

Nationalising the Mines in South Africa:

Prospects, Challenges and Lessons from the SADC Region

Proceedings of a two-day conference convened by the
Centre for Policy Studies and the
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Welcome and introductions by Thabo Rapoo (Executive Director, CPS)

Could I warmly welcome all our guests to our conference? We have guests and invited participants from different organisations. I would like to welcome you all and specifically mention some of our guests who will be here with us today and tomorrow. Firstly, we have our guest speaker, Mr Floyd Shivambu. He is the National Spokesperson of African National Congress (ANC) Youth League.

I also want to mention Aubrey Matshiqi. Aubrey is a Senior Research Associate of the Centre for Policy Studies (CPS). He is a well-known political commentator in South African politics as well as ANC politics. Another one of our guest speakers is Mr Madoda Sambatha from the National Union of Mineworkers. These speakers are members of our panel from South Africa. We had invited more panellists from South Africa but, unfortunately, some of them pulled out due to unforeseen and unavoidable circumstances.

One of the reasons why some of the invited panellists have pulled out is that there is a government summit on the same broad theme of mining taking place right now, around the formulation of a national policy framework for the mining sector in South Africa. Many of the prospective panellists for our conference have been called to participate at this government summit.

We also have with us today guests from outside of South Africa, from a number of selected fellow SADC countries. We have Dr Neo Simutanyi from Zambia, Mr Arnold Sibanda from Zimbabwe, Professor Nico Horn from Namibia, and Ms Albertina Delgado from Angola. Welcome to you all.

I would also want to welcome our colleagues from the Open Society Initiative for Southern Africa (OSISA), as well as the Southern Africa Resource Watch (SARW). In particular I want to mention Mr Claude Kabemba, who is the Director of OSISA's Southern Africa Resource Watch (SARW). We have also invited a number of the major political parties from South Africa who will be making presentations on their positions regarding the mining sector.

The idea behind this conference is a sensitive subject in South Africa, and this is one of these debates that have created a great deal of public controversy. As result, many of the key people we have tried to invite, from our politics and our business sectors, were very reluctant to come and speak. As many of you know, the ANC Youth League started this debate by proposing that the mines in this country be nationalised. That call has caused a great deal of excitement and support in some quarters, as well as a great deal of consternation and anxiety in others, in this country as well as abroad. Some commentators believe that this call was just a reflection of the current state of politics inside the ANC and its alliance partners. Others and I think President Zuma is one of them, believe that this is merely an academic exercise by the ANC Youth league President, Julius Malema. President Zuma has insisted that, while the Youth League is entitled to engage in these debates, this is not government policy. Factually, this is correct but that leaves a question unanswered. To state that the Youth League's position is not government policy does not mean that it will not become government policy. This is one of the reasons why we believe we should have a debate like this.

We know that the Minister of Mineral Resources stated categorically that the nationalisation of the mines will happen over her dead body, and she was castigated for this. We do not want to dismiss the call by the Youth League as the minister did. There are important questions that we need to look at. For instance, what are the chances that this call by the ANC Youth League will become national policy, given the state of politics inside the ANC and its alliance partners? What does nationalisation mean? What does it entail in practice? What are the likely consequences, and who are likely to be the beneficiaries of such a policy?

There has been much media coverage of this call by the ANC Youth League, and speculation about why there is such a call at this particular time. As I have indicated, we have invited guest speakers from neighbouring countries as some of them have gone through this debate, while others have experienced actual cases of nationalisation of mines. We believe we will gain from them sharing their experiences and lessons with us.

Welcome by Claude Kabemba (Director, SARW)

Thank you and welcome to everybody. I would like to start by saying a few words about the Southern Africa Resource Watch (SARW). We are a project of the Open Society Initiative for Southern Africa (OSISA), which is a foundation funded by Mr George Soros. We do not normally carry out our work in South Africa. Our mandate is to work in ten countries in Southern Africa (Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia, and Zimbabwe).

As the Southern Africa Resource Watch, we conduct research particularly in the extractive industries like mining, oil, timber and fishery. We also do advocacy and monitoring around issues such as the transparency of revenues and governance. We do capacity building and train journalists and parliamentarians to follow these issues as closely as possible. Also, in the past few decades our civil society organisations have been involved in a number of issues such as human rights, democracy and elections. We believe that getting involved in issues relating to the proper governance of the extractive industries is also important, and we have been pioneering training of civil society and parliamentarians to get involved and monitor very closely the management of our resources.

When we heard about the debate around the nationalisation of mining in South Africa, we thought that we could bring some experiences from the region to share with our South African counterparts. Our intervention is really to try and share experiences from the rest of our region. Normally in South Africa we have another foundation which works here, the Open Society Foundation of South Africa, based in Cape Town. However, for issues which cut across our borders we do intervene to and bring what others have learnt elsewhere. You will know that the Democratic Republic of Congo, in the 1970s, nationalised its mines through what was called Zairensation, and we know that Zambia also, soon after independence, nationalised its mines. Both these countries have now privatised their mines. Today in Zimbabwe there is a debate around indigenisation. I hope the experience of other countries in Southern Africa will contribute to the debate in South Africa.

