

Research on South African Mining and Labor force

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Keywords: Mining industry, democratic process, labor force, unequal distribution of wealth

Abstract: This article describes the mining data of South Africa. Because South Africa is rich in minerals, this is also the main industrial pillar of South Africa's economic development. Although the development of minerals is more developed, it will also solve the labor and employment problems, but the local wealth distribution cannot be obtained. Reasonable distribution will directly lead to more problems. This article will mainly discuss and analyze related problems.

1. Introduction

South Africa is one of the five largest mineral countries in the world with proven reserves and more than 70 kinds of minerals mined, among which gold, platinum group metals, manganese, vanadium, chromium, silicoaluminate reserves ranks the first in the world. Mining has been one of the pillar industries of South Africa's economic development since the large-scale development of diamond and gold mines in the second half of the 19th century, which led to the country's industrial revolution (Innes, 1977). According to the daily business website of South Africa on March 12, data from the statistics bureau showed that South Africa's mining production in January 2020 increased 7.5% year on year, far exceeding market expectations and the biggest increase since November 2017, among which iron ore rose 27.9%, platinum group metals rose 10.2% and coal rose 2.3%. The development of mining industry promoted the democratic process of South Africa and solved the employment problem of labor force to some extent, but on the other hand, it also aggravated the problem of unequal distribution of wealth in South Africa. This paper will firstly analyze the influence of mining on South Africa's economy and politics, examining the impact of mining development on the labor market, and then come to the problem of the widening gap between the rich and the poor in South Africa.

2. The economic and political significance of South Africa's mining industry

Mining is an important part of South Africa's economy which also has a big influence on politics. It was not until 1943 that the share of manufacturing in GDP began to exceed that of mining, which gradually declined to about 10% of GDP by the early 1990s (Natrass & Seekings, 2010). Since the 20th century, due to the rapid growth of South Africa's secondary and tertiary industries, the proportion of mining in South Africa's GDP has gradually decreased, but mining industry still keeps adapting to the changes of domestic and international situation and keeps playing a crucial part in South Africa's national economic growth and development. According to the daily business website of South Africa on March 12, data from the statistics bureau showed that South Africa's

mining production in January 2020 increased 7.5% year on year, far exceeding market expectations and the biggest increase since November 2017, among which iron ore rose 27.9%, platinum group metals rose 10.2% and coal rose 2.3%. It is clear that mining will remain an important pillar of South Africa's economic development.

South Africa and China enjoy close economic, trade and political relations and have a 20-year history of diplomatic cooperation (Cook, 2013). In 2004, China established a strategic partnership of equality, mutual benefit and common development, deepening friendly cooperation in political, economic and cultural fields with South Africa. China imports a lot of mineral products from South Africa as industrial raw materials. For more than a decade, the governments of China and South Africa have worked to promote bilateral relations and encourage direct and indirect investment. China is South Africa's largest trading partner, export market and source of imports (Dent, 2010). In 2016, China exported 84.749 billion yuan to South Africa and imported 148.954 billion yuan from South Africa, of which mineral products accounted for 60.3 percent. Bilateral trade volume reached 39.17 billion US dollars in 2017. More than 100 Chinese state entities and companies have invested some US \$8.1 billion in South Africa, and among which mining is a key sector.

Mining industry plays an important role in promoting South Africa's economic growth, increasing employment and earning foreign exchange through export (Rodrik, 2008). According to the statistics of South African chamber of mining, in 2016, South Africa's mining output value accounted for 7.3% of South Africa's GDP, mining fixed asset investment 93.35 billion rand, accounting for 11.0% of South Africa's total fixed asset investment, mineral exports 319.23 billion rand, of which primary mineral exports 249.69 billion rand, accounting for 21% of South Africa's total merchandise exports. On the other hand, the development of South Africa's mining industry has created many jobs (Davies & Head, 1995). As an important employment sector, South Africa's mining sector employed 457,000 workers in 2016, accounting for 5.4% of South Africa's non-agricultural employment. The international market has a huge demand for South Africa's strategic mineral products. Although this demand fluctuates from time to time with the changes of world economic trend and political security situation, South Africa has always been an important source of international strategic mineral products, and South Africa's mineral exports are still the main source of foreign exchange reserves.

