



ORGANISED LABOUR AND THE MINERALS VALUE CHAIN

Should South African Trade Unions use National and Transnational Alliances to Ensure that Mining Commodities Benefit Progressive Labour and Developmental Policies?

Abstract

The paper looks at trade unions in mining and steel manufacturing; namely NUMSA and the NUM; based on their seemingly disparate organizational policies on organizing value chains at a time when governments and some mining and manufacturing companies in commodity rich nations are agitating for more value to be added and captured locally. The paper finds that these organisations' mother body, COSATU, has a history of transnational solidarity and long standing resolution for its members to organize broad sectors. Socio-economic factors and national industrial policy considerations around commodities dictates that organised labour take advantage of this opportunity to influence government policy and develop active policies to make sure that workers (and communities) get a fair share under a new mining and manufacturing dispensation.

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1. Introduction

The South African mining sector accounts for roughly 18% of South Africa's GDP and 16% of total employment through direct and indirect jobs through the multiplier and induced effects.

International reliance on South African minerals means many parts and industries of the world in the global minerals commodity chain are vulnerable to local and transnational campaigns in endeavour for socio-economic and environmental justice for employees and residents of communities surrounding mines in South Africa. The value of this sector is epitomised by the forthcoming Mineral Beneficiation Action Plan (MBAP) which seeks to advance *“local value-addition across five mineral value-chains, namely, iron-ore and steel, platinum-group metals, polymers, titanium and mining inputs”*.

Perhaps a case of the resource curse, South Africa has a poverty and working poor problem alongside its' world renowned mineral wealth. The 2010 Human Development Report revealed that 44% of workers in South Africa live on less than a dollar a day, which only just pays for a loaf of brown bread. All of this occurred at a time when South African companies were the third most profitable among the 20 emerging companies examined for the period 2007-2010 as reported by the IMF in 2011.

Despite the vulnerability of multinational mining and manufacturing companies to associational power and a human rights embracing Constitution, trade unions in South Africa are not poised to use national and transnational campaigns to make sure that government policy and company practices benefits South African workers and citizens at large. In fact, the country's biggest trade union, the National Union of Mineworkers of South Africa (hereafter, NUMSA), was expelled from the Congress of South African Trade Unions (hereafter, COSATU) for violating the federation's "one industry, one union" policy¹. The policy has remained in place since the formation of the federation in 1985 as a principle to unite workers and foster intra-union unity.

However, the world of work has changed as employers used the concepts of "non-core" and outsourcing to deal with the strength of unions while technological changes, changes in production and restructuring of sectors further challenged the impact of organising strategies. Besides loss of membership workplace restructuring, COSATU has experienced intra-union conflict as its affiliated trade unions regularly "clash" over membership poaching in overlapping or "grey" sectors. Is an overhaul of organisational strategy overdue for South Africa's leading federation and its affiliates?

Essentially an review of the policies of organised labour in strategic commodities and value chains, the main question of this paper is ***“Should South African Trade Unions use National and Transnational Alliances to Ensure that Mining Commodities Benefit Progressive Labour and Developmental Policies?”***. The chosen case studies are of the countries' leading trade unions in mining and steel manufacturing; namely NUMSA and the National Union of Mineworkers (hereafter, NUM); based on their likelihood to compete for members in key industries and their seemingly disparate organizational policies on organizing value chains at a time when governments and some mining and manufacturing companies in commodity rich nations are agitating for more value to be added and captured locally.

2. Background: Labour Relations and Sector Profiles

2.1 Labour Relations

2.1.1 Strike Nation?

Persistently, mainstream media (e.g. *theeconomist.com*; *Business Day*, etc) claim that unemployment in South Africa is caused by high wages and rigid labour laws. For example, Gavin Keeton of *Business Day* (2013) uses a 2010 IMF report to argue that an important reason for the high job losses in South Africa was the rise in real wages in the midst of the economic slowdown. Keeton (2013) asserts that the country traded one million jobs for higher real wages for those who remained employed while other countries did not do this. Recently, strikes have re-emerged as a political and labour relations issue. According to Webster (2014) strikes have become "trials of strength", continuing over longer periods of time, increasingly violent since the 2006 private security industry strike that lasted three months and led to 57 deaths. More recent highlight grabbing strikes include:

- in 2012, at Marikana, 45 people- both mineworkers and police officers- were killed, hundreds injured and property was damaged during a wage-related strike at Lonmin
- in 2014, during the first two weeks of NUMSA's strike, 246 cases of intimidation were reported, along with 50 violent "incidents" and 85 records of vandalism (Odendaal, 2014; Manamela et al, 2013)

Hence, it is common to see headlines like "*Strikes in SA hit five-year high*" (Sadiki, 2013) and "*South Africa, a strike nation*" (Nicolson, 2013). In response to this apparent volatile labour market many government officials and the private sector called for confidential strike ballot and government intervention in strikes in the event that strikes get violent or are deemed to be a threat to the economy.

Unfortunately, too much attention gets focused on a few cases of disruptive conduct during strikes, while actual issues like wages, labour brokers and quality of life are barely highlighted (Motala, 2014). Fortunately, unbiased use of data and information reveals that South Africa is neither the strike capital of the world, nor are its workers the most overpaid low-skilled workers in the world. Pons-Vignon, et al (2013: 628) argue that new claims associated with the neoliberal perspective on labour markets suffer from serious empirical limitations, whether in attempts to point to high wages as the cause of unemployment, or to claim that South Africa's labour market is too rigid. For instance, Paton's article "*No great upsets in SA wage deal trend*" found that "despite the sound and fury that has accompanied the 2013 wage talks, settlements have been in line with general trends of the past few years of about 2% above inflation".

2.1.2 Declining Quality of Jobs

Concerns that South African workers earn prohibitively high wages ignore the fact that, on average, with monthly earnings of R2, 800, most South African families can barely meet their monthly expenditure (R7, 931.91) as reported by StatsSA. Forslund (2013) describe this situation as the harsh reality of the mass of working poor which is the legacy of a system deliberately designed to entrench the super-exploitation of the African majority. Equally, in rejection of the neoliberal analysis of the South African labour market, Pons-Vignon, et al (2013: 629) demonstrate that the post-apartheid labour market has failed in its transformation agenda because it has not protected poor workers. This has in turn led to deepening inequality which without a doubt attributable to declining trade union presence and membership.

Despite the dawn of democracy, the quality of jobs in the country has declined dramatically over 20 years with working poverty alongside opulent executive pay (Pons-Vignon, 2013: 630). Non-standard and precarious forms of work are increasingly common throughout the labour market through a great diversification of employment arrangements (Pons-Vignon, 2013: 630). “Labour casualisation has entailed a marked deterioration in levels of pay and security” (Pons-Vignon, et al, 2013: 631). This coincides with declining trends in trade union coverage and presence. The South African Institute of Race Relations (IRR) annual South African Survey 2014 found that registered union membership as a proportion of total employment decreased by 20% between 1994 and 2014 while the number of registered trade unions decreased by 14% over the same period. In June 2015, trade union membership was down to 27.6% from 29.7% in July, 2010 in a period where total employment increased. Similarly, the number of workers that had annual salary increment negotiated by union and employer decreased from 23% in 2010 to 21.6% in 2015.

Unsurprisingly, South Africa has since 1998, seen a marked increase in the income and power advantage of capital (Forslund, 2013). Pons-Vignon, et al (2013: 631) refer to research on workers covered by Sectoral Determinations which found that:

- Two-thirds of workers covered by Sectoral Determinations were classified as poor¹ in 2007
- In terms of employment security, out of a workforce of 13 million in 2008:
 - 5.8 million workers were not covered by unemployment insurance;
 - 2.7 million did not have written contracts and
 - 4.1 million did not have any paid benefits.

Comparing profits, productivity and wages, Forslund (2013: 109) highlights that in 1995, the wage share to GDP was 50.1% while in 2010, it had fallen to 44.5%. On average, real wages have been increasing at a rate of about 2% per year, less than labour productivity, which has averaged about 3% annually since 1994 (2013: 108). For Forslund (2013: 108) there is reason to believe that the real wages for the majority of wage earners have been stagnant since 1994 and perhaps even falling since 2005. These patterns sharply contradict the claims of mainstream economists that high wages are causing unemployment (Reddy, 2014: 16). All of this has happened during a period when South African companies were the third most profitable among the 20 emerging economies examined for the period 2007-2010 as reported by the IMF in 2011, and while executives received obscene packages and bonuses (Reddy, 2014).

In addition to stagnant low wages, workers’ meagre salaries are subject to the additional burden of having to look after unemployed adults and young people. Mills et al² (2015) found that between 1994 and 2014, the number of employed people doubled to 15.1 million. However, the number of unemployed (as defined broadly) increased even faster, from 3.7-million to 8.3-million in the same period. “As a result, unemployment, using the expanded definition, has risen from 31.5% in 1994 to almost 36% 20 years later, and to nearly 70% among South Africans younger than 35 years”³. The unemployment rate for young people aged 15–24 years increased from 45,6% in 2008 to 51,3% in 2014, constituting the largest increase among all age groups.

¹ The working poor are working people whose incomes fall below a given poverty line. Depending on how one defines "working" and "poverty," someone may or may not be counted as part of the working poor.

² Mills. G and Herbst. J (2015) “Shortage of Jobs Creating a New Apartheid”, in Business Day, 15 July 2015

³ ibid

2.2 Sector Profiles

2.2.1 Mining

“South Africa is by far the wealthiest mineral jurisdiction in the world”⁴. It is one of the countries in the world where mineral resources such as gold, diamond, platinum, coal, copper and iron ore were discovered in large quantities in the past (Montja, 2014).

Insert 1: South African Mineral Resources

Overview

It is estimated to have the world’s fifth-largest mining sector in terms of gross domestic product value and its mining companies are key players in the global industry. South Africa holds the worlds’ largest reported reserves of gold, platinum group metals, chrome ore and manganese ore, and the second-largest reserves of zirconium, vanadium and titanium.

Nearly 100% of South Africa’s cement and building aggregates are made locally and 80% of the country’s steel is manufactured locally from locally mined iron ore, chrome, manganese and coking coal; using furnaces that are 95% powered by electricity from coal-fired power stations (the 20% imported steel is speciality steel products).

