

## Dividing the Spoils? Mining and Tourism in South Africa

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### Abstract

*This article looks at the mining and tourism sectors through the prisms of a society still attempting to redress the evils of the apartheid past. In so doing, it provides a typology of the dominant characteristics active in both sectors to unpack the structural factors which oppress the precariats in these sectors. Precariats are the employees in a precarious situation in these sectors trying to eke out a living under extremely difficult working conditions. From the analysis, the common denominator in the two sectors is the low 'slavery' wages. The poor has not benefited materially from economic growth such that unemployment, poverty and inequality still remain as the country's major challenges. The Black Economic Empowerment policy has been found wanting in empowering previously disadvantaged groups due partly to the co-option of black elites by white capital resulting in the maintenance of the pre-1994 concentration patterns. This article advocates a paradigm shift towards a system in which redistributive justice should be instituted, including a balanced distribution of power/control, resources, knowledge, capacities and benefits in these sectors for the benefit of all.*

**Keywords:** mining, tourism, wages, economic growth, unemployment, poverty, inequality, poor

### 1. Introduction

Inequality world wide is increasing and the associated cost of instability are predictable. Recent comments express that increasing gap between and within countries is happening because of the unequal distribution of power and wealth and this could lead to conflict in the world (Zajda, 2011:147; see also Borat and Van Der Westhuizen, 2010:67). The perpetuation of inequality seems very much present since the 1980s due to the general failure of neo-liberal policies during that time the decade became known as the "lost decade". Ironically, again the 1990s has been described as 'a lost decade for the world's poor' (Elliot, 2003) arguably suggesting that since the 1980s up to the new millennium, neo-liberal strategies did not serve too much but maintain and reinforce the status quo associated with unequal distribution of wealth and power.

Despite the suggestion by neoliberal supporters that inequalities have decreased, there are equally strong objections to that (see for example Wade, 2004). At the same time, it has been suggested that globalisation is exclusively economic to the exclusion of such aspects such as social justice, peace, human rights, education, environmental protection, mutual understanding and cultural exchange, making the globalisation experience one-sided for the benefit of the powerful (Ife, 2002:141).

Internationally, the hegemonic mode of production works at different levels and penetrates into all countries in the social, economic and political realms (see Cox, 1996:137); with effect of co-opting the elite (Peet, 2002:56); and promote the feeling of impossibility of other development alternatives through the 'there is no alternative' (TINA) and 'end of history' syndrome which work to maintain the status quo in which benefits continue to accrue to specific hegemonic actors in line with the discourse of 'Davos culture' of the annual World Economic Forum (Abbinnett, 2003; Berger, 1997; Milward, 2003).

In this regard local elites pursuing different national or regional development strategies must succumb to global neo-liberalism and accept, at least partially, its dictates. It may be the case that "local elites are complicit in the

underdevelopment of their states, not as instruments of capital but as a result of the prevailing ideological climate of privatisation and deregulation in which the range of development options available to them has become even more constrained" (Bianchi, 2002:289). There is a feeling that "capital is all powerful; national policy must pay obeisance or pay the cost" (Natrass, 1996:34) with the demise of "political alternatives to liberal democracy" (Peet, 2002:63).

Mining and tourism sectors are the fulcrum of the development of South Africa. However, while mining has historically been the main economic sector of South African economy and still plays a critical role in contemporary South Africa (Rogerson, 2011 a:13373) the tourism sector is a 'new entry'. Tourism is now contesting the lead role in the country's economy and there are claims that it has surpassed mining as a leading economic sector in some areas (Winde and Stoch, 2010:77). Although some exceptions exist in which mining is enhancing the local economy in general, the industry has generally been in decline (Marais and Cloete, 2009:31). Hence, the mining and tourism sectors have often been studied together as the decline of mining opens up opportunities for tourism development (Binns and Nel, 2002; Kepe et al., 2001:1; Booyens and Visser, 2010; Rogerson, 2011 a:13380; Winde and Stoch, 2010).