Keynote Address: Current Debates on Nationalising the Mines in South Africa

by Floyd Shivambu (ANC Youth League Spokesman and Head of Political Education and Research)

Thanks to the Centre for Policy Studies and Southern Africa Resource Watch for allowing us the space to give the correct perspective in terms of nationalisation of mines. This is basically an outline of what is going to happen in South Africa with regards to a change of economic policy on how the mines are going to be nationalised. There seems to be a considerable gap between what the ANC and the ANC Youth League discuss, and what is in the public discourse. It is a considerable gap because in the public discourse we end up entertaining what are just echoes of our internal discussions rather than the actual content and the real issues that are at play. We can blame both sides – ourselves as organisations and as activists, and also the commentators, like Aubrey – in terms of how we get to interact on some of the issues. We do not seem to pay attention to details. We look at what is reported in the media and then we react to it as if those are the substantial policy issues moving forward. I am of the view that this presentation is going to assist in terms of clarifying some of the policy issues currently under consideration in the ANC and the ANC Youth League.

By way of background information, all of us know that South Africa is the richest country with regards to mineral deposits or mineral reserves. For instance, in terms of the platinum group metals, 70 percent of the world's reserves are here in South Africa. For gold we are now the second biggest producer. We were the biggest producer of manganese, chrome and other minerals for a long time. There are only two minerals which are not produced in South Africa. We believe that the history of South Africa's industrialisation is basically the history of extraction of minerals. The development of Kimberley, the Witwatersrand and Johannesburg and many other cities and towns has taken place with the backdrop of the exploitation of the mineral resources that we have.

The relatively better infrastructure we have for transport and other infrastructure were developed

on the scale they are today because we have these mineral resources. We are a rich country and therefore, as an organisation, we are the Youth League of the ruling party in one of the richest countries in the world. The issue is how we utilise the mines. We are going to discuss the detail of how we do that. We are the biggest economy on the African continent, ranking between the 26th and 30th in the world. However this wealth occurs side by side with the reality that we are the most unequal society in the world. We have high levels of poverty, unemployment, inequality and under-development of a substantial majority of our people. There have been various diagnoses and misdiagnoses in terms of what is the cause of unemployment in South Africa. The Accelerated and Shared Growth Initiative for South Africa (ASGISA) was an attempt to make an intervention to address the skills shortage and a variety of other things that have led to unemployment. However ASGISA was only about joblessness and not about the South African economy and its inability to absorb the entire workforce, skilled or not skilled. Even if you provide the necessary skills to everyone, the South African economy is not in a position to absorb the entire workforce.

While there are very few economies that can do that, with the amount of mineral resources that we are in control of, the potential exists to absorb as many people as possible into the workforce in South Africa, and therefore to deal directly with poverty challenges. The research that we have done shows that there is almost a direct link between high levels of poverty and lack of sustainable income.

I have referred to a gap that exists between public discourse and the ANC Youth League. This gap is in regard to the resolutions made public in June 2008, during the 23rd National Congress of the Youth League. The congress of the ANC Youth League convenes every three years. During such congresses we deliberate on what is said by the

branches, regions and provinces before it is consolidated into a broader perspective for the following three years regarding what should happen, and positions that the ANC Youth League should advocate. During the 23rd National Congress resolutions were taken which were made public and accessible to anyone through the Website of the ANC Youth League. We always make reference to these resolutions, and the current leadership of the ANC Youth League is guided by these resolutions, which state particularly that in whatever economic transformation programmes we pursue, we should be guided by the Freedom Charter. We further say that with the balance of forces having shifted in favour of change, we need to move with speed to implement and realise the aspirations of the Freedom Charter. In addition, whatever assessment we make of government's economic policy should be done in relation to what the Freedom Charter says. That is what guides us. We also discussed in detail what we should concretely mobilise society and members of the ANC around in terms of economic policy advocacy and substantial programmes.

As the Youth League we believe that the state should be in control, and own the strategic sectors of the economy. This includes the extraction, production and trade of minerals and petroleum resources. It also applies to metals, iron ore, steel, coal, water, mineral and marine resources, as well as to land. That is part of the resolution. So when we speak about the nationalisation of mines, it is within this particular context. As I indicated, we took this resolution in June 2008, but it only got to gain some resonance in public discourses when we mentioned it in the political school of the ANC Youth League at the end of June in 2009. The President of the ANC Youth League asked a question in the context of the recession as to whether or not it is time for the ANC government under President Zuma to look into the nationalisation of the mines, banks and monopoly industries as called for in the Freedom Charter.

What followed in public discourses was greater focus on the nationalisation of mines, while not being oblivious to the other sectors of the economy where we would prefer to see the state also play a strategic and leading role in terms of control and ownership. You will also need to know that when we table the resolution on nationalisation of mines in the National General Council of the ANC in September 2010, and the 53rd National Conference of the ANC in 2012, it is not going to be about mines only. It is also going to be about

banks and monopoly industries. There is agreement in part with some of our alliance partners. For instance Cosatu has made a very substantive submission on this, and we are going to release a joint Cosatu and ANC Youth League perspective on the nationalisation of mines and the state's participation in the South African economy.