3. Improvement of the legal framework

The development of mining industry in South Africa promoted the national social movement and democratization process in South Africa to some extent. In the early 20th century, when South Africa was under colonial rule, whites and blacks applied different labor laws, and labor conflicts were fierce (Beinart, 2001). In 1922, a miners' strike at Witwatersrand in South Africa led to the introduction of South Africa's industrial mediation act in 1924, which led to the establishment of labor relations mediation and collective bargaining (Lever, 1977). In the mining sector, however, the dual employment of black and white workers has not changed, and labor problems have become increasingly prominent. In 1979, the South African government amended the industrial conciliation act of 1956 to eliminate the exclusion of blacks from statutory employment, thus abolishing the dual labor relations system in South Africa. Since blacks had not yet been liberated, the bill lacked the social legitimacy to improve employment (Lynch & Crawford, 2011). In 1994, the first democratically elected government was born in South Africa, which announced the complete end of the apartheid system, a series of political, economic and social reforms emerged, and a series of promulgation of labor laws promoted the transformation and development of labor relations. The labor relations act of 1995 was a milestone in the transformation of labor relations in South Africa. The act has provisions on the formation, rights and obligations of unions and employers' organizations, especially the detailed provisions on collective bargaining and labor dispute settlement. The basic

conditions of employment act (BECA) of 1997 set minimum conditions for workers, mainly in sectors with low-skilled workers, who generally have less negotiating power than high-skilled workers (Mtayi, 1998). The basic conditions of employment act (BECA) also provides specific labor protection provisions for disadvantaged workers. The bill would require workers to work 24 more hours a month. The bill also provides for working conditions and contracts, but does not specify a minimum wage. From the promulgation of a series of labor laws, it can be seen that South Africa has continuously improved relevant labor legislation and labor judicial mechanism, and is committed to building harmonious, democratic and equal labor relations, so as to further promote the development of South Africa's economy and society.

4. Complex labor disputes

At present, South Africa has a relatively sound labor law framework. Many labor policies are made with good intentions, but unfortunately, the implementation effect is not satisfactory. The reason lies in the fact that these labor policies have problems in system convergence and lack of synergy between systems. Moreover, the existence of too many bodies or committees has led to unclear and uncoordinated functions of the various bodies. For example, although the employment equality act provides for consultation and communication with special groups (blacks, women and people with disabilities) in enterprises through trade unions or their representatives, the content of employment equality rarely appears in collective bargaining (Du Toit, 2007). In 2015, the labor relations law was amended to require temporary workers on low salaries to be formally employed after three months. This is mainly to prevent companies from exploiting the loophole to get around Labour laws. So far, there are no official statistics to summarize the likely impact of the change on South Africa's employment sector. But it can be expected to have a very serious impact on South Africa's labor brokers, outsourcing and other sectors. Too many labor laws and numerous labor relations management institutions reflect the government's excessive intervention in the labor market, which leads to the lack of flexibility of South Africa's labor relations system and complicated labor relations.

In recent years, the national union of mineworkers in South Africa has continued to organize strikes for better pay and conditions at the urging of black miners. Since 2012, South African miners have gone on a series of large-scale strikes over pay, resulting in violent conflicts and frequent labor disputes (Du Toit, 2007). According to South Africa's labor ministry, 950,000 work days were lost in 2016 caused by mining strikes organized by South African trade unions, 161 million rand was lost, up 38.8 percent from the previous year. More than 90,000 workers were involved in Labour disputes, the lowest number since strikes were recorded in 2013. Trade union congress of South Africa is highly concentrated, with four major trade union federations, cosatu, union national council and cosatu. In South Africa, the miners' union is highly concentrated. There are four major trade unions, cosatu, union national council and cosatu. Strikes by trade union congress of South Africa have gradually improved wages for black miners. On the other hand, frequent strikes have often crippled South Africa's mining industry, causing huge economic losses.