While this article uses secondary sources, it makes an entree into the discussion by critically analysing the two sectors in order to unpack their possible differences and similarities in relation to the country's development in the context of the contemporary political-economic context. Specifically, it undertakes the analysis against a backdrop of attempting to reduce inequality and promote widespread benefits to the whole society by the government. The inclusion of poor people and working class in the benefits is touted as one of the means to narrow the income gap.

The article is not investigating whether or not mining and tourism are profitable but to understand to whom these profits go. As properly suggested by Britton (1981:19) in relation to the tourism sector that it is not a question that tourism is important economically in aggregate terms, but rather who reaps the most benefits (see also Sofield, 2003:92). This is arguably also relevant to the mining sector as to any other sector today. Since neo-liberalism is increasing the gap in terms of wealth and power as well as making use of authoritarian measures to maintain itself, "it is the profoundly anti-democratic nature of neo-liberalism that should surely be the main focus of political struggle" (Harvey, 2007:42).

## 2. Literature Review

Based on data for the year 2010, the mining sector accounted for 8.6% of GDP directly in nominal terms and amounts to 19% contribution to GDP if the indirect multiplier is taken into account, being real mining GDP of R100.6 billion (Chamber of Mines, 2010:2). Still more recent data for 2011 show that while the situation has been characterized with some ups and downs<sup>1</sup>, the country's mineral sales rose by 23% to R370.6 billion such that the value of sales in nominal terms exceeded the pre-crisis levels (Chamber of Mines, 2012:2). Regarding employment for 2011, the total employment in the industry was 513,211 employees with an average earning per employee of R169,679.00 per year<sup>2</sup> (Chamber of Mines, 2012).

The Chief Executive of the Chamber of Mines, Sibiyi affirms these figures in relation to the economic contribution of the sector to GDP, employment and industry value, by affirming that the sector employs 500 000 people and contributes 7% to GDP and is endowed with mineral resources worth US\$2.5-trillion making them the largest deposits in the world (Sibiyi, 2011:4). He also emphasized that shrewd and decisive management should address the challenges facing the sector.

Certainly astute management should be linked to good relations with the workers and conducive working conditions for sustainability of the ventures in the long term.

Pre-1994 period, domestic tourism in South Africa represented by companies such as Southern Sun, Sun International and Protea, was negatively affected by the apartheid system and subsequent international sanctions (Rogerson and Visser, 2004:3, 4). The opening of South Africa to the world after 1994, completely changed the picture by witnessing a great increase in international tourism and by opening the possibilities to every (at least theoretically) South African citizen to travel anywhere in the country and it open its door to foreign tourists. In this regard the SAT (2006:12) 2005 *Tourism Annual Report* mentions that the foreign tourist arrivals increased by more than 100% since 1994. Specifically in 2011, the tourism sector made a total contribution to GDP of about R 194.5 billion with about

<sup>1</sup> "Real mining GDP of R99.4billion in 2011 was still smaller than peak mining GDP of R105.4billion achieved in 2007 just prior to the global financial crisis [...] Total 2011 mining production contracted by 0.2% with platinum group metal (pgm) production up 1.6%, coal contracted by 0.2%, iron ore production decreased 1.4%, manganese production grew by 21% and diamond production contracting by 21%. Gold production fell by 4.2%, a much slower rate of decline versus the 4.9% decline in production recorded in 2010" (Chamber of Mines, 2012:2).

<sup>2</sup> At the time of writing R8.75 equals US\$1 at the exchange rate.

590,200 people employed (SAT, 2012:1).