Reserves

South Africa has the world’s largest resources of platinum group metals (87.7% of world total), manganese (80%), chromium (72.4%), gold (29.7%), aluminosilicates and accounts for over 40% of global production of ferrochromium, platinum group metals and vanadium.

The mining industry contributes 51.7% of world ferrochromium exports and 54% of aluminosilicates, and is one of the world’s largest exporters of platinum group metals, gold and vanadium, and a significant exporter of manganese ore. Other important export commodities include ferromanganese and fluorspar.

Source: Pocket Guide to South Africa 2012/13

Without a doubt, the discovery of these and other minerals in the country has led to major development in road infrastructure, buildings, manufacturing and transport services (Montja, 2014). Cities like Johannesburg, Pretoria, Cape Town and Kimberly are legacies of this shift as they developed from increased economic activities linked to mining (Mapungubwe, 2014). Even today many still believe South Africa's economic growth has been and will continue to be closely linked to the fortunes of the mining industry (TIA, 2012). The sector is receiving increasing attention due to the country’s high unemployment rate, the government’s need for revenue to meet its social obligation, and arguably most encouraging, the fact that the ground still has array of recognised untapped minerals. Table 1 shows that the estimated mineral reserves in South Africa are in the trillions of Rands.

Table 1: SA’s Identified Estimated monetary value of In-situ Mineral Reserves

Type of Minerals	Estimated Monetary Value
Platinum	R13, 28 trillion
Coal	R 6, 64 trillion
Palladium	R 3, 29 trillion

⁴ <http://www.gov.za/about-sa/minerals> (15 July 2015)

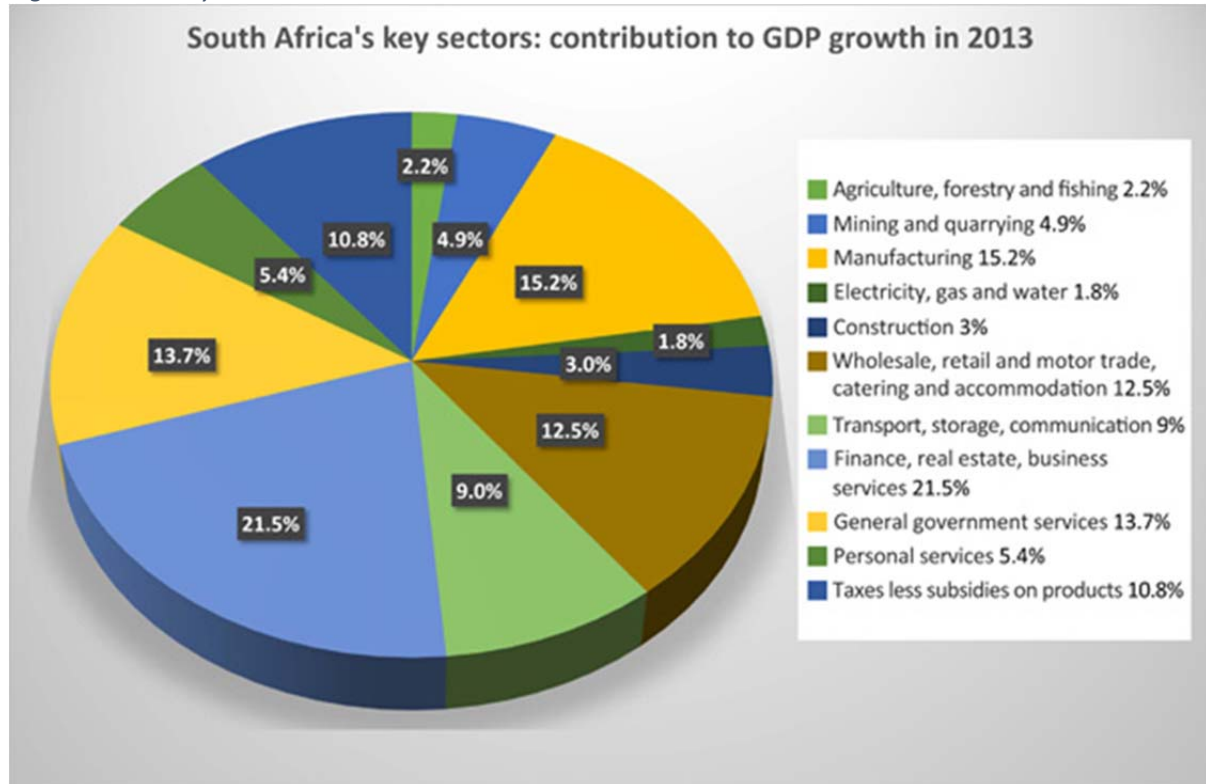
Gold	R 3, 29 trillion
Titanium	R 1, 63 trillion
Copper	R 680 billion
Nickel	R 478 billion
Zircon	R 302 billion
Zinc	R 209 billion
Total	R 29, 9 trillion

Source: Minister Susan Shabangu in her response to Parliamentary Question, November 14, 2012.

Unfortunately, the passing of time has not been too kind to the South African mining economy despite the dramatic growth of the 1990s (Montja, 2014). According to Montja (2014) the country's mineral accounts has been on the decrease and the beneficiating of minerals also decrease, leaving the country faced with a challenge of beneficiating its minerals. The visible impact of this decline are epitomized by the decline in the mining industry's contribution to GDP, see **Figure 1**. The mining industry, along with the agricultural sectors, is classified as a primary sector and is still a critical source of employment; especially when it is taken into consideration that the country's mineral resources remain the largest and under-tapped in the world.

Based on the latest StatsSA "Labour Market Dynamics Report, 2014" the mining industry employed 428 thousand workers in 2014. This is an increase of 74 000 jobs from 2008. It seems that despite scare tactics by employers and government about job-losses in the sector, the mining industry actually created jobs despite the 2008 and 2009 economic crisis that saw job losses in 8 of 10 industries- see Table 2. Despite the significant potential of the sector, it is still only accounted for only 2.8% of total employment in the 2014.

Figure 1: RSA Key Sectors Contribution to GDP



Source: Statistics South Africa, 2013.

Table 2: Employment by Industry; Change in Employment 2008/2014

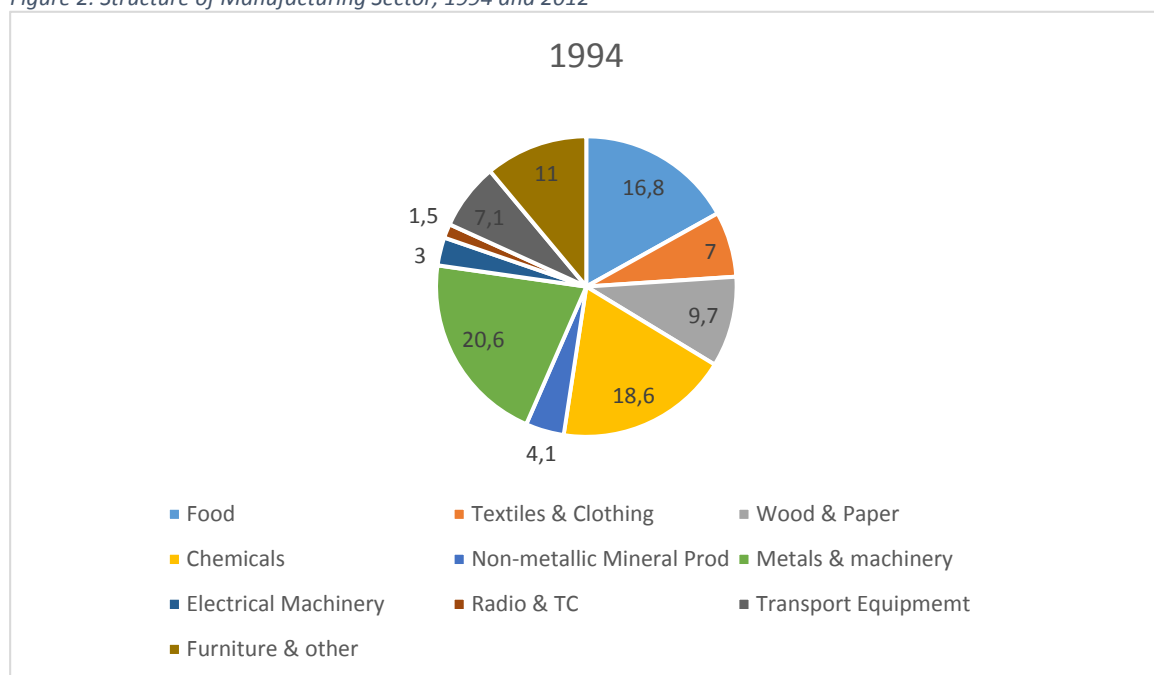
Industry	2008	2014	Change 2008/2014
THOUSANDS			
Agriculture	819	702	- 117
Mining	354	428	74
Manufacturing	2 091	1 760	- 331
Utilities	103	117	14
Construction	1 215	1 249	34
Trade	3 316	3 202	- 114
Transport	823	932	108
Finance	1 782	2 030	248
Services	2 776	3 493	717
Private Household	1 303	1 230	- 73
Total	14 585	15 146	561

Source: StatsSA, 2015

2.2.2 Manufacturing

“South Africa’s manufacturing sector contributes about 15 % of gross domestic product and is vital for creating employment in the economy. With this in mind, government plans to spend 5.8 billion Rand over the next three years to help manufacturers affected by the global economic downturn upgrade their factories, improve products and train worker⁵”. Manufacturing in South African is diversified, currently dominated by the chemicals, metals and machinery, and the food and beverages sectors (Maia, 2013:7). As per theme of this paper- i.e. commodity chains- particular attention is paid to the metals and machinery sector whose share of overall manufacturing GDP has remained basically unchanged at just over 20 per cent (Maia, 2013). Despite overall declining contribution of the manufacturing sector to GDP, Maia (2013:7) found that various sub-sectors- namely, chemicals; metals and machinery; transport equipment; and electrical machinery- with substantial linkages to mining experienced relatively high average growth rates post-1994- **Figures 2 and 3**.

