent confrontations between police and workers and eventually the killing of five scabs (strike-breakers). In the ensuing court case we argued that by denying legitimate representation the railways had failed to build a bridge through which to regulate labour-management relations; by refusing independent mediation or arbitration they had closed the door on opportunities to resolve a matter of individual workplace justice, and lost the means to prevent escalation of the crisis; and we argued that when people are angry with injustice and find themselves excluded from a system that facilitates a fair outcome, there is a risk that they will take matters into their own hands. This was essentially a strike over an individual injustice, rights to representation, and the availability of an effective and independent system of dispute resolution. The action was primarily directed at accessing systems of justice and collective bargaining.

Recent strikes have taken place in very different context, however – many have been less about accessing the collective bargaining system than over its returns. Trade

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unions no longer have to struggle for a right to exist, they are part of the fabric of society. The heavyweight union federation, the Congress of South African Trade Unions (COSATU), is in alliance with the nation's governing party, giving it an inner track on political influence, complementing its independent capacity to guide social and economic policy through the National Economic Development and Labour Council (NEDLAC). It is a partner in the governance of the Commission for Conciliation, Mediation and Arbitration (CCMA), which offers easy access to dispute resolution. As already indicated, rights to freedom of association, to organise or join trade unions, to justice in cases of unfair dismissal or discrimination, to negotiate wages and conditions of employment with employers and to embark on protected strike action following conciliation are all embedded in the law – and well exercised. Strike action in South Africa is “protected” (workers cannot be dismissed or disciplined for striking) provided it is not over a prohibited matter (a matter of rights or one covered by a collective agreement), and is carried out in conformance with legal procedures (essentially declaration of a dispute, conciliation, and 48 hours' written notice of intention to strike). The employer is entitled to use replacement workers and may resort to the lockout option to put pressure on a union to accept its proposals.

The violence on 16 August 2012 at Marikana reflects a fundamental breakdown in collective bargaining and dispute resolution systems at a particular mine (Lonmin) in a particular sector (platinum mining). It did not occur without warning; it followed a wave of similar actions across other mines in the region in which groups of workers defied the terms of a collective agreement, bypassed the representative union and downed tools to back demands for very large wage increases. In short they refused to play within the established “rules of the game”. This must be distinguished from the wider surge in industrial action in which actions have largely taken place in conformity with legal requirements, although the size of action and breakdowns in discipline raise concerns of their own. The surge in industrial action in recent times dwarfs that of the political struggle years and the early democracy. Where strike action on average saw the loss of about a million working days each year for the first eight years of democracy, in 2007 this rose to 9,2 million and in 2010 to 20 million days (NDP 2011; Jones 2013).

Important questions arise. Why have strikes on the platinum mines been non-procedural, and why have they turned violent? Does Marikana have wider implications than simply the need to “sort out labour relations” in the platinum sector? And then what explains the surge in industrial action at a national level? Does it suggest that the first democratic pact has run its course? What has to be fixed, at what levels, and how? Suggestions in relation to each question vary across ideological groups, of course. Pluralists (and the country's labour laws are overtly pluralist) argue that at the level of both the mines and other industries parties must find a way forward through negotiation. Radical change theorists argue that such conflicts are rooted in the deep injustices of a capitalist system and that pluralism disguises structural imbalances that undermine the regulatory capacity of collective bargaining. Pluralists perceive the breakdown as a *within system* breakdown signalling the need for a negotiated redesign of operational aspects of the labour relations system. Radical change theorists perceive the conflict to be over the fundamentals of the system itself, and collective bargaining and social pacts to be a process of covert system maintenance precluding meaningful change. Such ideological divides remain very much alive in South African society and it is not surprising that divergent views should exist not only about what Marikana means, but about how the problems in South Africa that it represents should be addressed.

5 Stresses in the South African pact

Events at Marikana evoked two levels of response from the State President: firstly that strike action is simply an expression of freedoms within a democracy, but secondly, revealing a deeper concern over developments, that a new social pact is required. South Africa's National Development Plan (NDP) recognises the "fraught" nature of the country's labour relations, and the importance of building constructive working relations. Government and business have mooted the NDP as the new social pact, but labour resistance to it makes such suggestions premature. At best the NDP is an agenda for a social pact rather than a pact per se.