The year, 1994 witnessed rapid growth of the tourism sector due to the reintegration of South Africa into the global economy. The years after 1994 also saw the advent of a process of change in South Africa's macroeconomic policies from Reconstruction and Development Programme (RDP) to Growth Employment and Redistribution (GEAR) heralding a shift towards more neoliberal policies in line with the hegemonic international milieu (see Peet, 2002:51; Gibson 2001; Carmody, 2002:225; Rogerson, 2000:397; Terreblanche, 2002:435; Seekings and Nattrass, 2011:347). In this context, GEAR meant the surrender to neoliberal policies and sidelining of radical projects emanating from South African left (Gibson, 2001:65). As a result, the change after 1994 did not bring about the hoped for and often promised decrease in inequality within the country. Seekings and Nattrass (2011:339) concluded that there is little evidence to suggest that government and business have been partners in a 'development coalition' concerned with both economic growth and distribution. They also note that while this reflected a change in the policy framework in 2006, it represented a shift without a concomitant change in ideology. This found resonance in the Accelerated and Shared Growth Initiative for South Africa (Asgisa), a subsequent South African macroeconomic policy framework which remained largely intact and reflected the needs of conglomerate capital (Ashman, et al., 2010:39). As such Misra-Dexter (2010:VIII) surmised to say "South Africans today have some of the highest levels of poverty, inequality and unemployment in the world."

In South Africa while specific patterns of growth in inequalities can be seen between and within racial groups, the democratic period has seen declining poverty levels, also accompanied with a marked increase in aggregate income inequality (Bhorat and Van Der Westhuizen, 2010:55). The issue therefore is not about declining poverty trends, but of concern is the issue of deepening inequality and the need for a just and equitable redistributive process to promote both poverty reduction and narrowing the wealth gap. According to Bhorat and Van Der Westhuizen, (2010:54), income inequality rose between 1995 and 2005. In 2009, the Gini coefficient showed a value above 0.5 which is considered to be "*unacceptably high*" despite higher economic growth which seemed to benefit most the richer segment of society (The Presidency, 2009:25, emphasis added). In 2011, it was observed that while poverty declined over time, inequality remained high such that 68.1% of income accrued to the richest 20%, while the poorest 10% got less than 0.57% of total income. (The Presidency, 2011:24). Bhorat and Van Der Westhuizen, (2010) argue that growth often comes with some change in income inequality such that any gains to the poor as a result of growth are minimal thereby diluting the impact of growth on poverty. They further argue that "economic growth may be a necessary condition for poverty reduction in a society, but it is certainly not a sufficient condition" (Bhorat and Van Der Westhuizen, 2010:58).

Thus, this skewed pattern of income distribution in South Africa suggests that notwithstanding the positive economic growth since 1995, those at the top end of the distribution have posted huge gains in post-apartheid growth<sup>3</sup> (Bhorat and Van Der Westhuizen, 2010:67), in a context in which capitalism transcended apartheid to flourish in post-apartheid South Africa.<sup>4</sup>(Seekings and Nattrass, 2011:339).

### 3. Mining, Tourism and Development: Convergent or Divergent Trajectories

Various issues are here presented to unpack the similarities and dissimilarities between the mining and tourism sector in relation to development and inequality. To unpack these issues within the neoliberal framework against a backdrop of increased inequality in the country, factors such as sector and labour characteristics, policy regarding Black Economic Empowerment (BEE), and the role of the state become pertinent are hereunder discussed.

The structure of the mining and tourism sector are different, although they share some general similarities which are evident in both sectors. For example, both sectors are experiencing greater concentration structures in their respective industries. In the mining sector, due to the usual high investment levels needed in the industry, large companies and transnational corporations dominate. In the tourism sector, there is a greater variety in terms of size of ventures. Examples of mining concentration were present during apartheid, in 1985 Anglo-American commanded control of more than one half of the entire capitalisation of the Johannesburg Stock Exchange (Seekings and Nattrass, 2011:343). As such, concentrated ownership mimicked the policies of the government during apartheid (Seekings and Nattrass, 2011:343) and the concentration of capital in the Minerals Energy Complex (MEC) was also achieved due to the exploitation of the black majority (Capps, 2012:65).