So there is a gap between what happens in the Youth League and public debates about the issues we have decided on. I have even heard in parliament people arguing that the issue of nationalisation was raised by Malema, calling it the "Malema debate". This is a resolution of the 23rd National Conference of the ANC Youth League, and the President of the ANC Youth League is the chief spokesperson of the ANC Youth League. He has to articulate that perspective and make sure that it becomes reality. When these resolutions are ultimately taken by the ANC, it will be on the 55th anniversary of the Freedom Charter in September 2010, as well as the centenary of the ANC in 2012. Our emphasis is that the Freedom Charter shall be given practical meaning. There has never been an ANC conference that has taken resolutions without re-emphasising the centrality of the Freedom Charter as the political programme of the ANC. The same applies to the Polokwane resolutions and the January 8 Statement after Polokwane.

We have developed a discussion document thematically focusing on nationalisation of mines. We did that deliberately to put up a very strong case for the nationalisation of mines, and to explain why it must happen in the current context. Let us leave the Freedom Charter aside for a while and focus on the case for the nationalisation of mines on its own, so that we can clarify some of the differences that were expressed among the ANC and its alliance partners, particularly on what was misconstrued as positions of the ANC Youth League. The discussion document gives a very detailed position of the ANC Youth League, in terms of what we mean by nationalisation, how we locate it within the context of the Freedom Charter, and the conjectural reasons for why nationalisation should happen now.

The document gives information on the state of mineral resources in South Africa, how they are managed and their strategic location in the world economy. It goes on to expose some of the false alarms that have been raised around these issues in terms of what should happen. The conceptual basis that we give in terms of our understanding of what nationalisation of mines is, is that it should mean the democratic government's ownership and control of

mining activities. This should include the extraction or exploration, production, processing, trading and beneficiation of mineral resources in South Africa. By minerals we refer to the more than 50 non-renewable mineral resources that South Africa has, some of which are mentioned in the document.

In terms of the conceptual framework we emphasise key central issues to indicate that we are under no illusion that the nationalisation of the mines will be the panacea to South Africa's developmental challenges. We are misguided if we think that this is going to be a solution for all problems. It is but one intervention that is necessary in the immediate term, but it should be accompanied by a thorough transformation of state-owned enterprises (SOEs). For instance, how much leverage does the state have in these enterprises, apart from the appointment of Boards? Does the state give any direction to South African Airways (SAA), Transnet or others? How do we gauge the progress or the success of Transnet or SAA? Do we only look at their balance sheets to see if they have made profits, and not care about what happens to those profits? How are these state-owned enterprises contributing towards the efficiency of the transport systems in South Africa? How are they making movement from one point to another easier? What is the efficiency in terms of developmental interventions that Transnet is contributing? What are the developmental mandates of state-owned enterprises and what are they doing to absorb labour as a contribution to development?

What we have now are state-owned enterprises that are run like private corporations, and no political mandate in terms of what should happen. There are very few that can be identified and are guided within a particular process as models for others. I know that when most people speak about state-owned enterprises, they usually refer to those that are under the oversight of the Department of Public Enterprises. Here we also include other state-owned enterprises and I will elaborate on this later. Our understanding of nationalisation is that it assumes various forms – 100 percent or maybe 51 percent ownership, depending on the capacity of the state to manage, own and control some of these enterprises. We also consider how such ownership and control should happen and how it might be done through expropriation, with or without compensation.

In this document, we also clarify some of the worries that the government is bailing out indebted capitalists – the whole issue about a “proxy argument”. It cannot be a proxy argument, and the

weakness about this view is that it says the ANC Youth League is raising this because of the interest of a few black economic empowerment mining magnates. Current statistics seem to suggest that, in terms of the whole mining industry, these black participants or magnates do not control anything above 2 percent. So it is not clear how nationalisation is going to assist them. We can even clarify it further by saying that none of the major participants in the mining industry have any linkages to the ANC Youth League. For instance Patrice Motsepe and Tokyo Sexwale, and I am aware of a deal recently clinched involving Saki Macozoma, have no relations at all to the ANC Youth League. Therefore we cannot speak on their behalf.

In fact, these mining interests do have relations to other people, who in turn claim to have relations with the ANC Youth League.

Our political foundation is that we are calling for the nationalisation of the mines within the context of the national democratic revolution. As you know, one thing that unites the alliance is the national democratic revolution that should necessarily resolve the class, gender and national contradictions and create a non-racial, non-sexist, democratic and prosperous South Africa through the emancipation of the black majority. That is where we are locating the whole debate and we know that the SACP and Cosatu have a similar understanding in terms of their road towards socialism. We want the national democratic revolution to be taken to its fullest conclusion. I know that there is no disagreement. Comrades will know that the realisation of the national democratic revolution entails amongst other things the attainment of the Freedom Charter objectives. It states that the mineral wealth beneath the soil, monopoly industries and banks shall be transferred to the ownership of the people as a whole. That is what the Freedom Charter says, not us.

It also says this in the Strategy and Tactics document which we adopted in the 52nd National Conference of the ANC in Polokwane. This document tells us where we come from, where we are, what the balance of forces are, what our revolution is all about, who the drivers are of that particular revolution, and what the potential challenges are. When analysing the current balance of forces, it says that, overall, the balance of forces have shifted in favour of the forces of change since 1994. The document then speaks about other issues such as legal frameworks. I do not think that Nelson Mandela abandoned nationalisation of the mines.

He never changed, it but there were necessary tactical reasons for a retreat as part of the transition. The ANC realised that there are both objective and subjective limitations to us realising all the aims and objectives of the Freedom Charter. So some tactical retreats had to be made, but those retreats never meant that we were surrendering our programme.