One value of the array of commentaries on Marikana is that they reveal how multi-layered social pacts are. Some commentators focused on the breakdown in labour-management relations on the mines themselves, others on wider social conditions, and some gave Marikana a political perspective, arguing that it reveals a deeper corruption of the wider liberation struggle.

6 Stresses at the level of the platinum mines and other industries

Platinum mine workers are among the better paid in the country but some within their ranks are intensely dissatisfied. Two unions are competing for their membership. Despite its struggle credentials, the COSATU-affiliated National Union of Mineworkers (NUM) has lost membership to a breakaway rival – the Association of Mineworker and Construction Union (AMCU), particularly on platinum mines. Unlike in the gold sector, labour negotiations on platinum mines take place on a decentralised basis.

At the beginning of 2012 workers at Impala Platinum mine went on strike – the consequence of several factors, including changes in the social conditions of mine workers that attenuated the value of their wages, a loss of faith in NUM as the representative union among certain groups of key workers, inter-union rivalry, and an approach to labour-management relations that had seen line managers simply refer issues to HR and NUM, which had developed a "comfortable" relationship – but one that had disempowered line managers and seen the union lose touch with its own members (Hartford 2012). Rockdrill operators (RDOs), who are key to mining operations, were unhappy when NUM preferred across-the-board increases of 10% over proposals that would see them achieve higher increases. When another group, namely the miners, received large increases out of the frame of the agreement as management tried to respond to problems of high labour turnover, the RDOs also demanded a massive increase, downed tools to back their demand and refused to work through NUM as the official union. Faced with a violent strike and desperate for production, Impala's management conceded to demands. RDO pay rose dramatically. Thousands of workers left NUM to join AMCU (Hartford 2012; Chinguno 2013:160-161). The strike, the concession and the migration of members all occurred in the currency of a new collective agreement. Workers mobilised the local community in support, using a mix of tactics that included violence and intimidation to further their cause. A wave of similar strikes followed across mines in the region, accompanied by violence between union members, and between workers and security personnel and the police.

The strike at Lonmin that gave rise to the Marikana shootings followed suit. Under the leadership of disgruntled RDOs and clan leaders, workers bypassed NUM as the recognised trade union and collective bargaining agent and demanded an increase to

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raise their wages to R12 500. Again, the positioning was extreme and intransigent, and the action was unprocedural and became violent – the Marikana crisis. Again, management, following events on 16 August, made significant concessions with wage increases of up to 22% being granted outside of normal bargaining structures. The action was followed by similar action at Royal Bafokeng Platinum and Angloplats – and then migrated into the gold mining sector. By mid-October 100 000 workers were on strike across sectors. Estimates were that gold and platinum strikes cost SA about R10 billion in 2012, and did serious damage to the country's image internationally, affecting suppliers, manufacturing, service sector activities and tax revenues. The business confidence index dropped and the country was downgraded by international ratings agencies. AngloGold Ashanti and Harmony lost production of about 45 000 ounces of gold during their strikes.

The Chamber of Mines succumbed to pressure to re-open negotiations with union parties (the platinum mines not being part of this) and conceded cash advances to workers and wage increases above those achieved in July 2012, to raise total increases to between 11 and 20,8% for the year for three-quarters of the 160 000 workers covered. The push for large increases continued into 2013. Negotiations appeared seriously deadlocked with parties far apart – but after a brief three-day strike a deal at 8% was struck with NUM and other smaller unions across most mines. At the time of writing AMCU as a minority union was still threatening strike action and refusing the offer.

7 So what lies ahead for the labour relations pact?

What does all this tell us? Firstly, there has indeed been a crisis in collective bargaining in the mining sector. But after an initial flurry of outbidding it also suggests a return to more considered relations between employers and unions, at least on the gold mines where (although the game is not yet over) a more “normative” increase was achieved following quite constrained industrial action.

