Chaos in the mines & crisis in the economy

Build mass struggle for socialist nationalisation

The mining sector's performance has surprised many capitalist analysts and contributed towards ending the SA economy's 'technical recession' (six months in a row where the economy shrank). However, despite the fact that the mining sector's GDP contribution improved from 3.9% to 6.9% from the second to the third quarter, and some optimism about the outlook for commodities on the global markets, SA's economic prospects remain bleak. In his 'Mini Budget' in October the Finance Minister, Malusi Gigaba, revised the growth outlook for 2017 down to 0.7% from 1% in line with IMF forecasts. But even the ANC's 2011 National Development Plan target to reduce extreme poverty to zero by 2030 requires an annual growth rate of 5.4%.

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Contrary to popular belief, Marxists do not celebrate economic crises; they invariably entail hardships and misery for working class people. In fact we welcome economic growth because it often raises confidence to struggle. The mining industry crisis has been unfolding over decades now. The impact of the continued decline of the mining industry is the least of the bosses' concerns. What preoccupies them is how much they profiteer.

The necessity to struggle intensifies when the greedy corporate elite, unwilling to share wealth produced by our sweat and blood, want to take away everything – our jobs, our livelihoods and our families' and communities' future. This cruel logic of the mining bosses' profiteering and greed is revealed most glaringly in the blood sucking practice called "restructuring".

Crisis in the mining industry

Consecutive announcements of restructuring plans, first by Anglo-Gold, rapidly followed by Sibanye Gold, Bokoni Platinum Mine, Anglo-Platinum and others show the mine-owners are in a feeding frenzy devouring the lives of the working class and the poor through job cuts resulting in the devastation on mining communities as the industry is decimated. So far, this has led to 21,000 direct job losses in 2017 alone. Coming after a nearly five-year long jobs bloodbath destroying 70,000 jobs between 2012-16, the recent job losses represent a further crushing blow to mineworkers and already distressed mining towns and communities.

These shocking figures are extremely conservative estimations, accounting only for workers the mines formally employ on permanent contracts. They exclude workers employed by labour brokers and independent contractors, downstream suppliers, service providers and the local economies of mining-affected communities. Most of these are already battling high levels of unemployment, poverty, crime, public health crises and environmental degradation – the terrible legacy of colonial mining that the 'democratic' ANC government has scandalously perpetuated the past 24 years.

In spite of all the speeches and promises by the mining barons and their puppets in the labour movement absolutely nothing has come forth to solve the deepening crisis. If anything, the catastrophic conditions in distressed mining communities are worsening. The mining bosses break legally-binding promises to create sustainable post-mining communities, including measures for environmental rehabilitation, community empowerment and local economic diversification with impunity, in collaboration with the corrupt ANC elite.

Above all, the waves of job losses and shaft closures signify the accelerating and terminal decline of aging and deepening mines, associated with escalating costs, confirming the general economic crisis in SA and world capitalism. The jobs bloodbath, mine closures and destruction of plant and equipment are a cruel confirmation of the iron determination of the mining corporates to pitilessly exploit the situation. The bosses are taking advantage of the collapse of the old trade union movement and the political weaknesses of the newly founded federation, SAFTU, opportunistically striking blows against the politically disorientated working class giant - a wounded and fragmented labour movement.

Broader crisis of South African capitalism

Unfortunately, this crisis in the mining industry is not a lightning bolt from a clear blue sky. It is part of the ongoing crisis of SA capitalism. In fact so sick is the mining industry that the SA economy failed to benefit from the "super cycle" in commodity prices driven in the main by increased demand generated by growth in the Chinese economy.

The simultaneous decline in the GDP contribution of both mining and manufacturing is occurring in a world economy undergoing anaemic growth, still below pre-2008 Great Recession levels. It is part and parcel of the broader capitalist crisis. It is not the welfare of workers and working class communities that are the bosses' priorities. The result is economic turmoil and the prolongation of working class agony.

The latest economic indicators, despite the end of the 'technical recession' have failed to lift the mood of even the most optimistic analysts. The slight recovery in manufacturing exports leading to a surplus in the trade balance (and narrowing of the current account deficit), results from the cheapening of SA exports as a result of a weakening Rand and not increased investment in manufacturing.

The underlying problem in the SA economy is deindustrialisation. Long term average economic growth has dropped from 4.3% between 2000 and 2008 to 2.1% up to 2016. The reason is an 11.3% fall in fixed capital stock between 2008 and 2015, insufficient investment to replace worn assets.

The record breaking performance of the Johannesburg Stock Exchange's (JSE) all-share index, passing the record 60,000 points mark for the first time in its 130 year history is not an indicator of good economic health. It is driven by mainly one company, Naspers, through its most profitable investment portfolio in Chinese tech company Ten Percent, combined with foreign inflows into the bond market. But it coincides with a sell-off in equities

(shares) the outflows from the JSE of which "are set to match last year's record." (*Mail & Guardian*, 6-12/10/17).