Now the ANC in 2007 says that the balance of forces have shifted in favour of ourselves, and we need to move with speed towards the realisation of a prosperous society as defined in the Freedom Charter. We understand that we are living in a world which is still predominantly neo-liberal, with dominant orthodox economic forces. They tend to react negatively towards progressive changes, but we need to move with speed. The view that the Freedom Charter does not speak about nationalisation does not arise for us, because when Nelson Mandela was persuading the 1955 Congress of the people to adopt the Freedom Charter, he spoke about the need to nationalise the mines and monopoly industries. At the time, even for the then President of the ANC, Chief Albert Luthuli, there were consistent interpretations of the transfer of mineral wealth to the ownership of the people, meaning nationalisation. There was no confusion about that. However, in the recent past we have encountered some opportunistic interpretations of what the Freedom Charter says, especially from Ben Turok. There was never any confusion within the ANC in terms of what the idea of the transfer of the ownership of the mines to the people meant. The document was adopted by people, and their understanding was that transfer of the ownership to the people as a whole means nationalisation. The late ANC President OR Tambo and the late Alfred Nzo, both leaders of the ANC, spoke about nationalisation. Nelson Mandela, on 11 February 1990 in Cape Town, spoke about nationalisation as ANC policy, and any change to such a policy is inconceivable.

We know that the president of the ANC will say that nationalisation of mines is not government policy. He is saying it in the context that the mandate that he has been given in Polokwane, in terms of the immediate programmes towards the attainment of the Freedom Charter, does not include the nationalisation of mines. However we are raising it because we want the next conference to give him the mandate when he comes back for a second term as a president, so that after having built a democratic developmental state as mandated by Polokwane, the next mandate will be to utilise the

democratic developmental state's capacity to own and control the extraction, exploration, production, processing and trading of mineral resources. I do not know what the academic debate is, but this is a debate which is in the ANC. I sit with other comrades in the Economic Transformation Committee of the ANC and there is concrete agreement on the need to debate this.

In terms of our perspective on this issue, we are putting forward five reasons on why the mines should be nationalised. The first one is to increase the state's fiscal capacity and to improve the working conditions in the mines. The issue of increasing the state's fiscal capacity is to enable the state to redirect the profits out of the nationalised mines towards social and economic development, education, health, rural development, safety and security, and all the other key priority areas that we have identified. We need to redirect these resources towards making sure that we build better roads, recreational facilities and so on. Out of these resources we need to contribute towards socio-economic development.

Secondly, to nationalise as a basis to stimulate industrialisation, absorb labour and create jobs. By this we mean sustainable and permanent jobs, not the expanded public works programme (EPWP) jobs. We need to utilise our control of mineral resources and the mines to improve the working conditions in the mines, increase salaries and ensure better living conditions.

The third reason for nationalising the mines is to safeguard our sovereignty. The United Nations has a standing resolution about how countries must control their own natural resources. We need to safeguard our sovereignty and not be bogged down by the whims and needs of investors. Every time we have to do something, are we supposed to think of what investors are going to say? Basically, we are not independent. We must have the independence to take our own decisions.

Fourthly, we want to nationalise in order to transform the accumulation or growth path in the South African economy. I know that the Minister of Economic Development referred to a different growth path. Similarly the Minister of Finance, in the budget speech, referred to the transformation of the growth path even though he never gave deeper ideological details of what that means. We need to control these resources, build capacity, and design an integrated industrial policy for the country. I want to be convinced of countries that have successfully

industrialised without greater state involvement. Which late industrialisers have done it that way? Even in the issue of the industrialisation of Europe and the Marshall plan, what was the role of the state in terms of driving these programmes?

The fifth reason is that we want to nationalise the mines in order to transform South Africa's unequal spatial development realities. We all know of the statistics relating to poverty and inequality in South Africa and the unequal economic development across the country between cities such as Johannesburg and Cape Town on the one hand, and the rest of the country on the other. Even the other provinces that have minerals are not as developed as they should be. There is skewed development between the wealthy and poor rural provinces in the country, and as a result of this there is considerable pressure for people to migrate from the poor rural provinces to the economic centres of the country's economy, particularly Johannesburg. We therefore need to utilise these minerals to industrialise areas such as Rustenburg or Sekhukhune.

This is what is going to happen: firstly, we are going to set up a state-owned mining company; secondly, we are going to adopt an expropriation model. If it means changing the Constitution, we will do that. The expropriation model will explain how expropriation will take place with or without compensation. The Constitution gives the government a mandate to legislate on how we are going to expropriate and this has not been done yet. The property clause of the Constitution states that in instances where expropriation is contemplated, we need to develop a law and guidelines on how this should happen. There is therefore a constitutional mandate to develop an expropriation law. Thirdly, we are going to amend the Minerals and Petroleum Resources Development Act because there is no compliance to the current Act. The amendment will ensure stricter compliance with the Act. We would like to have 60 percent shares in private mining corporations. This can be enforced through the renewal of mining licences where compliance regulations relating to a number of key areas (such as BEE and the payment of royalties) should be enforced strictly. There is no opposition to this. We have a joint task team with the Department of Mineral Resources on how we are going to roll out most of these programmes. This means that the nationalisation process is already being advanced not only at a conceptual level, but also at a practical and administrative level. It is no longer a question of whether or not

we nationalise. It is about how best to nationalise the mines in South Africa. We have a perspective on what the role of the state-owned mining company is going to be. Some provinces already have stakes in mining, for instance in Alexkor, which is a diamond trading company but not a state-owned mining house. There is also some African finance exploration corporation which deals with exploration only. So there are a number of interests that the state holds in mining at the moment. These interests have to be brought under one state-owned mining corporation.