During the apartheid times, the tourism industry was limited in scope. For instance, the hotel sector was concentrated (especially in the luxury and business hotels) and variegated at the same time. Thus in the 1960s, the hotel

<sup>3</sup> See also Leibbrandt, et al. (2010: 44)

<sup>4</sup> See Seekings and Nattrass (2011) for BEE matters

industry was made up of a chain of commercial hotels alongside boarding houses of lower quality and a few 'public houses' associated with the country's brewing enterprises [...] such that by the end of the 1980s, Southern Sun, a hotel chain group, dominated luxury tourist and business hotel trade in South Africa (Rogerson, 1990:346).

Today, the concentration patterns in both mining and tourism continue to mirror the situation pre-1994. Table 1 below shows the concentration patterns of those economic sectors. From the Table, it is evident that the mining sector is much more concentrated as compared to the two tourism sub-sectors of accommodation and the food and beverages (presumably also because of the possible low investment cost to start a business in the tourism sector). However, in the tourism sector, the big players in the industry still dominate the sector as a whole following the global trends of concentration in the industry. These patterns also reflect in the tourism periphery. Thus, globally there is a marked increase in brand concentration and while the international lodging sector is represented by a greater number of small and medium ventures; yet the commanding heights of the accommodation sector are represented by small clusters of large enterprises (Rogerson, 2011 b:343). It can be deduced that both industries tend to oscillate towards concentration although at different levels and for different reasons with the same goal of controlling or increasing relative weight in own specific market.

**Table 1:** Concentration Ratio (CR)

Mining sector	Accommodation sector	Food and beverage sector
The 20 largest enterprises contributed 73,3% of the total income of the mining industry in 2009. 'Other stone quarrying, including stone crushing and clay and sandpits' had the lowest CR5 (41,3%), CR10 (54,1%) and CR20 (69,2%). 'Mining of manganese ore' had the highest concentration ratios in all three categories (100,0% for CR5, CR10 and CR20)  (StatSA, 2009 a:2).	The 20 largest enterprises contributed 56,4% of the total income of the accommodation industry in 2009. 'Caravan parks and camping sites' had the highest concentration ratios in all three categories: CR20 (74,2%), CR10 (67,6%) and CR5 (59,8%). 'Other accommodation' had the lowest concentration ratios in all three categories: CR5 (7,7%), CR10 (9,7%) and CR20 (13,0%).  (StatSA, 2009 c:2).	The 20 largest enterprises contributed 25,7% to the total income of the food and beverages industry in 2009. Restaurants and coffee shops had the lowest concentration ratios in all categories: CR5 (4,8%), CR10 (6,5%) and CR20 (8,9%). Caterers and 'other catering services' had the highest concentration ratios in all categories: CR5 (51,7%), CR10 (63,2%) and CR20 (68,5%)  (StatSA, 2009 b:2).

Mining results in greater concentration than tourism due to the heavy capital investment required in the industry. It is relatively easier to start a tourism enterprise such as a coffee shop or a small bed & breakfast with less initial capital investment. Thus mining requires technology, sophisticated skills and apposite management capacity and so on. However, new studies have shown marked increases in small scale mining in over 35 countries examined in Africa, Asia and Latin America with increases as much as 700% but on average being 10% and 20% in comparison to 1993 (Quiroga, 2002:128). There is room for small artisanal mines even if it is for economic subsistence (Quiroga, 2002:133). This implies that small scale mining operations can succeed (at minimum in a context for subsistence/livelihood diversification strategies) if properly supported. See for example the case of a Bolivian FairTrade award winning small scale mining artisanal operation (cited in De Craen, 2010; and Fairtrade Foundation / Alliance for Responsible Mining, 2011).