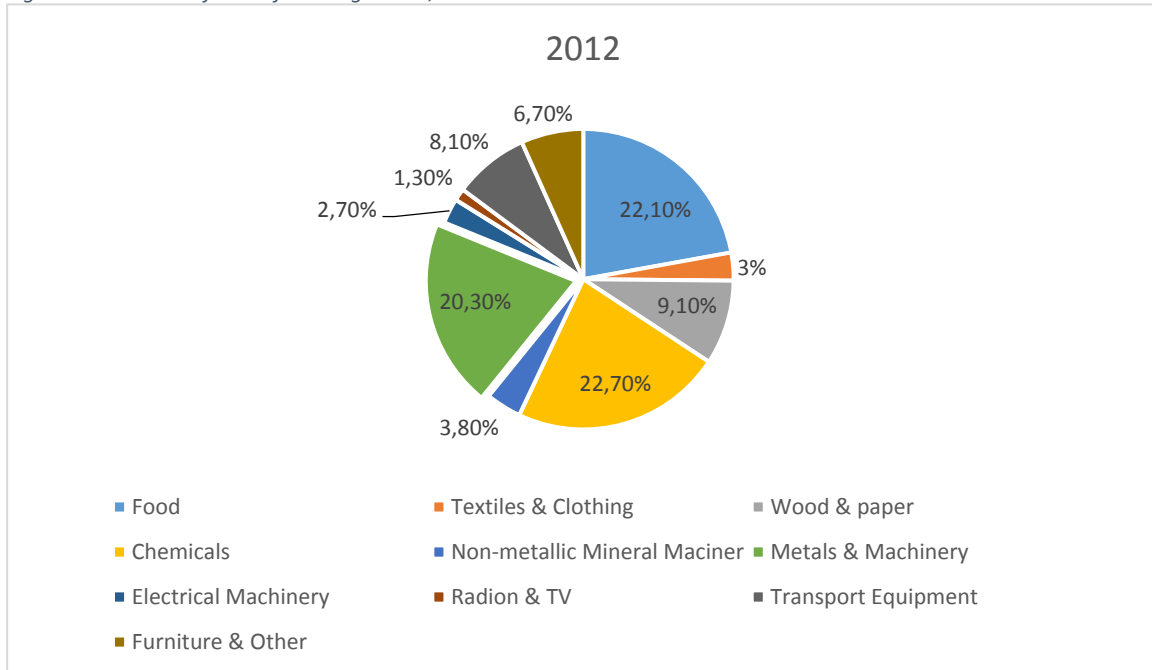
Figure 2: Structure of Manufacturing Sector, 1994 and 2012



Source: Maia, 2013

⁵ <http://www.miningweekly.com/print-version/manufacturing-indaba-to-tackle-poor-performance-in-sas-manufacturing-sectors-2015-05-20>

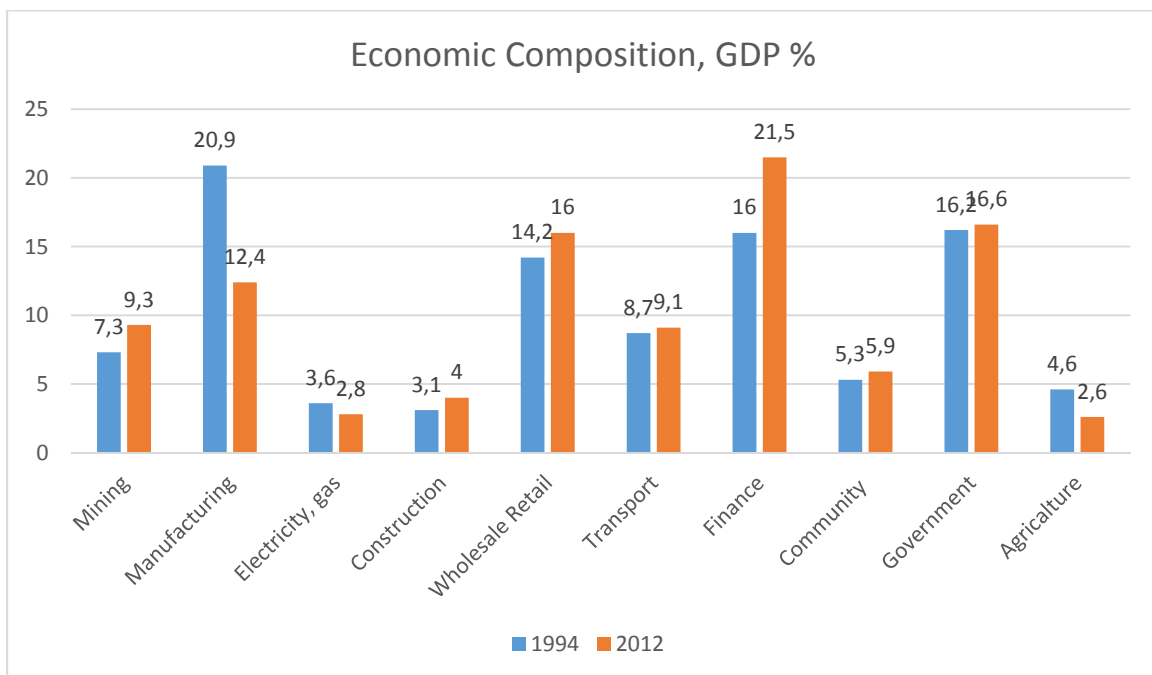
Figure 3: Structure of Manufacturing Sector, 2012



Source: Maia, 2013

The structure of the South African economy has changed substantially over time drastically altering the prominence and contribution of the manufacturing sector as it impacted on the mining industry. The manufacturing sector claimed the dominant position in 1994, when it represented close to 21 per cent of GDP (Maia, 2013). However, the sector was only the fourth largest in the economy, with a 12.4 per cent share of overall GDP by 2012; at the same time, the mining sector's contribution to GDP, rose from 7.3 per cent to 9.3 per cent over this period- see **Figure 2** (Maia, 2013). The latest figures from StatsSA places manufacturing (15.2%) as the third biggest contributor to GDP after Finance (21.5%) and Wholesale & Retail (12.5%) sectors- see **Figure 1**.

Figure 4: Changing composition of the South African economy, 1994 and 2012



Source: Maia, 2013

2.2.3 Labour Relations in Mining & Manufacturing Sector

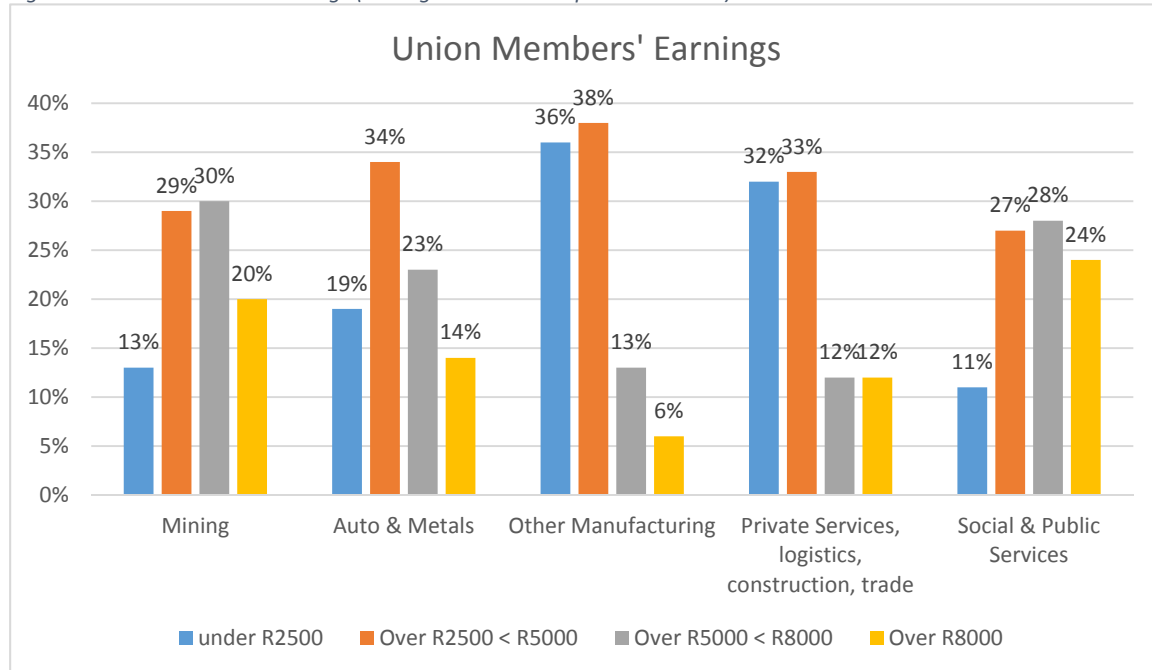
As alluded to in **sub-section 2.1** strikes and the nature of those strikes have recently returned to the fore as a concern to government and business and subject to analysis by academia. Similarly, Makgetla (2015) explores workplace conflict in the context of “The COSATU Workers’ Survey and the 2013/14 Strike Wave” with a focus on the recent mining and metals sector strikes for background. Makgetla (2015:115) refers to the miners in the North West province where; following two years of on-and-off strikes with relatively high levels of violence, un-procedural actions and inter-union rivalry; 70 000 miners went on a five month strike. Elsewhere in the metals industry, a month long strike in the auto components industry in 2013 was followed by another month-long strike across the metals sector in July 2014 (Makgetla, 2015).

These strikes were not only significant for their length, frequency and/or violent characteristics. According to Makgetla (2015:116) they had a national impact on the economy with the mining strike resulting in a 40% fall in platinum exports while auto production fell by close to 30% subsequent to the 2013 strike in the auto components. However, for Makgetla the intrigue factor of these strikes lies not only in their oft highlighted characteristics (e.g. frequent, violent, etc) or their economic impact. Instead, reviewing the 2012 COSATU Workers’ Survey to understand factors behind the strike, her analysis suggested:

- *“In both industries, unionized workers were paid well above the median for formal workers, including in manufacturing. In other words, the bitterness of the actions did not arise simply out low pay by South African standards. Rather, the evidence suggests that they were fueled by the persistence of profound inequalities inside and outside the workplace combined with a lack of career mobility for ordinary workers.*
- *The COSATU Survey also showed that union members in the North West platinum mines were unusually young, relatively well educated but in low-skilled jobs, and distrusted their union- at that time, almost exclusively NUM- while reporting high levels of racial discrimination and abuse by their employers” (Makgetla, 2015:116).*

According to the 2012 COSATU Workers’ Survey, both miners and metalworkers were better paid than other union members apart from the social service professions (i.e. education and nursing); mostly in the public sector- **Figure 5**.