We believe that if we use our political power responsibly and in an assertive way, all the fears and anxieties about nationalisation will be addressed. This way, we can change society for the better. For instance we adopted the Minerals and Petroleum Resources Development Act without any problems. There was no war or conflict even though the government took the mineral rights which were worth trillions of Rands back into state control, and all these mining corporations are now queuing at the Department of Minerals & Resources to apply for licences. This is an example of how we can utilise political power in a more responsible way.

In terms of what needs to be done politically, we want the National General Council of the ANC this year to agree on the nationalisation of mines and on an appropriate process of moving forward, and then to put a moratorium on the issuing of mining licences. As I have already indicated, there is no major opposition to the nationalisation of the mines within the ANC. I know that there was some misunderstanding of what the other parties are saying, but the Communist Party is not opposing the idea of the nationalisation of the mines. I was part of the Commission that discussed economic transformation in the Special National Congress in December 2009 and the Communist Party did not oppose nationalisation. As a member of the Communist Party, I did not encounter opposition to nationalisation within the party. The party prefers that the nationalisation of mines is not merely limited to nationalisation. The party prefers to see socialisation of industries across various sectors as well. Cosatu is also not opposed to nationalisation. There is a standing agreement between the ANC Youth League and Cosatu to release a joint document on this issue, and there is a task team that has been established to prepare and release a joint perspective on the nationalisation of the mines in South Africa. So we are currently encouraging as many people as possible to

come to terms with the reality that the mines are going to be nationalised.

An issue has been raised with regard to state capacity to run enterprises. However, it cannot be inherently the case that the state cannot run enterprises. The issues that are currently playing out in state-owned enterprises are caused by the fact that the mandates, rules and guidelines governing entities such as Eskom, the SABC, Denel and others are problematic. We need to review the mandate given to state-owned enterprises. There is already a debate within the ANC with regard to aligning these state-owned enterprises properly with their line departments – Eskom to the Department of minerals and Energy, Denel to Department of Defence, and the SABC to the Department of Communications. We need to make these entities more efficient. For instance, Petro-SA is already properly aligned to the Department of Minerals and Energy, and it is currently spending US\$38 billion to build a 400 000 barrel a day oil refinery in Koega. It is also leading in terms of what should happen with development of the oil refineries.

The point here is that we cannot say that the state is inherently without capacity. If the state is inherently lacking in capacity to run state-owned corporations, then why is Petro-SA successful? This means that the state is not inherently without capacity. The problems are related to the systems that are currently in place that need to be reviewed and made more effective and accountable. The state cannot be blamed for the problems being experienced in some state-owned enterprises. However the role of the state in state-owned enterprises should be reviewed and re-defined.

The issue that is often raised regarding nationalisation is that the Zambian copper mining industry has failed, and that it lost its strategic significance in the world economy. Copper is utilised for telephone cables, but now that we utilise broadband it is no longer in demand. On the other hand platinum, gold, and diamonds are still in demand, and South Africa has all these resources in abundance.

The emphasis we place is on the fact that minerals are non-renewable resources, and therefore we need to strategically utilise them to benefit everyone. We will open up space for industrial capitalists to continue operating in the mining sector, but the state is going to be in control of the mineral resources in South Africa – this is going to happen. The ANC leadership is much stronger and united now, and every issue that will be put to the

ANC for decision-making in 2012 will go through. On policy issues, the leadership is in charge and we are aware of this. However being aware that we are in charge of the policy discourse and the direction of the ANC will never tempt us to abuse our power. We are a youth league and we still have a lot to learn, but on issues of principle there is no retreat and no compromise.

Discussion

Makhi Ndabeni (Ditsela Worker's Education Institute): I am a member of the SACP in Gauteng and also a member of the ANC. I would like to make a few comments on Floyd Shivambu's presentation. I am one of the people who support of the concept of nationalisation. I would like to commend the Youth League for being bold enough to raise this issue. I have read the Youth League's paper on the mining debate and it puts forward very interesting points in terms of how nationalisation should take place. The Youth League has managed to come up with proposals and suggestions. However this debate needs to provide more class analysis, in terms of greater analysis of class relations in our society. It is important for us to analyse the class forces and interests in our society, and which class interests put the issue on the agenda. Even the concept of the developmental state is contested in terms of its correlation with class forces in our society.

The other point which Floyd pointed out is that after 1994, in terms of the strategy and tactics document of the ANC, and also the analyses of that period, the balance of forces have shifted in favour of the forces of change. However if you listen to Cosatu's analysis, there has been an emergence of a black middle class after 1994. This class has had access to accumulation of wealth – this has been characterised as the 1996 class project. My fear is that, after the ANC political leadership changes in Polokwane, we have seen how the wealth of the country is being accumulated. In my view there has been a replacement of one class project by another. This is a question which I think we need to address in this debate about nationalisation.