5. Labour force employed in mining and the high unemployment rate

Mining in South Africa is labour-intensive and the sector that provides the most jobs (Dagut & Bernstein, 2003). The number of South African mining workers exceeded 400,000 in 1935, increased to 473,000 in 1945, and exceeded 500,000 in 1950. Since 1951, the manufacturing industry has overtaken the mining industry, but the number of mining industry workers has also increased. It increased to 540,000 in 1955, maintained between 630,000 and 640,000 from 1965 to 1975, and reached the highest level in history in 1985, which exceeds 720,000. Since 1990, the number of mining workers fell below 700,000, in 1995 to nearly 600,000, and in 2000 it was further reduced to

410,000. In the 21st century, with the adjustment of South Africa's mining industry and changes in international demand, the number of mining employment workers has fluctuated between 400,000 and 500,000 (Fenwick & Kalula, 2005). From 2000 to 2009, 74,660 jobs were created, further illustrating the importance of mining in South Africa's economy. In 2010, the number of mining workers reached 504,000. Obviously, the development of the mining industry has provided a large number of jobs for the people of South Africa.

Since the beginning of the new century, with the economic development of South Africa, South Africa's employment has continued to increase, but the unemployment rate has been hovering at a high level of 25% (Shostak, 1981). There are structural defects in the labor market, that is, long-term scarcity of skilled labor and a big number of unskilled and low-skilled labor. The contradiction between supply and demand in the Labour market in South Africa has led to severe structural unemployment, where skilled workers are needed while large numbers of low-skilled South African women and young people are out of work. By the end of 2016, the total population of South Africa between the ages of 15 and 64 was about 36.9 million, of which 21.8 million were in the labor force, 16 million were employed and 5.8 million were unemployed (Zuberi et al, 2010). In the first quarter of 2017, South Africa's unemployment rate reached 27.7%, the highest point in 13 years.

6. The influence of mining development on wealth distribution

Mining industry is the pillar industry of South Africa, which enjoys a good momentum of development. According to the data of South Africa's mineral and metal exports (as a percentage of commodity exports) published by the World Bank in Figure 1, after the realization of liberal democracy in 1994, the proportion of South Africa's mining exports has been on the rise and has always occupied a high share. But the economic development related to mining has further widened the gap between the rich and the poor in South Africa.

During the apartheid era, the white government intervened in the labor market supply to ensure the normal development of various industrial sectors by reducing labor costs. In South Africa's mining industry, white and black wages vary widely. From the 1920s to the 1960s, the employment ratio of Africans and whites in the mining industry remained basically between 9:1 and 8:1. In the early 1930s, the employment ratio of whites in the South African mining industry was 10%. Blacks are 90%, which means that in order to minimize costs, the labor-intensive mining sector employs a relatively small number of high-wage whites while hiring a large number of cheap blacks to reduce total labor costs (Downing, 2004). On the other hand, South Africa's mining sector implements a job reservation system, reserving a small number of skilled and semi-skilled jobs for high-wage whites, while following the principle of cost minimization and reducing the total labor cost by employing cheaper black labor. After the establishment of the new South Africa in 1994, despite the efforts of the South African government and the Ministry of Labour to establish a new, democratic and equal labor relationship, it was still difficult for the black people to take the jobs with higher salaries due to the low level of education and lack of professional skills. The whites, who account for 25% of the minority of the population, own more than 60% of the total social consumption. Blacks, who make up 75 percent of South Africa's population, account for only 20 percent of consumption. Obviously, the South African economy has a dual economic structure, and the gap between the rich and the poor is extremely large (Murray Leibbrandt, & Ingrid Woolard., 2001). Despite being the top three richest countries in Africa, 52% of South Africans still live below the poverty line.

Mining is a pillar industry in South Africa and has long accounted for a large proportion of the national economy. In the 1970s, the international community imposed comprehensive economic sanctions on South Africa. The withdrawal of foreign capital cut off South Africa's main source of

funding (Evenett & Simon J., 2002). Trade sanctions reduced South Africa's foreign exchange, which led to a sharp increase in South Africa's external debt, a serious imbalance in fiscal revenue and expenditure, and a rapid deterioration of the economy. Mining also declined. After the apartheid system was overthrown, South Africa's mining industry generally developed better, but mining-related economic development has further widened the gap between rich and poor in South Africa. Figure 2 shows the Gini index of South Africa published by the World Bank Database. Obviously, the Gini index of South Africa remains at a high level. Although there were fluctuations between 2001 and 2005, the overall trend is higher, which indicates that the gap between the rich and the poor is still widening. Combining Figure 1 and Figure 2, we can conclude that mining-related economic growth has exacerbated South Africa's unequal distribution of wealth.