Figure 5: Union Members' Earnings (Mining & Metals Compared to others)



Source: Makgetla, 2015

In summing up the situation, Makgetla (2015) argues that the bitter 2013 and 2014 strikes in the mining and metals sectors were not the result of low pay, instead the main causes appear to be extraordinarily high levels of economic inequality both the country and within industries themselves. Hence, the findings point to the failure to transform the apartheid workplace even for relatively well-paid formal sector workers (Makgetla, 2015:116). Arguably, Makgetla (2015:127) concludes, the strikes in the country's key industries in 2013 and 2014 demonstrated that South Africa cannot look to accelerated economic growth as the way to deal with the profound inequalities left by apartheid.

3. Economic Factors and Policy Considerations That Affect Trade Unions in Mining and Manufacturing

3.1 South Africa a Globally Integrated Developing Economy

Compared to countries in sub-Saharan Africa, South Africa's economy is more diversified, operates at a higher level of industrialization and plays a more pronounced role in the global economy (Mannah, 2002). Arguably, this fact has influenced government policy to incorporate Africa into global capitalism under new more favourable conditions via the South African connection (Mannah, 2002:37). The democratically elected South African government accepted neoliberal macroeconomic policies that were outlined the Growth Employment and Redistribution policy- popularly known as GEAR- which favored a market driven and export competitive strategy (Mannah: 2002). Some quarters of the South African society viewed GEAR as self-imposed structural adjustment as it promoted marketization of education, public-private partnerships, fiscal austerity, budgetary constraints, cost-containment and cuts in education (Mannah, 2002).

This liberalization of the South African economy also had the effect of raising the levels of competition faced by domestic companies that were used to protection from external competition (Dickinson, 2005:188). A combination of sanctions and government policy has previously cushioned both capital and organized labour from global economic forces (Dickinson, 2005). During this time, the South African workplace was characterized by white management focused on extracting cheap

labour from black workers and returning profits for shareholders and owners (Dickinson, 2005). However, from the 1970s black workers began using their collective powers to undermine the apartheid government through confronting capital; a strategy which, according to Dickinson (2005:189), was conveniently aligned to raising their standard of living with political opposition to a racist regime. “The near simultaneous processes of economic liberalization and democratization presented challenges to both unions and management” (Dickinson, 2005:189). Dickinson (ibid) opined that democratization striped away formal privileges of race and forced management to respond to increased levels of competition revealing both the need to promote greater productivity as well as management’s lack of capacity to oversee this improvement. To this end, as lamented by Dickinson (ibid), management opted for the unsurprising response of retrenching workers as a way to maintain their power through cowering workers and raising productivity with limited need for managerial skills.

On the other hand, unions were confronted with the need to take responsibility for an economy which was now “theirs” while also defending the interests of their members (Dickinson, 2005:198). Just as with management, unions were hamstrung by limited capacity that contributed to ineffectual grandstanding over macroeconomic policies that resulted in job losses as unions were more reactive than strategic in their response (ibid). Furthermore, other labour analysts, namely Sakhela Buhlungu, have suggested that traditionally black unions have lost some of their past vigour by being coopted into the alliance with the African National Congress (ANC) and rapidly losing its’ power base due to failing recruitment policies (Nepgen, 2008).

However, despite the above misgivings, the South African labour movement continues to be seen as a success-story in global terms with particular significance given to COSATU due to its history, current positions and possibilities for the future (Nepgen, 2008:20). Nepgen (2008:21) also found literature that views COSATU’s coalition with the governing party as a positive development of the inspiration and validity gained from workplace activism that correlated with the anti-apartheid struggle. Nonetheless, as a developing world trade union, COSATU has had to confront the hardships of being marginalized by trade agreements and trading blocs formed by government in a bid participate in the global economy and lure foreign direct investment (Nepgen, 2008:20).

3.2 Africa Needs Commodity Beneficiation to Break the “Resource Curse”

3.2.1 A Case of Commodity Beneficiation in Africa

“Conventional wisdom has been that commodity exporting economies not only have relatively poor industrial prospects, but insofar as these exist, that industrial opportunities arise in sectors unrelated to commodities production” (Klaplinsky 2011: i). Thus, the problem that has faced commodity-rich countries in the past has been that only the extraction phase in the value chain was located within their economies (Flanagan, 2013). The current state of commodity prices and currencies of commodity dependent countries reaffirms their vulnerability as these countries capture a further diminishing percentage of the overall value commodity when prices fall (Flanagan, 2013). Africa is the epitome of this *resource curse* because as rich as it is in commodities, yields from these resources have led to limited development of local populations (Montja, 2013). Increasingly, calls are getting louder, for Africa in particular and commodity dependent developing economies in general, to actively develop policies for commodities whose downstream and side-stream beneficiation is crucial for sustainable job creation and development in the continent (Montja, 2013).

Africa still has the opportunity break the cycle and be the next economic development phenomenon after the Asian manufacturing story. Firstly, and most significantly, Klaplinsky (2011: v-vi)

convincingly argues that, despite the likelihood of a near-term collapse in commodity prices due to the activities of speculative financial investors as occurring today, the boom in commodity prices is likely to be sustained for some years to come. According to Klaplinsky, taking into consideration continued and heightened competition in the global manufacturing sector, it is feasible that the historical decline in the commodities-manufactures terms of trade will be arrested, providing sustained natural resource rents. Thus, if Klaplinsky observations are correct, the time is now for developing nations to earnestly start thinking about how they can take advantage of developments in recent decades.

Aptly, more recent research and reflections are assessing the opportunities and feasibility for mineral beneficiation and making policy recommendations. For brevity, reference is made to papers written by Gerald Flanagan and Nkoe Montja. Flanagan (2013) uses his paper to argue that with carefully designed government policies and effective implementation, the commodities sectors in African countries can be successfully used as a stepping stone towards broader economic development. Similarly, Montja (2013) studies mineral beneficiation in African resource-rich countries aiming at providing recommendations for countries to better benefit available mineral resources, to create an even better sustainable development within the countries and their surroundings.

Flanagan, in agreement with Klaplinsky's assertion, holds the notion that the Asian driver economies' manufacturing dominance does not necessarily spell disaster for Africa's development as analysts forecast commodities price boom to last for the foreseeable future due to the long term import needs of countries like China. Commodity specific analysis has also come to the fore to contradict the commodities curse literature. Flanagan finds that a close historical analysis of economies such as that of the early United States of America (USA) shows that the exploitation of natural resources has been one of the key contributing factors in the development of their economies. Klaplinsky (2013: v) also draws attention to Canada, Sweden and Australia as economies that built their industrial competences in part by developing linkages from the commodity sectors.

Recently in Africa, a growing awareness of the linked opportunities afforded by commodities has resulted in the development of national programmes targeting the various linkages that are possible. Flanagan refers to Botswana as an excellent example of a clearly articulated government strategy targeting the forward linkages emanating from the diamond sector. Using the end of DeBeers' 25-year diamond mining lease, Botswana Government included a number of specific measures aimed at developing the local diamond cutting and polishing industries, such as a number of strict penalties if DeBeers were to veer from their commitments to the joint public-private initiative target of 80% of cutting and polishing occurring domestically. They then supported these industries with a coordinated tax and infrastructural support programme. Elsewhere Angola has endeavoured to take advantage of the oil industry s in two ways: the 'Angolification' of the work force; and the construction a three-tiered system to develop the local supply of the inputs to the oil extraction process. While Tanzania, Zambia, Ghana and Gabon all have, at least, some form of government vision for developing the linkages with other sectors from the commodities sector.

Montja (2013) looks at Africa's mineral resources and their importance to the world by highlighting the continent's strategic minerals in terms of their varying importance in almost all aspects of manufacturing, production and transport: Gold; Diamond; Platinum Groups Metals; Iron Ore; Coal and Crude Oil. Instead of looking at the history of countries like the USA and Sweden, Montja looks at how mineral beneficiation is one of the contributory factors to China's economic boom. Of particular relevance in China's Policy on Mineral Resources is the strategy that China will depend mainly on the exploitation of its own mineral resources to guarantee the needs of its own

modernization program. Under this policy government encourages the exploration and exploitation of the resources in the market demand, especially the dominant resources in the western regions. *“And most importantly, it is an important policy to import foreign capital and technology to exploit the country’s mineral resources and help local enterprises and mineral products enter the foreign mineral international market”* (Montja, 2013). The result is that China, along with India and Turkey, is one of the countries in which beneficiation is practiced to the final stage where a product is ready to be sold to the consumer (Montja, 2013).

Flanagan and Montja conclude their pieces by respectively emphasising opportunities opened and capacities available to African leaders to develop policies that promote the beneficiation of strategic mineral resources. Flanagan implores the development of coherent government policies aimed at both encouraging local enterprise and using foreign direct investment constructively to allow countries to use their natural endowments as a platform from which to spread industrialisation and development in the rest of their economies. Pointing to on-going successful large quantity mining of Platinum, Iron Ore, gold, diamond and Coal in the Republic of Congo and South Africa, Montja is convinced that the continent has what it takes to undertake major infrastructural, industrial and economic development complimented by the strong financial sector of South Africa.

3.2.2 Interface Between Mining and Manufacturing Increasingly Recognized as Strategic to SA

The interface between mining and manufacturing in South Africa goes as far back as the early 1900s when the country moved from being predominantly a primary commodity exporter to exporting processed minerals (Montja, 2014). This significant shift to beneficiation was largely attributable to an improvement in the political situation in the country (Montja, 2014). Fortunately, just as beneficiation in the country was made possible by the improved political climate at the beginning of the 20th century, it seems the political environment at the moment is ripe for re-investment in the beneficiation of minerals in the country. At the time of writing, various stakeholders and state organs were engaged in a process to review and transform the mining sector to benefit the socio-economic development of the country through a process called the Mining Operation Phakisa scheduled to start in August, 2015. Through this operation government will convene all stakeholders in the industry in a lab process whose main objectives is to develop implementable results that will transform the industry and increase investment.