There is also the issue of the role of the state. I agree that the state is not a panacea for all our problems. However we need to look at ways to capacitate the state. I also agree that it is not given that the state has the necessary institutional capacity, and these capacity problems within the state need to be addressed in order to drive nationalisation.

Strike Thokoane (Azanian People's Organisation, AZAPO): This presentation has brought to us a monster which was going to sweep everything aside. It paints a picture of this behemoth that does not care who says what, it is moving forward, trampling over everything else. Now what informs that? Politics is a science and it is informed by the material conditions on the ground. What lessons are you drawing from places like Mozambique? As you know, when Samora Machel came into power he came with an agenda to nationalise. Is it not because you are agitated by the newfound, newly discovered theories of Marxism that you are raising the issue of nationalisation? When some of us left the country we spent a lot of time outside the country discussing issues of socialism and Marxism, and we are now discovering that this is what we should do even though the material conditions dictate otherwise. For me it is not a question of introducing nationalisation in 2012 merely because the ANC is in the majority. The issues of mining and the economy in South Africa are also intertwined, and impacted upon by global forces that would also dictate what happens in South Africa. These global forces would want to play a role or even interfere to make sure that you do not reach that goal.

Arnold Sibanda (University of Zimbabwe): I would like to ask a few questions to Floyd, given that they are going to be making a trip to Zimbabwe to consult with their counterparts in ZANU-PF, who, incidentally, have destroyed Zimbabwe across your borders. I was fascinated by Marxism and I think it was quite correct at the time, and I wrote a number of things in support of the Marxist-Leninist ideology and practice. I would suggest sincerely that the ANC and all its wings should revisit the Freedom Charter, with its noble principles, and see how best it can realise its objectives and goals without some of the seemingly inappropriate strategies.

Having said that, I think we in Zimbabwe would be the best teachers of what you should not do. I would think that if there was honesty among some ZANU-PF young people, they would tell you where they are now and what you should not do. Zimbabweans are not the best people now to tell you what to do, but what not to do. May I ask this question? You said something about mines in Australia and how the workers and working conditions there are better than working conditions here in South Africa. Are the Australian mines by any means nationalised?

Then there is the question of development and the national democratic revolution. I think that this may be problematic. Let us not just throw it up without serious analysis of what that really means. It seems to me that the national democratic revolution was a transitional stage to something, and when we talk of it today, what are we talking of transition to, and what are the forces (the specific class forces) that lead that transition? Are they there in South Africa, organised ideologically as a competent class, not a youth league class, for that purpose, and is it possible and realistic?

Then there is the question relating to Asian Tigers. They are probably not tigers anymore but those are models of development which occurred at a specific conjuncture in history, perhaps allowed to penetrate certain markets which would maybe not be open for you today. With the specific roles and kinds of state, some of these states were quite repressive of labour. I do not know if Cosatu would be happy to see type of state and actions that existed in the Asian Tigers being replicated in South Africa. I think the situation in Southern Africa is much too revolutionary in terms of labour to accept that type of state.

Lastly, according to you it was unfortunate for the Zambians that they had copper at a time when it became unimportant in the world. You point out that you have platinum. Are you sure that a substitute cannot be easily found for platinum? Is it not possible that all the mineral wealth that we are sitting on in South Africa and Zimbabwe could become unimportant, just like the copper?

Response from the panellist, Floyd Shivambu: I would like to suggest that a discussion document of the ANC be distributed to all of us. The document deals with most of the questions raised. As part of its introduction it says that whilst deriving lessons from other countries the intention is not to blindly copy what happened in other countries. The intention is to present a viable, unique and compelling case suitable for South Africa. We are not going to copy what happened in Zambia, the East Asian Tigers and Zimbabwe.

As part of enriching this debate we are going to visit countries that have either succeeded or failed in controlling the strategic sectors of their economies after they had nationalised these sectors. We want to study these countries for ourselves and interact with the people on the ground and those who have put in place the policy framework on nationalised mines and other sectors of

the economy. For our visits, we will be going to Zimbabwe, Zambia, Botswana, Namibia, Venezuela, China, Chile, Brazil and Cuba. From these countries we hope to draw lessons on what have the weaknesses and challenges, and how to avoid such mistakes when we nationalise the mines in South Africa.

On the issue of Australia, I was not implying that the mines are nationalised. We are trying to illustrate the inconsistency of some of these private corporations in terms of how they operate. They operate differently in Australia and here in South Africa in terms of compliance with the regulations governing mining operations. We deliberately did not want to put any cases of specific countries in the discussion document before we had gone and studied those countries.

If there is anyone who wants to persuade the ANC to revisit the Freedom Charter, they are free to do that but it is unlikely to happen. It requires a congress bigger than the congress of the ANC to revisit it. Revisiting the Freedom Charter cannot be an individual decision; it has to be a consensus in the alliance. Prior to the 52nd National Conference of the ANC, in the draft strategy and tactics document, there was no proper mention of the Freedom Charter and Cosatu's response was that if anyone wants to substitute the Freedom Charter as part of the strategic objectives of the ANC, this would threaten the alliance. All the other mass democratic formations like the SACP, SASCO and COSAS will have a say.