### 3.1 BEE in mining

In an attempt to overcome past injustices of apartheid which heavily contributed to the present imbalances in wealth distribution, the South African government introduced the Black Economic Empowerment (BEE) which has been described as measures adopted by government and business in an endeavour to redress the economic inequalities of apartheid (Rogerson, 2004 c:21). However, there are many supporters as well as critics of BEE as would be the case with any policy. Critics of BEE note that the policy is being used to benefit 'exclusive' new black elite in which a vast majority of the previously disadvantaged people are not involved. As such, it has been suggested that BEE entails the enrichment of a minority class of black elites (Maseko, 1999 in Marais, 2001:136; see also Tangri and Southall, 2008:709) at the expense of the general improvement in the lives of the general black population. Unfortunately, the bonds of class seem to be stronger than those of race or those arising from being previously disadvantaged people. Would this be confirming the words of Lord Acton who said "the bonds of class are stronger than those of nationality"

(Lord Acton 1955 cited in Baran, 1962: 221). Terreblanche argues that a new black elite has been co-opted by an old white elite such that "the new black elite has been deceived by the controllers of white wealth and privilege into buying into neo-liberalism and globalism, despite the fact that these ideologies and their application in South Africa are to the detriment of the poor" (Terreblanche, 2002:133, 135). As suggested by Peet (2002:51) the "ANC policy was disciplined by a neoliberal economic discourse..."

The control and ownership of South African business in general remain white (Seekings and Nattrass 2011:344; see Leibbrandt, et al., 2010). Because of the class bonds among the black elites and BEE, it is relevant to note that inequality among the Africa group seems to be rising. In the context of capitalist privatisation and concentration, Public-Private Partnerships are usually controlled by multi-national corporations (Narsiah, 2002:7) and as such the impact of BEE becomes diluted. Government has been trying to re-assure white business that BEE will not be imposed on them and that empowerment will be done in consultation with private capital (Tangri and Southall, 2008:711). This implies that Government seems to be preoccupied more with issues related to growth and less with dominance of business by only limited specific sectors of population.

In terms of BEE legislation, the mining industry is required to reach 26 per cent of black ownership by 2014 for the mines to keep their mining rights (Seekings and Nattrass, 2011:349). However, the BEE milieu in general reflects that only a very few of the previously disadvantaged people have benefited from BEE despite specific legislation which was promulgated to widen the spectrum of beneficiaries (see Sorensen, 2011). As such, while the main aim of the Mineral and Petroleum Resources Development Act (MPRDA) of 2002 is Broad-Based Black Economic Empowerment, economic empowerment has been anything but broad-based. In practice this meant that some well-connected elites benefitted as mining companies hurriedly divested themselves of the stipulated 26% equity in order to obtain the new-order rights to continue with mining (Sorensen, 2011:181). Sorensen (2011:182) also notes that ordinary miners are better off than before although as unskilled and semi-skilled labour. In the coal industry, within the context of the Black Economic Empowerment Programme, the so-called "Black Diamonds" have been enriching themselves (Bench Marks Foundation, 2008:95)<sup>5</sup>. Therefore, BEE deals have turned out to be vehicles through which companies are securing government work and licences because it is a pre-requisite to have empowerment status to obtain mining rights to mineral deposits which are owned by the state (Tangri and Southall, 2008:707). Mounting protests may compel the government to use BEE legislation to serve the interests of the poor in order to spread the benefits of BEE more broadly through procurement processes and employment (Tangri and Southall, 2008:702, 713).

### 3.2 BEE in tourism

BEE applies also to the tourism sector. However, the result has been quite different because BEE has been very weak in general in this industry. In a report titled *Towards a Strategy to Transform Tourism in South Africa*, the Government attempts to provide the broad framework within which to transform the industry from predominantly white-ownership to one which is equitably owned by the majority of South Africans (DEAT, 2000: 1). The white dominated structure of the industry, finds resonance in Rogerson (2004 c:27) as he mentions that the tourism economy in South Africa is owned by a small group of large firms such as Protea, Sun International and Southern Sun enterprises such that, as was during apartheid, whites still own a majority of the tourism enterprises in the country.

The same sentiments are echoed in the *National Tourism Sector Strategy* (DoT, 2011:56), which summaries the current situation as encapsulated in the following citation:

South Africa as a whole, and particularly the tourism industry, need to transform. Transformation is a critical success factor, without which the growth and development of the industry are not guaranteed. However, the rate of transformation in the tourism industry has been very slow, with few black entrants in the market, and big and small business still largely dominated by white people. Significant effort is required not only to transform existing businesses in the tourism industry, but also to grow the industry as a whole to allow for more mainstream black-owned businesses of all sizes to be established.