At the same time, the manufacturing sector is similarly actively looking for solutions to its own challenges as exports remained poor despite the country’s weak currency. According to Mining Weekly⁶ quarterly manufacturing review by Statistics South Africa revealed the seasonally adjusted volume of manufacturing output is at the same level it was in 2006 and flat-lining. *“With this in mind, government plans to spend 5.8 billion rand over the next three years to help manufacturers affected by the global economic downturn upgrade their factories, improve products and train workers”*⁷. The Department of Trade & Industry (the dti) has engaged stakeholders to focus on the growth potential of key industry sectors; inter alia: automotive, construction, metals, aerospace & defence, industry products and services; and to provide a platform for informative and interactive sessions with the prime movers of the nation’s manufacturing sectors⁸.

The growth and development objectives of the mining and manufacturing sectors are not disparate and, increasingly, the interface between the sectors is gaining more traction from all stakeholders

⁶ ibid

⁷ <http://www.miningweekly.com/print-version/manufacturing-indaba-to-tackle-poor-performance-in-sas-manufacturing-sectors-2015-05-20>

⁸ ibid

(government, business and organized labour). For example, the Manufacturing Indaba⁹ had a theme dedicated to exploring the “*The Mining and Manufacturing Interface*” highlighting that more than 80% of overall spending by the mining sector on its input requirements is sourced from domestic suppliers of goods and services. Arguing, that an enhanced interface between the mining and manufacturing sectors has many spin-offs including expansion and/or diversification of production base in manufacturing sub-sectors, increased value addition in the domestic economy, infrastructure sharing potential, increased demand for mining sector products from an expanding domestic manufacturing sub-sector and reduced import penetration.

Separate research by the Industrial Development Corporation (IDC) and the United Nations Economic Commission for Africa (UNECA) has shown that an enhanced interface between mining and manufacturing could have major economic and employment spin-offs for South Africa and Africa (Creamer¹⁰, 2013). Jorge Maia stressed that the mining sector remained of vital importance to the South African economy as mining remained a key source of demand for manufacturing subsectors such as rubber products, machinery, transport equipment and wood products. The DTI¹¹ has done a lot of work to quantify strong interface between mining and the manufacturing sector inter alia:

- sector demand for intermediate inputs rose from R156 billion in 1992 to R198 billion by 2013 in real terms
- Top-10 supplying industries to overall mining sector in SA employed 104 000 workers in 2012 due to their direct supply linkages with the mining sector.
- Out of these supplier industries, the manufacturing sub-sectors employed some 40 000 direct jobs and 145 000 jobs economy-wide through demand for their output by the mining sector.

4. Other Considerable Factors for Value Chain-specific Policies & Strategies

In addition to the increased recognition of the benefits of beneficiation to the developmental imperatives of commodity rich countries, there are other labour market and socio-economic trends that, at least, ought to compel organised labour to intently consider developing policies and strategies suitable to adapt to today’s working class concerns. While these are only touched on briefly here, their significant relevance allows for each topic to be looked at length separately or collectively in developing a holistic policy analysis of GVCs.

4.1 Prevailing value chain analysis does not pay attention to value added by workers

While government policy and private sector agitation for more value to be added and captured within the national economy is understandably welcomed by organised labour for their job creation potential, caution is still paramount after decades of economic growth without job creation and/or improved wages for workers. Selwyn (2013:75) found that since the mid-1990s the global commodity chain, global value chain and global production network (GCC/GVC/GPN) have facilitated valuable research into contemporary global capitalism. Analysis of global chains goes back to the 1970s with the rise of international fragmentation of production processes, also known as unbundling (Timmer et al, 2013). This relocation of production activities has since been a source of hot debates about its impact on income distribution across and within countries in the wider context

⁹ ibid

¹⁰ <http://www.engineeringnews.co.za/article/big-economic-jobs-benefits-possible-from-enhanced-mining-manufacturing-interface-2013-08-22>

¹¹ <https://www.thedti.gov.za/delegationspeechdetail.jsp?id=3133>

of globalization (Timmer et al, 2013:3). The dominant thinking about the fragmentation of production came to be that it is an expansion of opportunities for countries to specialise according to comparative advantage and hence gain from trade ((Timmer et al, 2013).

“However, much of this research has paid insufficient attention to work and workers” Selwyn (2013:75). Prevailing analysis of GCC focused on actions of lead firms in governing commodity chains and supplier firm attempts to increase their competitiveness through upgrading within these chains (Selwyn, 2013:77). Similarly Timmer et al, (2013:3) found that studies of the effects of production fragmentation on factor income distribution typically analyse changes at the country, region, industry or firm level. These lacked a comprehension of labour as a constitutive factor of global commodity chains (Selwyn, 2013:77). From a worker perspective outsourcing, offshoring, sub-contracting and agency work have taken their toll on union membership (Fichter, 2015). Globalisation has become a household word that for millions of workers means uncertainty, loss of jobs and income, and upheaval (Fichter, 2015:3). This is because for decades governments around the world have bent over backwards to provide transnational corporations (TNCs) with investment subsidies, tax breaks and deregulated labour markets in what Fichter (2015:3) describes as openly anti-union atmosphere as corporate investments flow where governments pursue *competitiveness* while workers’ rights and democracy often suffer.

For as long as globalisation was recognised as the bane organised labour, scholars and activists alike have implored trade unions to take on bold new approaches to fight the power of TNCs and meet the challenge of global value chains (Fichter, 2015). This may start with trade unions understanding and utilising decomposition techniques to slice up global value chains, and trace value added specifically by labour that is directly and indirectly used for the production of final manufacturing goods (Timmer et al, 2013:2). Unions must be prepared to do comprehensive GVC research and strategic planning; and then move forward with the insights gained into campaign strategies for decent work and equitable income distribution (Fichter, 2015).

4.2 Inevitable job losses and a world without work.

Although participation in policy discussions and campaigns for national industrial and economic strategies to protect existing and create new jobs is laudable coming from various stakeholders. It is increasingly plausible that more jobs will be lost across the world and unemployment rates remain stubbornly high. Furthermore, while still just a futuristic concept for most, the end of work or a world without work is nigh with us according to warnings from some economists and technologists (Thompson, 2015). These warnings are attributed to predictions that machines would make workers obsolete as experts look into labour-market data they see automation high and low—robots in the operating room and behind the fast-food counter (Thompson, 2015). What is scary is that the observation that the capabilities of machines, already formidable, continue to expand exponentially, while those of workers, i.e. humans, remain the same (Thompson, 2015). Hence, according to Thompson, they- as we should- wonder: *Is any job truly safe?*

Decades of globalisation and use of technology to reduce labour costs has already had the effect of reducing trade union membership and the bargaining power of organised labour while manufacturing output increased. One of the enduring legacies of globalisation has been increasing inequality within the workplace in particular and society in general. Fragmentation of production at national and global level has seen the income shares of capital and high-skilled labour increase while the share of medium- and low-skilled labour declined (Timmer et al, 2013). This pattern is played out at an international level where advanced countries- owners of capital- increasingly specialised in GVC tasks performed by high-skilled labour (Timmer et al, 2013). Unsurprisingly, more than half of

the developing world's workers (i.e., nearly 1.5 billion people) are in vulnerable employment (ILO, 2014). These workers tend to be trapped in a vicious circle of low-productivity occupations, poor remuneration and limited ability to invest in their families' health and education, which in turn dampens overall development and growth prospects – not only for themselves but for generations to follow (ILO, 2014). Arguably, many African nations, and others in the poorer global South, are familiar with the concept of “world without work” as integration into the global economy has not increased employment and many cases resulted in job losses as governments' applied structural adjustments programmes in order to align themselves with global trade rules.

If we acknowledge that looming threat that is an era of technological unemployment, in which computer scientists and software engineers essentially invent us out of work, and the total number of jobs declines steadily and permanently (Thompson, 2015). We have to equally acknowledge that concerns regarding the impact of technology are certainly disparate for technologically developed nations and developing nations. The global division of labour will continue with capital, technology and skilled labour in the north while the poorer global south remain consumers of said technology with few (e.g. China and India) benefiting from the manufacturing GVC. Medium skilled labour in advanced economies may keep employment on the level of unskilled labour, many unskilled labour may find work in the expanding services sector to serve the highly paid owners of capital and fewer highly skilled workers. For developing nations with low-productivity industries with limited opportunities to upgrade along value chains, rapid technological advancement and its use in commodity rich countries may not result in desired job creation as mines, manufacturers and farmers use highly efficient and cheaply available technology at the expense of workers.

Thus, commodity rich nations, using imported technology, may successfully upgrade along commodity chains as beneficiation and agro-processing become cheaper and further push TNCs towards near-sourcing without creating new jobs or protecting existing jobs. This has to concern organised labour in countries with histories of dispossession and exploitation as socio-economic unrest will play itself out through wage strikes and state service delivery protests. Trade unions campaigns for decent wages will have to consider the plight of their dwindling membership with increasing and prolonged roles of main providers to families that cannot find work. *“If (and since) corporations are unlikely to do their part in a footloose global labor market, governments may have no other choice but to come up with the money and systems to subsidize employment and/or incomes (regardless of employment status)”* (Humphrey, 2015).

4.3 Mining Communities Agitating To Benefit from Minerals Extracted in their Land

Another recent development in the mining industry in South Africa is the number of community led protests for jobs (and ownership of mines) in some existing and new mining operations. The mining sector is oft described as a pillar of strength for the nations' economic prospects yet there is a stark contrast between the mineral wealth of the country and the poverty in which the majority of mining communities live (Kamp, 2013). According to Kamp the proximity and visibility of mines and the large amounts of capital available to them have made the mining sector a primary target for politicians and other sectors of civil society who believe that it is the responsibility of the mining sector to promote the development of these communities. The private sector and civil society alike point to the failure of South Africa's government, and in particular local government, to successfully develop these communities has placed additional pressure on mines to take the lead in the socio-economic development (SED) of the areas in which they operate (Kamp, 2013:167).