Regarding the mines and how they are managed, there has to be some agreement as to what should happen in practice going forward. We do not want to come up with some abstract model of how the mines, once nationalised, are going to be managed. As said earlier, before the end of April this year we will be releasing the draft resolution of how the ANC is going to nationalise mines. As in the case of the discussion document, the resolution will be made after wide consultations with all the roleplayers.

If anyone disagrees, they have the right to express those disagreements in meetings of the ANC. However our assessment so far indicates that there is no fundamental disagreement.

On the national democratic revolution question, there is almost a never-ending debate about this. As you know, this a concept of the second international in terms of the Marxist-Leninist ideology.

This was an attempt to define the kind of struggles, national liberation or revolutionary struggles of national liberation movements in colonised and semi-colonised territories. It was understood at that time as a way of bringing about the struggle towards socialism. The ANC has not concretely agreed on pursuing the struggle towards socialism, but it is in pursuit of the national democratic revolution. What happens after that will be under discussion. We are currently pursuing the national democratic revolution, which we are convinced is going to be realised through the realisation of the Freedom Charter objectives.

Platinum is a strategic mineral and it is utilised for the creation of catalytic convertors for automobiles. Therefore it is not likely to become less important soon. We are also in control of other minerals like diamonds, chrome and manganese. We also had copper mines in Phalaborwa, which are now dysfunctional, as has happened in Zambia. On the question of the Asian Tigers model, I think that the ANC has dealt with that issue quite adequately during the 52nd National Conference regarding our understanding of a developmental state. Is it going to be authoritarian like the Asian Tigers? How do we mobilise all social forces in society towards a democratic developmental state? There is a standing resolution of the ANC that the intention is to create a democratic developmental state, which will try to subject all class forces in society to the interests of development. However there is still an unresolved question as to how give this a practical meaning.

As you know, some people in the ANC have proposed the creation of a Planning Commission as part of realising and strengthening the objective of creating a developmental state. Others within the ANC argue that this is over-centralisation. Nonetheless we are agreed within the ANC regarding the establishment of a concrete model that places the state in control of strategic sectors of the economy, which will mean the mines, monopoly industries and the banks. For now, we are focussing on the mining sector, and we will discuss the other sectors at a later stage, especially once we have settled the issue of nationalising the mines in September 2010.

What we are saying is not hubris or arrogance. As the Youth League we are in the position to determine the outcome of policy debates. It is not the first time that we have been in this position. When we are confident of winning a debate within the ANC, we are always prepared to say in

advance what is going to happen. An example of this was when we said that former President of the country, Thabo Mbeki, was going to be recalled, and this happened as we had predicted. However if we are not sure about an issue, then we open it up for debate. Fortunately on the issue of the mines, they are going to be nationalised, and all of us have to start thinking along these lines.

Aubrey Matshiqi (Centre for Policy Studies): You have suggested that the policy decision in favour of adopting nationalisation is inevitable. Which other policy decisions which coincide with the policy desires of the ANC Youth League are also inevitable? As you have also suggested, the balance of forces is shifting in your favour. Are you talking about the global balance of forces or the internal balance of forces inside the ANC and within the Alliance, or domestically in the country? Also, what is it about the configuration of the balance of forces at each level which makes the policy decision on nationalisation inevitable? And what is it about the same configuration of the balance of forces in these different levels which possibly, depending on how you will answer, makes other policy desires of the ANC Youth League not inevitable in a similar way?

Claude Kabemba (SARW): Look, the debate excites me. It excites me because the Youth League is suggesting different options of how they intend to nationalise. Now nationalisation should not be an end in itself, it must produce outputs that are positive for the society, and mining is not a simple thing to do, it is a complex business to manage. First, you still need to negotiate prices. There are many players and prices are set by the market; second you need to have adequate and sufficient capacity and skills to manage the mines. The entire production chain from negotiation of mining and commercialisation of minerals is a complex one.

The African Union has come up with the Mining Vision 2050. I think it will be important that you get that particular document, as the African Union is speaking of ownership and beneficiation of minerals, and across the board on the continent the observation has been that we have not been able to beneficiate the minerals. Taking the examples of Australia and South Africa you have alluded to, the question is why do companies in Australia behave far better than they do in South Africa? Is it the fault of those companies or is it the problem of a state which cannot monitor those companies and ensure that legislation is

adhered to? South African companies are also investing beyond South African borders. When you do a comparison of their behaviour, you will come to the conclusion that they behave far worse elsewhere than they do in South Africa. Now, that poses a problem relating to internal state capacity to implement its own legislation.

One of the areas where we have had problems in all our countries is with our tax regime for these minerals. As you study the different countries to try and understand how they have succeeded or failed, you also need to look into their taxation systems. Maybe at the end, instead of nationalisation, you might come to the conclusion that you need is to adjust the taxation system, which might give you more benefits than you currently get.

You have also spoken about countries that sell diamonds even though they are not diamond producers. However in Southern Africa the issue is why are we failing to ensure that we have something in terms of upstream and downstream industrialisation from our minerals? What I am saying is why can't you force them to start transforming some of the minerals here in the country? Downstream and upstream industries can start absorbing some of the unemployment that we have.