In a consultancy document done in 2003 related to a Wild Coast tourism development project it was noted that effort should go towards forging close relations with private entrepreneurs even if they mainly white and develop black ones as opposed to focusing on community-based tourism models (Norton, 2003:32). This negates the thrust towards broad based economic empowerment as community-based tourism proposes to do. Black owned enterprises are still

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<sup>5</sup> Examples of BEE matters in mining, see Bench Marks Foundation (2008), which has done extensive research on issues related to the relation between mining and community development.

lagging behind, for example, the backpackers sector with a low capital requirement while promising in transforming the sector, is far from delivering because whites have been the prime beneficiaries of the expansion of backpacker tourism, whether as hostel owners, excursion organisers or the retail sector (Visser, 2004:295, 296; see also Booyens and Visser, 2010:378 in the case of Parys in South Africa). Earle, (2008:27) notes that while diversity and heterogeneity can be observed in the ownership structure of the tourism enterprises, is essentially owned and managed by whites.

### 3.3 *The divergence argument*

In short, the mining and tourism sectors seem quite different in terms of the outcomes of transformation. While the mining sector seems to be relatively proactive in its BEE mandate, the beneficiaries have been very few. The tourism sector seems less proactive as is the mining sector in that regard. In both sectors, the wider community has been the loser posing questions if the frameworks in place can deliver on the quest for broad based economic empowerment.

While SMMEs in the tourism sector have been involved in subcontracting and outsourcing, there is the apparent risk that outsourcing and subcontracting keep the contracted companies always in a dependent position to the larger ones. Thus, the thrust for long-term restructuring should be prioritised in order to achieve greater transformative impacts. As suggested in the short-term there is need to forge linkages between black owned SMMEs in tourism with large enterprises through outsourcing or sub-contracting to impact ownership in the long term (Rogerson, 2004 a:17; Kirsten and Rogerson, 2002:53). Thus, "unless the transformation issue is adequately addressed, there is a danger that tourism growth in post-apartheid South Africa will reinforce the concentration of wealth in the hands of whites at the expense of the country's black majority" (Rogerson, 2004 b:274). The same should apply to the mining sector. This suggests that the impacts of subcontracting and outsourcing need to be interrogated. In mining, for example, Earle (2008: 28) notes that outsourcing and sub-contracting do not represent job creation but are a displacement of existing labour out of an established and stable enterprise to a smaller outfit in which "wages are lower, employment is seasonal, and capacity to train is limited". Furthermore, Zampoukos and Ioannides, (2011:32) point out that outsourcing and sub-contracting are "a direct by-product of the present age of neo-liberalism and globalization given companies' constant search for cost reductions".

In general, wages have been noted to be low in the tourism and hospitality sectors (Zampoukos and Ioannides, 2011:31; Baum, 2002:347; Marchante et al., 2006:791 Earle, 2008:34). Working conditions and wages in the tourism sector are, for a variety of reasons, bad in the South African context such that Earle (2008:34) characterised the tourism sector as labour-intensive, with flexible hours and employing many seasonal and/or casual workers; a high staff turnover and usually with low wages (see also THETA, 2005:6). It has been also noted that in South Africa tourism sector "white people hold higher skilled jobs that attract high wages, while most unskilled positions are held by Africans" (THETA, 2005:7).