The value of the JSE is being inflated by a combination of bond investors and currency speculators. The latter exploit the "carry trade" – the differential between SA's relatively high interest rates and the low rates of its major trading partners, profiting by borrowing in SA and investing abroad. This is 'hot money' that can leave the economy as quickly as it has entered.

An equities sell-off reflects a loss of confidence in future profits. But inflows into the bond market are not, in the final analysis, an antidote for the negative effect of equity outflows, even if they are "saving the Treasury's skin at a time when tax revenues are falling short".

Similarly 40% of SA's Rand-denominated bonds are foreign-owned and have so far not been affected by downgrades. The threatened downgrade of the 90% of SA's foreign debt still unaffected by the earlier downgrade, will trigger capital outflows, force interest rates up steeply, lead to a spike in the cost of borrowing on world financial markets, widen the budget deficit, depress growth, increase the 19 million indebted consumers further, and precipitate higher car, furniture and house repossession rates (the latter already at 10,000 a month).

Poverty wages, chronic mass unemployment and the generally cheap, black, migrant labour system reinforces the backward neo-colonial character of SA's economy (exporting commodities and importing finished goods). Underinvestment and the depressed global market rules out an export-led recovery. At the same time there is no possibility of a domestic demand-led recovery because workers simply earn too little to support it.

World economy

Despite a certain economic upswing in the United States and Europe, the world economy is generally stagnant. This hopeless position was recently characterised by the United Nations as a "global economy...trapped in a prolonged episode of slow growth". The limited economic upswing is also driven mainly by an injection of massive liquidity since the beginning of the crisis which has resulted in colossal debt, which in turn is held-up by low interest rates. This is not sustainable. 'Quantitative easing' has placed one fifth of public debt into central banks. There are already signs of the pre-2008/9 economic situation returning, worrying the most far-sighted capitalist economists, who are rendered impotent by the very fact that these developments flow from the inescapable logic of capitalism.

However, it is not just sluggish growth rates, including a pitiful 2.2% growth in 2016, that demoralises the strategists of capital, but the real, frightening possibility of a Chinese 'hard landing', that is, a drastic slow-down of that significant economy's growth. This will have global repercussions, the colossal scale of which we cannot fully anticipate. Already, the Chinese slowdown, whose debt-driven growth accounts for half of global economic growth – has undermined the commodities-dependent neo-colonial world, where, like South Africa, many countries are heavily dependent on commodities exports to China. The much talked-about dream of an African Renaissance has gone up in smoke, but so have all hopes of economic prosperity for Latin America, whose economic turmoil has created unprecedented levels of social polarisation and aggravated political struggles between the Left populist and right-wing opposition. The latter is funded by American imperialism whose strategic aim is to regain the economic and political traction it lost in this region in the past decade of left-wing, populist reformist regimes. Brazil and Venezuela epitomise this crisis, but they are not alone.

In a nutshell, all capitalist economists' predictions that the 2008 Great Recession was merely a passing storm have been refuted. The world economic crisis has consolidated into an epoch of stagnation, instability and volatility for almost a decade now with no end in sight. Endless suffering from poverty, unemployment and the dangers of growing xenophobia, racism and tribalism, expressing social polarisation beneath the surface, indicate desperate cries for urgent revolutionary working class leadership particularly from organised labour.

Nationalise mines under workers' control

The only viable alternative to the crisis in the mining sector and the economy more broadly is an organised labour-led fighting campaign for nationalisation of the mining industry. Public ownership of the mining industry, along with banking and other key sectors of the economy, will make possible the revitalisation of industry as a whole. Through public investment, economically viable shafts can be reopened and depleted mines rehabilitated for other uses.

With an annual turnover of about R600 billion, a publicly owned mining industry can be the basis to resolve high unemployment levels, homelessness, poverty and the lack of adequate access to essential public services including free public education. It can eradicate poverty in mining-affected communities, lead to sustainable development and lay the foundations for a full transition to ecologically friendly, post-mining economies.

The organised labour movement should not pin their hopes on capitalist politicians. The self-serving, populist "radical economic transformation" rhetoric of various ANC factions will not solve the problems of the deepening crisis, job losses and mine closures. There is no viable, sustainable solution on the basis of capitalism.

SAFTU should lead a campaign to mobilise workers and mining-affected communities in a mass campaign for the occupation of mines to force government to bail out the millions of workers and their communities facing job losses, the same way they spend billions on millionaires and mining corporations who break all promises to uplift communities and workers. We cannot rely on the capitalist class and their illusions in the prospects of economic growth to improve the lives of the working class. We must take control of the productive forces – the commanding heights of the economy – which we sustain through our labour. It is clear that the only prospect for decent work and dignified lives for the working class lies in the fight for the public ownership of the economy based on democratic worker control – socialism.