



South African mining in the contemporary political—economic context

by M. Solomon*

Introduction

During the course of 2011 the nationalization of mines emerged as one of the most contentious and emotive political issues under review. Some four years after the African National Congress electoral conference held in Polokwane, which had led to a change of leadership within the country's ruling party, elements within the ruling party's youth league, which had been virulently supportive of the change in leadership, turned on the incumbent President, using the mining question as its rallying call.

At issue was the expressed perception that mining has, since the country's democratization, not delivered the anticipated benefits to the population as a whole, continues to be the preserve of the capitalist element of the South African community, and is therefore in need of radical reform. Aspersion was made that transformation within the industry had failed dismally and that mining companies had not delivered against their commitments to the Mining Charter and social and labour plans. The debate became extremely vocal and heated, evoked dramatic and emotive opinions, and vigorous skirmishes on the matter were fought in the media over much of 2011 and into 2012.

The problem with this very broad public debate was that there was little qualification on the key issues: the contention was that inadequate transformation had taken place in the industry. This has been a moot issue and a hotly debated matter, the viewpoints of which are entirely a function of constituency perspective.

In July 2011 a research programme was commissioned under the auspices of the SAIMM to address this conundrum. The point of departure for the study was that one could not adequately understand the South African call for nationalization in isolation from the global trend of resource nationalism. One could not interpret, as many were tempted to do, the calls for nationalization as being solely the work of opportunistic political agitators. Undoubtedly, the perceptions of discontent about the inequitable distribution of wealth

were being exploited by political opportunists, but to consider this as the sole reason would be naive.

The study addressed the global context of resource nationalism that needed to be extrapolated to South Africa in order to understand the calls for nationalization. However, this context needed to be seen in conjunction with the social, political, and economic history of mining in South Africa and its juxtaposition with the economic development and political economy. South African mining catalysed the establishment and drove the development of the modern South African economy. It was also the foundation and basis for white South African wealth. This in turn defined the country's political development and the contingent discriminatory legislation that was to characterize South African politics from the discovery of diamonds in Kimberley in 1867 until the democratic elections in 1994.

The rising calls for nationalization during 2010 and 2011 signalled that a significant body of the populace did not believe that mining companies were complying with the Charter, that adequate transformation was taking place in the industry, and that the government had delivered on popular expectations of redistribution of benefits from the controversial mining industry. As had been the case for the last 150 years, the lack of equitability in the ownership and management of, and broad-based benefit from, the industry became a political rallying cry as the 2012 ANC elective conference in Mangaung approached. Internal concerns about the perceptions of failure of transformation within the ANC had resulted in the commissioning of the State Intervention in Mining Strategy (SIMS). First flighted (unofficially) at the Cape Town Mining

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Indaba in February 2012, the wide-ranging study was tabled at the 2012 ANC Policy Conference at Gallagher Estates near Johannesburg, where it attracted surprisingly little attention and debate given the far-reaching proposals in the document. Statements by some politicians, including the Minister of Mineral Resources, that nationalization was not an option were treated with some circumspection as the anti-Zuma faction's calls for nationalization reached a crescendo.

The disastrous events at Marikana, precipitated by dissatisfaction about the living conditions of black miners in the platinum belt and wage levels, and the subsequent lack of empathetic response from government played directly into the hands of the President's detractors. It seemed yet again that mineworker activism may well play a major role in the changing political economy of the country with the possibility of a socialist backlash against the Zuma government. This enhanced the possibility of radical changes being imposed on a mining industry already plagued by high costs, low productivity, and challenging markets. It seemed almost certain that Marikana would sway the direction of Mangaung towards a more radical left that might be negatively disposed towards the current structure of the mining industry.

Mangaung, however, took an unexpected turn with surprisingly low levels of support for the anti-mining factions whom Motlanthe had elected to support in the final lead up to the electoral conference. With Zuma's return for a second term, Cyril Ramaphosa emerged as Deputy President of the

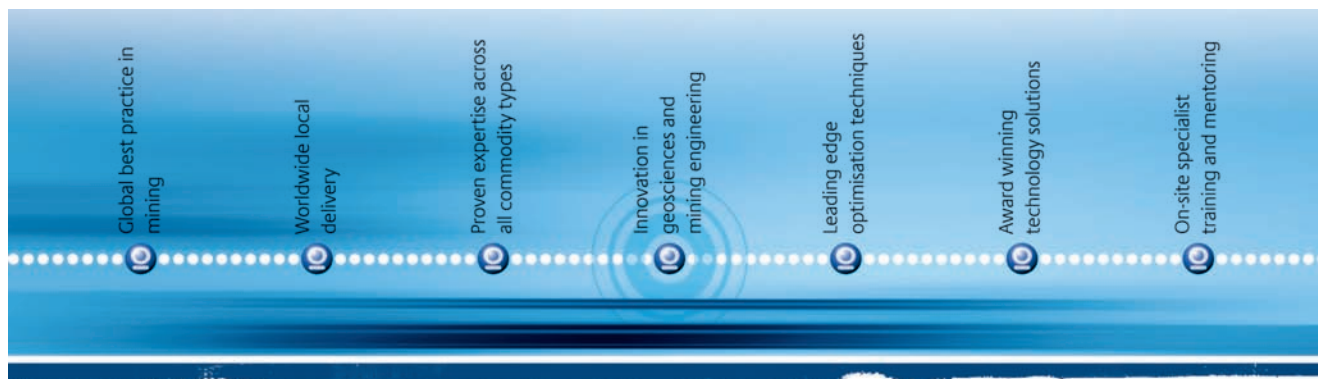
ANC and therefore is likely to emerge as Deputy President in the 2014 general elections.

There is little doubt that Marikana will continue to dominate the debate around the transformation in mining for some time to come, but Ramaphosa's return to politics is likely to mitigate the potential for policies to be adopted that could conceivably do substantial damage to the industry. This said, it is inconceivable that the industry will continue on a business-as-usual basis. There will be changes, but in order for them to be successful and sustainable, they would ideally be implemented in an interest-based cooperation with the country's mining companies.

The papers presented in this issue of the *Journal* are the original drafts prepared by the researchers who contributed to the SAIMM study on the Rise of Resource Nationalism. The work can be found on the Institute's web site. The content of these original papers was edited to reduce duplication and overlap of the different papers and to standardize style and presentation.

In reading these contributions, it must be clearly understood that they were all written before the release of the SIMS document and the extensive debate around the SIMS policy proposals, and well before the Marikana massacre.

It is equally important to appreciate that, as independent researchers, these papers express the opinions of the authors, and not those of the SAIMM. ♦



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