The mining sector is also involved in outsourcing-subcontracting. Mining wages "remain amongst the cheapest in the world" and low productivity (also related to working hours lost due to strikes) form the double-edged sword context in which there is the need to increase wages and at the same time improve productivity (FORRARD, 2012:9). Outsourcing and subcontracting have been widely used in the mining sector to bypass specific requirements that the mining companies are obligated to do such as providing health services for workers. Thus, by outsourcing and subcontracting part of their work to external companies, the mining companies can 'free their hands' from specific industry requirements and costs. Doubts have been cast on sub-contractors in adhering to "any international, national or even corporate codes of ethics [and] it is unclear what their policies are with regard to wages, housing, health, training, etc." (Bench Marks Foundation. no date:44). Outsourcing and sub-contracting have been exposed as strategies meant to 'hide' migrant labour statistics and avoid training and advancement opportunities for workers. The Bench Marks Foundation considers sub-contracting and outsourcing vehicles for black economic empowerment, it however considers this vehicle as a "blunt instruments for carving away at the influence and numerical strength of the National Union of Mineworkers" (Bench Marks Foundation. no date:34, 44, 75).

A report of the Labour Research Service (LRS) (Taal et al, 2012) which was written as a consequence of the Marikana tragedy bluntly portrays a picture of a wide wage gap in the mining sector, as shown in the excerpt below:

There is the spurious accusation, coming mainly from people earning more, that R12 500 would be too much money. If it is too much, what can be said of the remuneration of CEOs in the sector? In the LRS Directors Fees Survey, the average remuneration of CEOs in the mining sector during 2011 was R20,2 million per annum and amounts to R55 000 a day. To be sure, winning the demand of R12 500 a month would not turn mine workers into tycoons [...]. The 2011 wage gap between the CEO and the average worker in the mining industry was 390 to 1[...] If Marikana workers win their

demand of R12 500 and this victory is generalised in the mining sector, the graph shows a tremendous decline in the sector's wage gap to 135 to 1. Although still high, given the uniformly high executive pay in mining, the result is that it would bring the wage gap in line with other sectors. In short, the argument against the demand of R12 500 is flawed by the very premises it is based on. Continuing to pay low wages entrenches poverty, joblessness and inequality rather than providing solutions (Taal et al., 2012:1-4).

In an article in the Mail & Guardian (Molele and Letsoalo, 2012) also describe the wage disparity picture as striking in which chief executives were earning over R20-million per annum against R70,000 for an ordinary mine worker. For instance a rock-drill operators at Marikana had monthly earnings of just R5 600 against "the earnings of Lonmin's financial officer, Alan Ferguson – R10 254 972 a year or R854 581 a month – 152 times higher than a rock-drill operator" (Molele and Letsoalo, 2012).

### 3.4 Similarities and differences between mining and tourism

Mining and tourism sectors both outsource and sub-contract work. They both perpetuate wage-based inequalities. In both contexts, both are steeped in neoliberal practices of flexibility and outsourcing which both tend to depress wages and propagate generally poor working conditions and maintain the huge age schism between the top and the bottom.

On the other hand the two sectors present huge differences in the level of unionisation. While the tourism sector is historically weak in terms of union members, the mining sector presents a strong and combative organised labour force. However, the private sector has managed these differences for its own benefit through labour flexibility, labour brokerage, part-time/temporary employment or outsourcing and subcontracting to weaken the organised labour. It is valuable to mention the words of Chambers (1983:194, emphasis in original) in relation to wage and poverty:

The more poor people are paid, the less poor they become. To say that poor people should be paid less is to say that they should stay poor. Yet whatever private and public views are expressed about reducing and eliminating poverty, the perversity persists. It is almost universal. Women are paid less than men; the disabled receive less than the able-bodied; the illiterate get less than the educated.

In the case of the Marikana events it seems not a surprise that the wage conflict, unfortunately, escalated to tragedy when the same Deputy President Kgalema Motlanthe also have been reported to have express that "Workers don't have to study economics to understand that they are being exploited. They just experience it" (Sapa, 2012).

## 4. Discussion

There are certain characteristics that the two sectors share in common and others which they do not. Salaries in both sectors are very low and exploitative. Underground work presents uniquely characteristic dangers to mining. While tourism has its own occupational risks, they may not be as comparable to mining. Because the tourism sector is not as unionised as the mining sector, salaries in the tourism sector tend to be more slavery while jobs often menial. Therefore occupations in these sectors bring about some insecurity to create precariats/vulnerables: workers who work in precarious conditions. In these sectors, there are therefore glaring manifestations of unequal distribution of power, exploitation and oppression of labour. It can argued that invoking the need for some form of redress of the socio-economic structures which oppress the precariats is not misplaced in order to liberate them from their bondage.