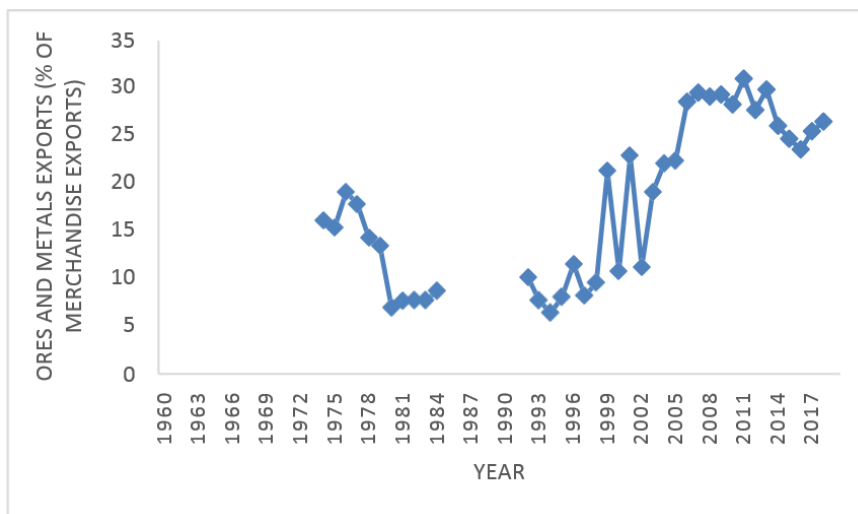


Figure 1: Ores and metals exports of South Africa

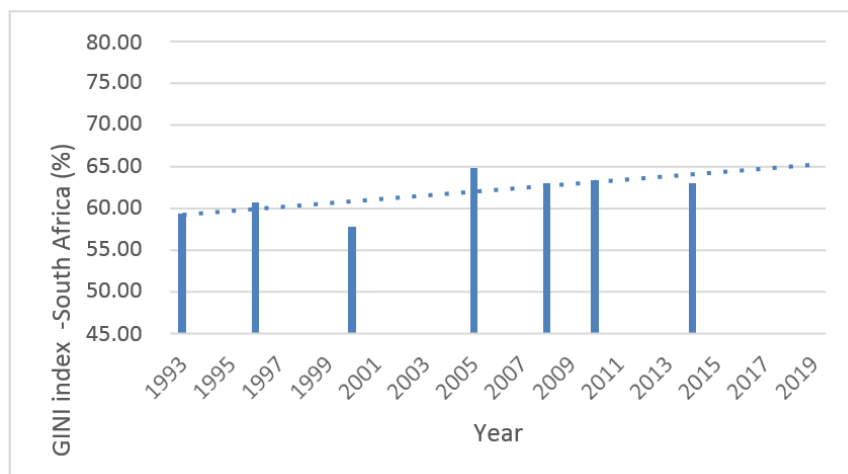


Figure 2: GINI index of South Africa

7. Conclusion

In conclusion, mining has been and will be the heart and nervous system of South Africa's economy. The development of mining industry attracted a lot of foreign investment and solved the problem of labor employment for South Africa. The illegal system in South Africa is relatively sound, among

which the labor law provides protection for workers' rights and interests. However, the gap between the rich and the poor in society is wide. Miner strikes frequently occur, labor disputes continue, and high crime rates hinder some foreign investors, which in turn has led to an increase in the unemployment rate, further intensifying the uneven distribution of wealth and social security problems. For investors, South Africa has one of the most developed mining industries in the world. Complete infrastructure and sound legal system provide investors with a good investment environment. But on the other hand, South Africa's rigid labor law and the lack of mining technical talents have limited investment in many aspects. Therefore, companies need to pay attention to South African laws and mining policies when investing, and they must pay attention to equipping certain mining technical talents to avoid investment risk.

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