Outbidding between NUM and AMCU is likely to see instability in labour relations on the mines for some time into the future. The system of sole bargaining rights for majority unions at the level of individual enterprises was intended to limit union rivalry but seems in fact to aggravate tensions, reducing representation to a zero sum game. This is worsened if a majority union moves into a comfortable relationship with management, and loses touch with those it is meant to represent (Hartford 2012). If a union loses credibility with key groups of workers but closes out access to a competing union, a volatile situation arises. In the case of the platinum mines such groups of dissatisfied workers took matters into their own hands, bypassing formal systems to use raw power to achieve their aspirations. As industry consultant Gavin Hartford (2012) points out, there is much to attend to on the platinum mines including the design of a workable collective bargaining system with credible and accountable worker representation (enterprise and sectoral level), and at the level of the workplace the re-empowerment of line management and frontline shop stewards. In the context of exclusion AMCU is playing hardball at present but overall its objectives seem to follow the tenor of old – access to and influence over collective bargaining rather than its destruction.

Trade unions in South Africa are in the grip of ambivalence at several levels: there are tensions at a political level in COSATU's “strategic alliance” with the ANC; there are stresses at a collective bargaining level as evidenced in the mining sector; and at an

internal operational level some unions are struggling with ambivalence among their own members. While they can argue pragmatism and “the contradictions of capitalism” in relation to the first two, at the last level they are in a dangerous catch 22 crisis of representation that makes social pacts difficult. Inter-union rivalry undermines union capacity in collective bargaining and social pacts.

Organisational change strategists are familiar with the “trap of success” dynamic in business enterprises (Hayes 2010), but a similar problem faces trade unions. Marx and Engels were pessimistic over union leadership of a socialist revolution. Legitimacy, they argued, would lead to conservatism – trade unions would become part of the fabric of a modified capitalism rather than a vanguard force in its destruction. Michels also contended that union organisations would follow a logical pattern of development, becoming distanced from the direct participation of their members. As their membership grew so would their need for bureaucracy, for skilled personnel to negotiate and manage increasing numbers of sophisticated collective agreements, and for the internal management systems required to hold the organisation together. Top unionists would lose touch with the members they were representing, become conservative, comfortable with easy compromise and reluctant to pursue radical objectives (Hyman 1971). On the platinum mines NUM’s drift into moderation possibly reflects this trajectory, and a more militant competitor has arisen. Where neither is fully trusted, some workers have discovered independent action to be effective in achieving better deals.

Unions are in a bind. Without membership they have no capacity. Moderation risks a loss of members to competitors, extreme positions and wildcat strikes carry other risks – investor strikes, capital substitution, workforce reductions, collapsed negotiations and costly court cases. The first signs have been mixed. After Marikana, COSATU leadership called for a re-opening of negotiations wherever possible. Tougher bargaining followed in several sectors. Automobile workers took a three-week strike to extract an extra 1,5% increase from employers (a three-year 11,5%, 10%, 10% deal). But gold mine workers after tough demands and threatening positions settled for 8% following a short three-day strike.

Pacts require internal unity within and across unions, and adherence to agreements. Problems arise if collective bargaining processes lose credibility in terms of outcomes. When confronted with losses experienced in the auto industry after a three-week strike, a union leader argued that if employers had made the necessary concessions earlier the strike would not have been necessary. Pacing concessions and having them valued can be complex in a game of ratcheting, but across several fronts in mining and manufacturing in South Africa employers have moved from their “final positions” in the face of long strikes. This does raise questions as to whether the way employers are managing negotiations has become ritualised, and whether their concession patterns are not now reinforcing the very behaviour they do not want.

Forces of interdependence are the primary force for stability in labour relations – employers and workers need one another, and ongoing production, to achieve their separate objectives. Spikes of adversarial activity may occur as parties seek to realign power relations and returns, but neither wants to kill the “golden goose”. In tough industries such as mining and auto manufacturing, there is a higher propensity towards strike action internationally. Strikes are a means of reality testing, and forces of interdependence are likely to temper relations between employers and workers over time but in South Africa contextual realities inform the value placed on collective bargaining outcomes. An environment of poverty, unemployment and inequality puts

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stresses on even the most sophisticated procedural designs. Employers and unions at industry and enterprise levels will find ways to redesign participation in collective bargaining and workplace justice that they can live with, but this is no guarantee of satisfaction with bargaining outcomes. In this respect it is the unravelling of the wider social pact that is of concern.