Both sectors have shown that in the communities in which they operate, the benefits have, by and large, been minimal. In terms of racial composition, in the mining sector transnational corporation are predominantly white-owned and controlled. The same applies to the tourism sector in which the large enterprises are owned and controlled by whites.

In terms of BEE status, mining corporations have achieved compliance through elite-capture using proactive co-option. Whereas in the tourism sector, most firms reflect weak BEE status by virtue of a less proactive co-option stance by the large firms and the fact that many tourism companies are also small. The implication is that very few people are benefiting from these two sectors outside the formal employment arena. Such scenarios give rise to tensions between economics and politics. Economics because firms would argue that increasing the wages impacts their bottomline and sustainability. As a result, new struggles do emerge for decent work and decent pay in line with ILO precepts and teachings (see ILO, 2001: III). This article lends it weight with those who argue for redistributive justice because under current conditions, from a worker's (or unemployed and poor person's) perspective, the situation is equally unsustainable. Therefore, voices calling for, *at least*, a middle-ground approaches deserve to be listened to lest the situation leads to 'ungovernability' as is happening already in the mining sector due to protracted and unprotected strike action by workers being witnessed in 2012. If the situation is not resolved, the implications are also socio-economic to the

extent that inequality will widen leading to possibilities of further unrest for decent wages and with the risk of spilling over into service delivery protestations in the same sectors. This is because mining sector is one of the sectors which has been found wanting in terms of providing decent housing and amenities for its workforce. By dialoguing and reaching a compromise will provide the opportunity to restore human dignity to workers and equality and this would lend support to workers quest for the freedoms and human rights enshrined in the Constitution.

From a macro-economic perspective, the need to combat both poverty and inequality is a priority in the National Development Plan (2011). It can be argued that while the country achieved political equality of all citizens who reside in it, economic equality is still a far cry for what it ought to be in terms of the Constitution for a majority of the citizens. These are some challenges which the country is facing. As such, the benefits of providing decent wages are well known and include making a dent on inequality, workers being able to attain sustainable livelihoods as well as being able to enjoy a better and healthy life. A decent wage also opens up the possibility of them workers and their children to improve their education as this will lead to a virtual cycle of a sustainable livelihood (as opposed to the vicious cycle of poverty).

## 5. Conclusion

The article attempted to elucidate the characteristics of the mining and tourism sectors. In particular, it attempted to provide a typology of the dominant characteristics active in the sectors to be able to better understand the structural factors which oppress the precariats in both sectors. The common denominators in the two sectors are: exploitatively low wages which dehumanise and the apparent predatory nature of the players.

Mining and tourism sectors are very important to the South African economy in terms of jobs and contribution to GDP. While growth has been experienced, the poor has not benefited (if not minimally from the crumbs) materially from that growth such that the country still faces some the highest levels of unemployment, poverty and inequality in the world. BEE policy has not delivered as anticipated on empowering previously disadvantaged groups. Today, as it was during apartheid, the concentration patterns in the two sectors reflect the pre-1994 situation. The co-option of black elites by white capital has made the concentration patterns perverse. Both sectors outsource and sub-contract work which has perpetuated wage-based inequalities.

Recent events in South African mining sector show that the poor are not domesticated completely to capital. Resistance and understanding of the system is still present. The shift towards a system in society in which there is redistribution as well as a balanced distribution of power/control, resources, knowledge, capacities and benefits is ideal. This requires change in ideological frameworks and understanding of the relations between people towards a more cooperative society in many facets of life. As should be said also in a global perspective, "What South African cannot afford is the coexistence of the conspicuous consumption of the few and the destitution of the many" (Terreblanche, 2002:470).

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