While it was the 2012 Marikana platinum mines strikes- which culminated in the death of at least 45 mineworkers, security and police officers- that shone the light on wages, working and living

conditions of mineworkers, in 2015 it has been protests by surrounding mining communities “rioting” in demand of local development and the employment of local residents. In recent months in 2015, mining town protests abound newspaper headlines, inter alia:

- “Marikana community demand jobs from Lonmin”; iafrican.com, 13 June 2015
- “Mining towns’ ticking time-bomb”; Sowetan, 19 August 2015
- “Dead end in mining town takes new turn” and “Mine protests heading for disaster” ; Sowetan, 8 September 2015
- “Mokopane villagers claim police shot them in Anglo protests”; Business day, 7 September 2015

A common theme of all the protests and agitation is the demand for jobs for local community residents and the failure of mining companies to develop the areas in which they operate mines. These are lazily lamented as counter-productive as mining operations are brought to a standstill. However, in addition to the danger it exposes ordinary mineworkers- who are typically migrant labourers given the countries hiring practices from the colonial and apartheid eras- such dismissal of these protests ignore the plight of surrounding communities. This travesty is captured succinctly by Lucas Ledwaba’s article, “Mining towns’ ticking time-bomb”, referring to the platinum rich Sekhukhune district in Limpopo, Ledwaba highlights:

“Sekhukhune is largely rural, underdeveloped and has high levels of poverty and unemployment. Many of its residents have no running water in their yards, and no sanitation. The villages have no proper roads, and the provincial roads that were built during apartheid are falling apart. This is stark contrast to the resources enjoyed by the mining houses operating in the area. They have uninterrupted supply of water and electricity which most locals can only dream of”.

With the Economic Freedom Fighters (EFF) as leading organisation in these community protests under its slogan “economic freedom in our lifetime”, more and on-going mining town social unrest is foreseeable as the EFF uses the plight of the poor to force government to change its policies in relation to mining. At the same time trade unions are fighting to improved wages while supporting efforts to save jobs as the sector is under strain due to falling commodity prices. With workers in some old and new mining operations seen as a threat to the livelihoods of local residents, trade unions will have to take active cognisance of the socio-economic needs of surrounding communities and hold mining companies to fulfil their social economic development plans as they would fight for decent wages and healthy and safe working conditions. Lest trade unions want to find themselves in between workers and communities or being the targeted as co-conspirators by rival unions, opportunistic political parties and angry communities. Solidarity with local communities (and environmental groups) has to be a feature of a modern day mineworkers’ trade union.

5. Case Studies Profiles: NUMSA and NUM

According to Nepgen (2008:59) the history of the labour movement in South Africa is entwined with the heritage of the country, from the colonial rule to the Apartheid regimes that introduced various laws that were enforced to the detriment of the country’s non-white citizens. As such, up to today, the labour movement in the country is shaped by characteristics of the workforce and their economic conditions: *“Central aspects that make up the structure of the movement are large numbers of unions and federations; concentration of members within federations and industries; high fragmentation along gender, racial, and occupational lines; and the unequal distribution of resources”* (Nepgen, 2008:67). There are currently three main trade union federations in South

Africa: COSATU, Federation of Unions of SA (FEDUSA), and National Council of Trade Unions (NACTU) (Nepgen, 2008).

Using data provided by StatsSA, Benya et al (2015:14) found that 26% of all workers in 2006 and 2012 were trade union members. COSATU remains the federation with the largest membership with close to 2.2 million members - before NUMSA's expulsion- followed distantly by FEDUSA (349 000) and NACTU (310 000) (Benya et al, 2015). COSATU's 2012 Secretariat Report and NALEDI's State of Affiliates Report revealed that despite the global economic crisis in 2008 and resultant retrenchments, COSATU's membership grew in absolute terms from 1 966 897 in 2006 to 2 191 016 in 2012 (Benya et al, 2015).

These stats greatly help understand why most research on trade unions in South Africa (including this one) focus on COSATU as well explained by Wood (2001:134): *"although this paper¹² deal with some of the general challenges facing organised labour in South Africa, its primary focus is on COSATU, by far South Africa's largest and most effective union federation"*. Consequently, or vice versa, COSATU affiliated trade unions are usually the dominant unions in sectors they organise in. In this case, the focus is on two of the countries' historically militant unions (i.e. NUM and NUMSA) in the countries' biggest employers and source of foreign and local investments (i.e. mining and manufacturing).

5.1 National Union of Metal Workers of South Africa

According to its' website (numsa.org.za/history) NUMSA was formed in May 1987 when four different unions- Metal and Allied Workers Union; Motor Industry Combined Workers Union; National Automobile and Allied Workers Union and United Metal, Mining and Allied Workers of South Africa- merged. Two other unions- General and Allied Workers Union and Transport and General Workers Union- that were affiliated to COSATU gave their metal members to the newly formed NUMSA. At the time of their formation, union was the second largest labour union within COSATU, with approximately 130,000 paid-up members, second to the NUM, with 261,901 paid-up members¹³.

NUMSA aimed to unite all metalworker unions, engineering unions and automobile manufacturing unions in the same formation. NUMSA's strength was to forge a national metal worker's identity as a union which transcended geographical and cultural divides through a strategy which was able to mobilise workers at a national level¹⁴. NUMSA was the first union to recognise the need for dedicated resources to focus on the conduct of campaigns both in its own ranks and in COSATU. NUMSA embarked on a series of initiatives aimed at strengthening organising at a local and regional level, as well as in its national head offices. The key part of this process was the unification of organisations in the regions among the different unions that formed NUMSA. From its beginnings, NUMSA initiated a series of industrial actions, with members demanding better wages, better working conditions, and other benefits such as housing allowances- **Table 4**.

Table 4: Recent NUMSA Industrial Action

2010:

- Workers in the retail motor industry and petrol attendants affiliated to NUMSA joined a nationwide wage strike in an attempt to force their employers to meet their demands, which included a 20 percent wage increase.
-

¹² South African Trade Unions in a Time of Adjustment

¹³ <http://www.sahistory.org.za/article/national-union-metal-workers-south-africa-numsa>

¹⁴ ibid

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- Other demands included a 4.33 percent annual bonus, a 15 percent afternoon shift allowance, a 20 percent night shift allowance, reduction of the working day to 40 hours per week without loss of pay.
 - The strike ended with the signing of a three-year wage agreement

2011:

- 170,000 workers from NUMSA, the Metal and Electrical Workers Union, and the SA Equity Workers Association embarked on countrywide industrial action.
- The workers demanded wage increases of 10 to 13 percent and a ban on labour brokers.
- NUMSA agreed to a settlement offer by the Steel and Engineering Industries Federation of SA (SEIFSA) and other employers. The settlement included a possible wage increase of 10 percent for general workers.

2014:

- Thousands of NUMSA members in the metal and engineering sector went on strike in Johannesburg demanding a living wage.
- More than 220,000 metal workers went on strike throughout the country.
- NUMSA's demands, included a total ban on labour brokers, as well as a ban on the implementation of the Employment Tax Incentive in the metal, engineering and steel industry, and
- NUMSA demanded a housing allowance of not less than R1, 000 per month

Source: <http://www.sahistory.org.za/article/national-union-metal-workers-south-africa-numsa>

NUMSA been one of COSATU's most successful trade unions and this has been epitomised by it exponential growth from 236 909 members in 2009 to 291 025, 23% growth, in 2012 (Benya et al, 2015:15). By the end of November, 2013, NUMSA's membership was 333 241 workers strong (NUMSA, 2013). Since then, NUMSA has grown to be the country's biggest trade union. "As of 2015 NUMSA are the largest union in the history of the African continent with over 360,000 members"¹⁵.

Recruitment & Organizing Policy

In December, 2013, NUMSA held a Special National Congress whose more significant tasks included deciding: "*whether we should remain restricted within the confines of our current organising strategy, for the sake of not upsetting other unions, or whether we should extend the scope of our organisation in line with the realities of 21st century global capital*" (NUMSA, 2013:37).

Considerations, as outlined in the discussion document *Positioning NUMSA as a shield and spear of struggling workers* (2013:7-9), focused on three options:

Table 3: NUMSA Organisational Options

1. "One Industry, One Union": Reject "core" and "non-core":

- Work within (and re-affirm) COSATU's principle of "one union, one industry" and reject the employer's principle of "core and non-core" business.
- We should organise all workers "core and non-core", white collar and blue collar, into NUMSA.
- This approach allows for the phasing out of outsourcing and the creation of one strong union in a workplace and worker unity.

2. Sectoral Union: Organise along value chains:

- Persuade Cosatu to move away from an industrial approach to organising and towards a "value chain" approach.
 - Cosatu's 6th Congress already opened the pathway to this form of organisation when it resolved (even though it was never carried out) to create groups of unions called 'cartels', including a 'Manufacturing' cartel.
-

¹⁵ Ibid at 14

- We already have members who fall into this category: petrol station attendants do not have a “trade” and are not “metalworkers”, but are “general workers” within the value chain of the motor industry.
- Mining of gold, platinum and iron ore, for example, are also clearly part of the metal industry value chain. It may be that our 2012 decision to add jewellery and the refining of base and precious metals and related work including extractive processes will inevitably lead us into mining.

3. Hybrid Union: acknowledge regional differences:

- Development in South Africa has been uneven; some provinces develop faster than others with huge investment in the manufacturing industry which employs a large number of workers. In these provinces population growth has also increased significantly. Many people are employed and labour is better organized.
- However we also have provinces in this country where development is very slow and no industrial development is taking place.
- The underdeveloped provinces pose serious challenges for unions; a union like NUMSA will never be strong as a sector/industrial union; its relevance in those provinces becomes questionable.
- Hybrid unions are becoming common especially in the USA. Such unions have been shown to operate effectively and provide proper service to members. The majority of these unions operate in the South and are coordinated by NGOs.
- One proposal is that the union can be an industrial or sectoral union in provinces like Gauteng, Mpumalanga, North West, and a semi-general or general union in provinces like Northern Cape.