8 Stresses in the wider political and social pact

A distance has arisen between a disillusioned poor, groups of aspirant workers and the country's emergent political-business elite. A hostile crowd at Marikana forced the rapid retreat of political heavyweights in government who attempted to "share their grief". Instead they welcomed Julius Malema, an outspoken youth leader expelled from the ANC.

South Africa faces deep problems of poverty, unemployment and inequality. These directly influence actors within labour relations, and shape the issues over which they engage and the way they do so. Sophisticated systems of representation and collective bargaining may ensure a degree of procedural stability in workplace relations, but will always be fragile in a context of economic scarcity and perceived inequalities, and the deep resentments that accompany these. Contests over participation are different to dissatisfaction with collective bargaining outcomes. In a context of scarcity, at some point reality disappoints high aspirations; there are pushes for outcomes that a system cannot afford, and then if parties do not accept the fundamental shape of the system, for its radical redesign.

Two big dissatisfied groups exist: dissatisfied workers – operating with leverage inside the system of the labour market; and the unemployed – marginalised from it. The first group can use its collective bargaining leverage to achieve higher wages, with some concomitant conservatism. Some, such as the RDOs on the mines, may nurse higher aspirations based on a sense of entitlement or power and be willing to "test" the system periodically, but for the most part those within a game that offers reasonable returns want it to continue, unless alternatives offer the certainty of more beneficial outcomes. The problem is that without wider economic growth rising wages close down opportunities for those out of employment. Low earners are under pressure to share their incomes through extended family networks, negating the value of increases and keeping a large stratum of society in perpetual poverty. Unhappiness is to be expected. The second group is dangerous in itself to social order because it has so little to lose – marginalisation makes for little investment in system maintenance. Its members are often disorganised but prone to spontaneous angry protest action over service delivery for instance. But they also threaten the stability of collective bargaining systems.

This brings us to the nub of the problem – South Africa's structural problems. *Unemployment* stands at 27% in formal terms, but is more likely in the region of 40% and in some townships is estimated to be as high as 60%. The ANC government has responded to poverty through extensive provision of social housing (2,5 m houses), clean water and electrification programmes and 14 million small social grants (as many as there are people in formal employment). These are funded through a relatively small tax base – about 5 million out of a population of over 50 million contribute over 90% of individual tax revenues. But job creation has proved very difficult.

Two levels of *inequality* are in evidence: within wage structures, and at a wider societal level. A collective bargaining system enables workers to negotiate their wages

within a market economy. A raft of laws exists to redress past discrimination and to empower black and other previously disadvantaged groups in the South African economy; these laws are directed at a demographic restructuring of employment at all levels as well as business ownership. In the context of wider poverty the age-old struggle over wages is more desperately fought and it should not be surprising that there are breakdowns in negotiation and strikes to test employer resolve on issues. Employers argue that workers and their unions want more out of the system than it can afford, that problems of poverty cannot simply be addressed by raising wages in a manner unrelated to productivity, that wage increases simply close out competitiveness and future job creation, and that South Africa is no longer wage-competitive in many sectors. What does not help these arguments is the opulence of some business and political leaders. Platinum mineworkers, for instance, earn relatively well in the South African context but revelations that mining CEOs may earn up to R55 000 a day (R20 m per annum), and that the wage gap between a CEO and a worker is 390:1 fuel both a sense of injustice and high aspirations. If top earners appear to be plundering a resource, why not everyone? This kind of disparity fuels demands to nationalise mines. In South Africa the average pay package of the CEO of a listed company is 53,5 times that of the average income of the lowest band of employees. In the USA the ratio is 204:1, in China 20,3:1. There is a widening dualism in South African society where the gini coefficient is among the highest in the world at almost 0,7, and is still increasing.

The face of inequality is changing and the highest gini scores are now within the black community. Simply not all the boats are being floated concurrently – and the hard reality is that the economic tide needed for greater buoyancy is unlikely to reach as far as is needed. This has translated into a transformation project with mixed results. South Africa is not where it was, but it is not where it wants to be. The top 20% (10 m) of earners now account for 75% of the country's income, the bottom 50% (25 m) for less than 8%. Of the 10 million top earners, 6,3 million (63%) are now black, but 24 of the 25 million (96%) poor are black (Terblanche 2012). In short, South Africa has been quite successful in creating a non-racial upper and middle class, but beyond some poor housing has not found a means to respond to the needs of the poor and marginalised (about 40% of the population and almost entirely black), other than through a placatory welfarism.

These developments might be seen as (frustrating) natural steps in an evolutionary process, but some are more cynical. Moeletsi Mbeki (*Architects of Poverty*) has argued that events at Marikana clarified that the ANC government was no longer one of liberation, but one simply continuing a tradition of elitist control started first by the British and then played out by the National Party up to 1994. He identified policies of Black Economic Empowerment (BEE) as being a major contributor to the crisis. Along with analysts such as Naomi Klein (*Shock Doctrine*) and Sampie Terblanche (*Lost in Transformation*), he argues that South Africa's transition was hijacked by neo-capitalists through the creation of a predatory black elite now more interested in plundering the economy in its own interests than in development for the wider population, most of whom live today much as they did under apartheid. From this perspective South Africa's much vaunted "miracle transition" is reduced to a political sleight of hand played out by established white business interests and an untrustworthy black political leadership more interested in personal gain than national development. The thesis is not without some substance. *Amandla* (2012) magazine for instance points out that certain dynastic black families have indeed profited immensely and very quickly from BEE – including the Radebes, Motsepes, Ramaphosas, Mandelas, Sisulus

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and Moosas, who are major players in the post-1994 world of mining, including platinum. It is a seductive but I think limited argument. South Africa's transition surely reflects more than a disingenuous pact, and its post-apartheid period reflects considerably more than looting by a predatory new elite.

The hard unpalatable reality is that some boundaries of redistribution have been reached – the pace has slowed. Now that the public service has been demographically transformed, the BEE gatekeepers in the economy installed, and a wide net of social grants implemented, some limits have been reached as regards easy incorporation into the mainstream economy. Aspirations are frustrated – and more so because rapid social transformation has not always been competency driven. As recognised within the NDP, incompetence and corruption have become major problems in the transformation process in that they have eroded efficiencies, and the extent and quality of service delivery.

9 Concluding comments

I have attempted here to look more closely at the argument that events in the mining community of Marikana represent an unravelling of or a betrayal of South Africa's transitional pact. Pacts have a multi-level character, with political, economic and social dimensions.

At the level of the labour pact there is some evidence of course that those tasked with pact maintenance on the platinum mines “went to sleep at the wheel” with a consequent breakdown in collective bargaining. However, union rivalry, outbidding dynamics, loss of credibility in collective processes, gaps in participation, and breakdowns in the effectiveness of labour-management relations at workstation levels have potential for repair through improved joint redesign and management. Following a spike of adversarial activity, forces of interdependence are likely to see a return to more sober exchanges. Having said this, however, the context of collective bargaining will inevitably make for some fragility in the country's labour accords.

Participation in collective bargaining does not equate to satisfaction with its outcomes. South Africa's labour pact continues to be threatened by forces emanating from structural problems within its wider socio-political pact – those of poverty, unemployment and inequality. Although employers are focused primarily on the cost and return realities of their own businesses, the workers employed within them face high dependency pressures in a context of wide unemployment. It has been argued here that some boundaries have been reached in terms of redistributive capacity. Violence in societies is associated with high aspiration-high frustration scenarios, an absence or loss of trust in mainstream institutions and conflict resolution mechanisms, escalated conflict dynamics, group norms legitimising violence as a tactic, and inept crowd management. South Africa reflects elements of all these factors.