Source: NUMSA, 2013

At the end of the special congress NUMSA took a resolution to organise along value chains and expand its scope; arguing that it makes sense as trade unions in advanced economies (e.g. IG Metall in Germany, IF Metal in Sweden) have begun organising along value chains, which gives them better leverage in negotiations with employers¹⁶. To realise its’ mission of an expanded scope, NUMSA had to amend its’ constitution in line with legislation governing the registration of trade unions. With all requirements fulfilled, NUMSA has since January, 2015; when the Department of Labour (DOL) approved NUMSA’s amended constitution; been free to organise workers in sectors identified in its scope. The new constitution expands NUMSA’s scope to include:

- Mining, transport, security, construction, cleaning, industrial chemicals, renewable energy, information and communication technology, aviation and related services, and health and canteen services.

At the NUMSA special congress (December, 2013) that adopted the resolution to expand its scope, the general secretary stated with bellicose boldness:

"We are no longer going to reject any worker who comes to NUMSA. If people want to take that as poaching, well, workers are not rhinos but human beings. The focus on NUMSA membership must be rejected. COSATU Public sector unions are recruiting among themselves. They [those opposed to the idea of NUMSA recruiting in other sectors] can go to hell. We will recruit workers that come to us and want to belong to the organisation¹⁷."

¹⁶ <http://www.bdlive.co.za/opinion/editorials/2013/12/20/editorial-numsa-a-sign-of-things-to-come>

¹⁷ <http://mg.co.za/article/2013-12-18-numsa-will-now-recruit-from-mining-sector-says-jim>

5.2 National Union of Mineworkers

The NUM was formed in 1982 and its contribution helped transform the landscape of trade unionism in South Africa. The NUM traces its roots to the African Mineworkers Union (AMU) which was led by John Beaver (JB) Marks in the 1940s. AMU's existence, widely acknowledged as one of the more successful attempts to organise black mineworkers, would eventually be short lived as it was crushed by the apartheid state. However, this was not before AMU embarked on one of the country's historic strikes in August 12, 1946, when close to 100 000 miners went on strike. The week-long strike was violently broken by the police killing hundreds of miners. Nonetheless, the revolutionary seeds were deeply sown in the mining industry. *"Many national general strikes, making both economic and political demands were to follow this landmark strike"*¹⁸. When the NUM was eventually formed in 1982 it drew its cue from the experiences of the AMU leadership making sure that the apartheid government could not stop the mineworkers then as they responded to racist workplace practices.

NUM made an immense contribution in the formation of COSATU in 1985 (2012:8). The extension of the NUM scope in 1985 to cover energy workers - Eskom in the main - and the integration between the NUM and the Electrical Workers Union as well as the merger with the Construction and Allied Workers Union in 2000 were important steps within the true sense of worker solidarity. Through these measures NUM sought to consolidate workers' issues and package them for a sustained struggle in the context of working class power in our sectors and at the work place (2012:16). In its' 2012 Secretariat Report- 30 Years of Unbroken Revolutionary Trade Unionism Struggle- the NUM outlines its growth and history in six phases from recruitment to the present- **Table 7**.

Table 4: NUM Growth Phases

Phase	Milestones
1: Recruitment Phase: 1982-1985	<ul style="list-style-type: none"> - Focus was on building the organisation. - During this phase the NUM was recognised as one of the fastest growing unions in the world.
2: Mobilization Phase: 1985-1987	<ul style="list-style-type: none"> - The success of this phase was evidenced in a series of strikes that culminated in the 1987 strike popularly known as "the 21 days that rocked the Chamber of Mines".
3: Survival Phase: 1987-1992	<ul style="list-style-type: none"> - In this period the union was faced with the threat of total extinction. - The employers were on the offensive. - The NUM survived this attack
4: Consolidation Phase: 1992-2000	<ul style="list-style-type: none"> - The union started building a sound resource base. The first union owned training centre was built. - Investment in leadership development was increased. - The union participated in the transition between apartheid and democracy.
5: Maturity Phase: 2000 – 2006	<ul style="list-style-type: none"> - The impact of these interventions is seen in various aspects of the life of workers and in the broader society, inter alia: <ol style="list-style-type: none"> I. Full-time office-bearers at all levels of the union. II. Capacity building III. Formation and development of women's

¹⁸ <http://www.jbmarksedutrust.co.za/index.php/about-us/history>

6: Articulation Phase: 2006 – To date	<p>structures.</p> <ul style="list-style-type: none"> - Construction and Energy sectors also reflect and confirm the articulation footprint of the NUM. - At the local level, the NUM is one of the few COSATU affiliates that has a permanent commanding presence in the corridors of parliament. - Through the parliamentary office, the NUM ensures constant intervention in the legislative process to advance and defend the interest of its members.
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Source: NUM, 2012

The NUM; along with NUMSA, NEHAWU and POPCRU; was one of the main contributors to the growth of COSATU' membership as it grew by relatively high margins between 2009 (272 000 members) and 2012 (310 382) (Benya et al, 2015:15). "However, this pattern was to change after the 2012 Marikana Massacre where the NUM lost many of its members on the platinum belt to the rival Association of Mineworkers and Construction Union (AMCU)" (Benya et al, 2015:15). The impact of the massacre has been repeatedly pointed out by industry observers as one of the most debilitating events in the history of the NUM. While particularly struggling to recover from a drastic drop in membership in the platinum belt in North West where AMCU gained thousands of followers during the infamous Marikana strike¹⁹, NUM saw decline in membership numbers in all regions except the Western Cape and Kimberley²⁰.

On the latest available data, NUM membership estimates ranged from the modest 230 798 to the more generous "just over 250 000²¹" members by June, 2015. Peculiarly, while it has lost ground in its core sector, the NUM has managed to regain numbers in the construction sector (Whittles, 2015). Overall, according to former general secretary Frans Baleni, the NUM's strongholds are currently in the gold mining sector and at Eskom (energy) where it remains the majority union.

Recruitment & Organizing Policy

Section 2 of the NUM's constitution²² outlines various types of membership and eligibility criteria to join the union. Specifically, subsection 2.1 states that, *subject to the approval of the Branch Committee which has jurisdiction membership of the union is open to all workers who are:*

- (2.1.1) employed in the mining, energy, construction and allied industries;
- (2.1.2) about to enter employment in such industries.

At the time of writing there was no literature or detailed reports dealing with the NUMs' organizing and recruitment policy. Even with the announcement that NUMSA would expand its scope to also, specifically, include the mining industry, there was no direct response or statement from NUM leadership on how it will respond to this. Most media attention and/or press statement from NUM (and COSATU) were about the political differences with NUMSA. Similarly, save for focusing on recruitment in term of numbers of workers joining the union, even when competitor unions (namely, AMCU) are addressed in the 2012 Secretariat Report, there is no strategy or policy

¹⁹ <http://www.fin24.com/Economy/Labour/News/NUM-still-struggling-to-win-over-members-20150406>

²⁰ <http://www.bdlive.co.za/national/labour/2015/06/03/num-membership-on-the-decline-especially-in-rustenburg>

²¹ <http://ewn.co.za/2015/06/04/NUMs-membership-sees-a-slight-drop>

²² <http://www.num.org.za/About-Us/Constitution>

discussion in response to the changes and events that affect NUMs' membership. Presumably, given its affiliation to COSATU and NUMSA was kicked out of COSATU for poaching NUM members, the NUM subscribes to the federation's founding concept of industrial unionism: 'one industry, one union'.

However, the lack of specific reference to organising value chains does not mean that the NUM has no awareness of debates around mining and its strategic role in the economy. As part of the tripartite alliance²³ through COSATU and organised labour in the mining industry, NUM made submissions in August 2011 to an African National Congress (hereafter ANC) reference team. The NUM was a critical stakeholder and puts forward its position in the document titled *"Debate on Nationalisation of Mines OR State Involvement in the Mining Sector"*. In it the NUM calls on the state to invest in beneficiation and mineral based industrialization (up, down and side stream linkages) and ensuring competitive pricing of inputs for downstream value addition and manufacturing. Recognising that: *"key elements to a strategy that uses natural resources to catalyse growth and development appear to be, from looking at successful resource-based industrialisation, the maximisation of the concomitant opportunities offered by a natural resources endowment, particularly the "deepening" of the resources sector through the optimisation of linkages into the local economy"* (NUM, 2011:19).

While there is no discussion on which sector or union new workers in manufacturing mineral would fall under, the NUM (2011) envisioned state involvement in the mining sector would result in improved working conditions and income levels for mineworkers. The broader South African citizenry is also considered as NUM favoured state policy interventions that will contribute to job creation and destiny changing community development projects for poverty alleviation and rural development. It is not clear if the NUM would consider workers in new mineral value chain jobs as "allied" in the mine sector and seek to organise them as it already does mine, construction and energy sector workers.

5.3 COSATU's Policy: One industry; one union

Thulas Nxesi (2015) provided a synopsis of COSATU's "one industry, one union" in an article that first appeared in ANC Today, the online newsletter of the African National Congress, where he explains the reasons behind the policy, the challenges it has experienced since up to the most recent ructions that culminated with the expulsion of NUMSA. Nxesi (2015) - who is a former COSATU official through his membership and former general secretary of the SA Democratic Teachers' Union- traces the organisational basis for the unity of COSATU in 1985 was the concept of industrial unionism: *'one industry, one union'* and the rejection of the alternative model of 'general unionism' or big union approach. Going back into the history of organised labour in South Africa, Nxesi reminds comrades that 'one big union' approach was perceived to be one of the weaknesses leading to the collapse of the ICU (Industrial and Commercial Workers of Africa) in the 1920s. Hence, the rebirth of trade unionism from the late 1920s onwards tended to be along industrial union lines (Nxesi, 2015). Furthermore, he insists, it is also worth noting that it was the Federation of South African Trade Unions (FOSATU²⁴) unions - including the forebears of NUMSA - who pushed hardest to enshrine industrial unionism in the constitution of COSATU in 1985.