The finding that the core problem is that the transition was hijacked by a self-serving business-political leadership is in my view only partially accurate. In the context of the late 1980s and early 1990s, what kinds of trade-off were realistically available to parties negotiating South Africa's future that would minimise further violence and loss of life, ensure transition to a constitutional democracy with a primary human rights dispensation and limit risks of a flight of capital so that a new government would inherit a viable economy, attract new investment and secure an environment that would best enable a rapid response to the desperate needs of the poor (housing, water, electrification, health and education)? There may have been some greed-driven deals

done by business and political elites in 1994 but this should not detract from the wider achievements of the pact that enabled the country's transition to democracy. More attention should however be given to the integrity of business deals being concluded at present – it is less perhaps the integrity of the original transition pacts that is in question than how the space they created has been exploited over the last twenty years.

It would be helpful if critics made more substantive proposals regarding the kind of actions and investments required in the present climate for job-creating economic growth. The NDP lacks a buy-in from powerful groups within organised labour but it is an important document around which diverse groups can engage in order to develop a new pact. The deep ideological divides that remain in South African society can be regulated to some extent at the level of workplaces, but are vulnerable to periodic eruptions informed by problems of coherence in the wider social pact. This is reality. In the absence of full employment the calculus of consent that sustains democratic systems is at risk.

What is really missing is a clear society-wide commitment to nation building – a sense of mutual investment in national development. Government is mired in a crisis of poor delivery across sectors, often rooted in problems of incompetence and corruption. If there is a perception of looting by those entrusted with the guardianship of the public interest it releases others in society to do the same – to avoid or evade paying their taxes, to pay bribes to secure business, to make appointments based on connections or favours rather than competence, to create “ghost” employees, not to go to work, to set up vigilante groups when the police are seen not to act or as being bought off. In relation to Marikana, the Bench Marks Foundation (2012) has articulated a wide range of social problems needing urgent attention. Sibiyi (2012) from the Chamber of Mines has argued that platinum mines have paid hundreds of millions of Rand to government in terms of the agreed social plan governing their operations, but it has not been spent on development plans. These are serious gaps in implementation and pacts are ultimately about execution, not simply high-sounding agreements.

If the NDP's “to do” list is not to remain merely a wish list, the social partners will first have to find agreement on its proposals, and demonstrate new levels of commitment and capacity to its objectives – across the table deals require internal coherence first. There is much to be done within the ranks of government, business and organised labour if a new social pact is to have any prospects. The energy that informed the democratic transition requires resuscitation. Institutions such as NEDLAC should be revitalised. Clean and efficient government is the cornerstone of a viable state – a very urgent clean-up is demanded. Public servants across the board require resourcing to deliver to their vocations: very specifically in education, health, safety and security, and development. Business will be required to see its logic as delivery not simply to shareholders but to society as a whole. Societies require investment; wider development will be limited within a logic of corporate extraction founded on lean production principles. ROI is not simply a shareholder imperative, but a societal one. Some signs of this logic have been recently evidenced, for instance in the move by South Africa's richest businessman, Patrice Motsepe, who in a Warren Buffet-like gesture committed half his earnings to “charity”. Job-creating “charities” should top the list. Trade unions need internal coherence to deliver what they owe as their part of a national bargain in a developing economy with a jobs crisis.

In short, a new social pact requires radical change in the mindsets of key social actors and their constituents, regarding the way they deal with one another and particularly how they manage their problems of internal coherence. A social pact is the

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product of a shared mindset of social investment above extraction, and commitment to a long-term national vision rather than short-term sectional interests. Such a commitment is inevitably more difficult for those unable to feed themselves on a daily basis – what is the mix of commitments, contributions and rewards that can be expected to make sense to the large and growing numbers on the margins of South African society? Acemoglu and Robinson (2013), in their extensive analysis of why nations fail, concluded that the key to success was inclusive political and economic policies, while narrow extractive practices had the consequence of ultimate collapse. This is the stuff of pacts. The killing field of Marikana is not simply about a breakdown in labour-management relations on platinum mines or an event of poor policing. It demands from the country's social partners a wide-ranging review of their joint commitment to nation building and a rebuilding of capacity to the task.

Endnote:

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