According to Nxesi: *"With varying degrees of success, COSATU has encouraged unions to reorganise and amalgamate along industrial lines - both to focus bargaining strength and to prevent*

²³ Tripartite Alliance: African National Congress; COSATU; South African Communist Party

²⁴ Formed in 1979, FOSATU was the forebear of COSATU. Following four years of unity talks between competing trade union federations, FOSATU upheld this pledge by dissolving into the newly formed COSATU

‘poaching’”. However, he laments that this was never a simple matter as; in addition to individuals reluctance to hand over power; the first challenge was consensus on what precisely defines an industry. To illustrate the intricacy of this challenge, Nxesi refers to his own experiences while still General Secretary of SADTU when he was challenged by a prominent trade unionist who pointed out that the ‘education industry’ was not confined to teachers. “*What about cleaners, administrators, etc.*”, he was asked. SADTU responded by duly opening membership and structures to the wider education industry.

Other examples included the National Education Health & Allied Workers Union’s (NEHAWU) contention that the relevant industry in its case was the public service taken as a whole as such all the public service unions (teachers, nurses etc) would be required to amalgamate into one public service union. Elsewhere, there was a debate between NUM and the old Chemical Workers Union regarding the correct union destination for the Sasol coal miners. For NUM, these workers were miners while the Chemical Workers Union took the view that these workers were employed by Sasol producing the raw material that was then converted into petrol and other by-products; and therefore, were an integral part of the chemical sector.

Resolving the Debate

Solutions for the ‘one industry, one union’ malaise were sought at COSATU’s 6th National Congress in September, 1997, which resolved to merge unions into cartels or broad sectors such as public sector and manufacturing. The 6th Congress agreed in principle to the establishment of key broadly defined sectors/cartels within the federation such as Manufacturing, Mining and Energy, Public Sector, Private Sector Services and Agriculture. To move the process forward, COSATU proposed the adoption of new areas of demarcation towards the merger of unions in overlapping sectors, see **Table 5**. Most importantly, the congress resolved that the federation should force mergers within the three years; i.e. by the year 2000; and steps should be taken against unions not co-operating, including suspension and expulsion. Emphasising that *it is no use taking decisions if these cannot be implemented*. Furthermore, as a step towards these mergers, issues of collective bargaining and industrial policy should be jointly coordinated by unions within proposed demarcations.

Table 5: Proposed Demarcation

<ul style="list-style-type: none"> • Primary Sector <i>One union to include mining, energy, quarries, bricks, building, civil agriculture.</i> • Manufacturing 1 <i>Metals, engineering, motor, auto, rubber and smelters, construction, motor retail, polypropylene and plastic car parts.</i> • Manufacturing 2 <i>Clothing, textile, textile polypropylene, fibre-makers and food.</i> • Public Sector <i>Government departments including teaching, police and correctional services, local government, parastatals, administration, private health and education and associated industries like medical aid, drug manufacturing and retail (e.g. chemists).</i> • Private Services 1 <i>All retail and hospitality, security and cleaning.</i> • Private Services 2 <i>All finance and related services, transport and communications, including public transport</i>
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Source: Secretariat Report, COSATU 6th National Congress, September 1997

Fast forward to the 11th National Congress Secretariat Report. *Section 11: Mergers* opens with a statement regretting that, despite the adoption of mergers plan at the 8th National Congress in 2003 setting a deadline of 2009, not a single objective of the vision of ‘one country, one federation; one industry, one union’ had been reached. Most significant is the part where the report makes a point to highlight fact that: “it should be noted that at their respective Congresses, both NUMSA and NUM adopted resolutions confirming the intention to merge”. Some of the unfulfilled resolutions included:

- A merger of NUM, NUMSA and CEPWAWU
- A merger of SACCAWU, FAWU, and SACTWU
- One single public sector union
- A merger of CWUSA and SAFPU (one Entertainment Union)
- A merger of SATAWU and CWU (One single transport and communications union)

Despite a lack an explicit GVC strategy, COSATU has not been blind to the benefits of inter union solidarity within “grey sectors” as a means of strengthening organisational muscle and bolster collective bargaining strength.

Similarly, issues of international solidarity is not anomalous or peculiar when discussing policies of COSATU and some of its affiliates. South Africa has a history of labour internationalism rooted in the social movement unionism of the 1970s to 1980s when leading trade unions eventually founded COSATU. In those last years of apartheid, COSATU and its affiliated trade unions took workplace issues on as a vicarious way of challenging the political and social system of apartheid. COSATU also showed solidarity with workers in Zimbabwe when transport workers union refused to dock and unload a shipment of arms which was destined to be used on striking workers. A specific and recent example of the country’s organised labour involvement in transnational solidarity is the NUM’s participation in a march outside the Mining Indaba in Cape Town in February, 2014. As a member of the Industrial Global Union, NUM was involved in a worldwide labour movement that targeted Rio Tinto’s operations in Australia, Indonesia, Madagascar and Mongolia in an effort to stop Rio Tinto’s union-bashing tactics (Vecchiato, 2014). NUMSA is also part of the international network of metal industry unions in countries like Germany, Sweden and the United Kingdom. NUMSA’s reverence to transnational solidarity with these unions- whom it refers to as sister unions- is so high that NUMSA analysed their experiences and responses to outsourcing, contracting and understanding of value chains in its Discussion Document for its Special Congress in December, 2013.

6. Concluding Remarks

Certainly South African trade unions should use national and transnational alliances to ensure that mining commodities benefit progressive labour and developmental policies. COSATU affiliated trade unions are bound by Congress resolutions to merge along demarcated cartels or broad sectors. Today, socio-economic factors and national industrial policy considerations around commodities dictates that organised labour take advantage of this opportunity to influence government policy and develop active policies to make sure that workers (and communities) get a fair share under a new mining and manufacturing dispensation. For the foreseeable future, trade unions in the country’s commodities value chains will have a critical role to play or they will be conspicuous by their absence or failure to reverse the mining industry’s legacy of exploitation and omnipresent apartheid socio-economic patterns in the next commodity price boom and favourable ‘sourcing’ practices in global manufacturing. Given the international destination of the country’s many

minerals, trade unions also have to take global economic trends and international solidarity into consideration. The issue of transnational alliances is not dealt with at length here because, besides space limitations in this paper, success of international labour campaigns is still premised upon the existence of viable and sustainable local movements.

So if NUMSA already has resolved to organise along value chains and the NUM already organises workers in construction and energy sectors while there is no policy from the mother body, COSATU, forbidding organising workers in broad sectors; what is the policy or strategy challenge does this paper seek to address? While initially sparked by exposure to literature considering strategies to counter global capital and its' destructive impact on worker rights and bargaining power, recent events in the country have stoked the desire take a closer look at the question of value chains and organised labour. At this point, one is sold on the merits of the DTI's and other stakeholders' push for industrialisation through adding value to the country's minerals before they leave the country as a means to grow the economy and create jobs. However, the devil is in the details.

Already, according to Flanagan (2013) South Africa has retained quite a strong industrial sector connected to commodities, and in that regard it is still effectively taking advantage of the commodity price boom in recent years, and is capturing a considerable share of the value in its respective value chains. However, after 21 years of democracy the country is still plagued by racial pattern of socio-economic inequality despite years of {jobless} economic growth due to the commodity price boom. Unsatisfactory wages, occupational diseases, harsh living conditions and underdeveloped surrounding communities epitomise the reality the fact that value captured from the country's mineral commodities has not been shared with workers and communities. Thus, a cautious approach is paramount as organised labour (and civil society in general) welcome economic and industrial initiatives to upgrade along value chains. Government and business will continue to see labour as a mere operational cost so any concerns about workers will be limited to containing costs and/or, ultimately, removing organised labour as an obstacle to managerial production prerogatives. It is up to organised labour to lead the debate and make sure that the benefits of mineral beneficiation are henceforth shared equitably between capital and labour, and between various types of workers in South Africa (Timmer et al, 2013).

Up to today, the country's organised labour is still admired across the world for the institutionalisation of basic conditions of employment and organisational rights in South Africa's labour market. A combination of government international trade policies and private sector guile has conspired to undermine these gains through suppressed wages and increased precariousness in the job market. The nature of country's political dynamics means that government will not readily downscale the bite of existing labour rights, in fact government has recently moved reduce precarious forms of employment by amending the Labour Relations Act to limit genuine temporary employment to a period of three months. Furthermore, ironically, the location- i.e. on and under the ground- of the country's commodity reserves means that; regardless of short-term price falls and disinvestments; government and labour should not be cowed under the perpetual threats of whipsawing and double breasting that global capital has, hitherto, enthusiastically applied in other manufacturing sectors. At some point the world will again need our minerals en masse. Hence, leading trade unions and the ruling political alliances have to be ready with concrete policies that will guarantee that mining commodities benefit progressive labour and developmental state policies.

The prominence and impact; particularly on workers and citizens; of global value chains in the global manufacturing and trade explain the need for a gathering like this year's *"Global Labour University Conference: Sharing the Gains – Containing Corporate Power"*. Henceforth the discussion and knowledge around value chains has to be taken away from government technocrats and industry

economists and be repackaged by activists, academics and researchers to inform trade unions engagement with national manufacturing policy formation and organisational strategies. NALEDI is already preparing to host a workshop in November 2015 to introduce the concept and impact of value chains on workers and organised labour. Since understanding value chains and developing trade unions' capacity to organise along value chains is not an overnight exercise, NALEDI has also submitted proposals requesting funding for a series of workshops in 2016 and a three year (2017-2019) capacity development project for COSATU and NUM officials to the FES and DGB respectively. These projects will, in addition to improving trade unions' awareness and understanding GVCs, also look at overcoming obstacles to inter-union solidarity and alternatives to historically resisted merger of trade unions even when they are affiliated to one federation.

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Wood

ⁱ At the time of writing (July 2015), NUMSA was still officially expelled from COSATU pending an appeal at the national congress later in November, 2015. Furthermore, there is increasing talks of NUMSA, expelled COSATU general secretary Zwelinzima Vavi, and possibly other unhappy COSATU affiliated trade unions forging an alternative federation if they cannot capture COSATU from within. However, the focus of this paper is not about politics that separates NUMSA from COSATU and certain affiliates.