Some of the research that we are conducting in Southern Africa reveals that despite the awakening we are seeing about trying secure enough benefits, our governments continues to dign contracts, for example with Chinese companies, with problems that do not respect human rights, and conditions of employment for workers in those companies. Also, these companies are exporting the minerals of this country, raw as they are. This is a problem, not of the companies, but of our capacity to be innovative and ensure that our legislation is enforced.

What are you going to do ensure that we achieve a more balanced regional exploitation of resources within the SADC region? As you know, there is harmonisation of mining policies in SADC, and as you proceed with nationalisation, which is not an issue within the SADC harmonisation policies, you are going outside of the regional framework.

Mandla Sishi (Ditsela Worker's Education Institute). I support the issue of nationalisation. I think we have experience whereby we got carried away with the Washington conception of develop-

ment, even though we have initiatives in Africa that we are now trying, to enable us to do things for ourselves. We got carried into the global economy where we ended up in a crisis which we have not yet come out of. I am interested in what you said about the AU vision, because it reminds me of the Lagos Plan which was trying to encourage Africans to build on what we have in order to hold our own against the economies of the world from a position of strength. If nationalisation is part of a broader developmental agenda that is looking at doing things for ourselves and standing firm on those things, then I think it should be supported. I do not believe that nationalisation should be an end in itself. It should be part of a process of transition towards socialism, but we cannot impose those ideas on everybody. However, any developmental agenda that focuses on the interests of the working class in terms of employment and improving the standard of living through effective and efficient utilising the resources of a country, we should support that.

Response from the panellist, Floyd Shivambu: Justine Teroshu is right to say that we have since 1994 been legislating on how we can guide capital towards a particular direction, but we have had very insignificant levels of compliance. For instance, in terms of beneficiation strategy, especially supplies of coal to Eskom, we are signing contracts allocating a certain amount of coal to Eskom, but the suppliers of coal would rather pay the fines because they are making more profit by exporting the finer coals. I am sure that in the case of the Charter which is being discussed today and tomorrow, the private sector will be discussing ways of not complying.

Similarly the levels of compliance with the Financial Services Sector Charter are dismal, and sometimes you cannot do anything because we are not an authoritarian state. We cannot go into a private corporation's offices and make arrests because of failures to comply with the charter. Legislation has failed to deal with this. Therefore we need to play a strategic leadership role in terms of how resources are allocated.

The domestic and global balances of forces have shifted favourably as opposed to the early and mid-1990s. Then, the Soviet Union had just collapsed and there was widespread fear around the collapse of socialism. Now things are changing. Domestically we have state power now and we understand all the levers of power as the African National Congress. We understand that we can exercise our power to pass legislation to take over some of the resources in the country. We are in a better position to do things more responsibly.

Mining is complex but I don't think we need to exaggerate its complexity. As I have said, in the case of petroleum and oil refining we have Petro-SA, which is a state-owned company that carries out its work without the state paying any money to it. We should be able to marshal all the best skills, knowledge and capabilities that we have into state-owned mining companies to manage them, but then we also need to emphasise the centrality of beneficiation to the poor through absorption of labour and better incomes for workers.

There are lots of other things that we are going to look into. One of these is the clause on the transfer of mineral wealth to the ownership of the people. It is clause No. 3 in the Freedom Charter. Sixteen years after the dawn of our democracy we are still discussing clause No. 3. Look at clause No. 4; it says that the land shall be shared amongst those who work on it. That is part of the focus as well. The ANC has to move with speed, because after twenty years in government we won't be able to blame apartheid for our developmental challenges. We will have to take total responsibility for why people are unemployed and still living in shacks. We have to take full responsibility because when times are difficult Jacob Zuma and Gwede Mantashe will not be there. It will be us who will be held accountable. We have to shape the future so that we have a better South Africa, and so that as many people as possible benefit from our democratic dispensation. We are utilising our strategic location and capacity now in order to influence policy frameworks moving forward, and that is what is exactly going to happen.

The Political Context of Current Debates on Nationalising Mines in South Africa

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There are many contexts through which you can try to understand the current nationalisation debate. I will touch on a few. Before I do that, I want to tell you a story. In 2006 I was invited to the 62nd Anniversary Celebration of the ANC Youth League, which as you know was formed in 1944 and therefore turned 62 in 2006. I was struck by the fact that I was the only political commentator who had been invited to the celebrations.

Two speeches were made, out of which two things struck me. The keynote address was given by the then Secretary-General of the ANC and now Deputy President of the country, Kgalema Motlanthe. The second speech was supposed to have been given by former President Nelson Mandela but because he had been held up in Mozambique and he could not make it, Tokyo Sexwale delivered the speech on his behalf. What struck me in Tokyo's speech is a question he posed to the leadership of the ANC Youth League. He asked what would happen if a nuclear bomb struck South Africa and the only people who were killed were the leadership of the ANC in its entirety. Would the leadership of the ANC Youth League be ready to take over? I will explain later why that question was interesting to me.

In his speech, Kgalema Motlanthe called on the Youth League and the nation to have a debate on the idea of free basic education for all in the country. As we have heard from recent statements, the idea of free education for all, including free higher education, remains a long-term policy goal of the African National Congress government. Kgalema Motlanthe then said that for this goal to be achieved there was a need to set up a state mining company, and the revenues from such a company to be used, amongst other things, to fund free basic education. I am not sure whether or not this call by Kgalema Motlanthe has motivated the Youth League directly to initiate the debate about the nationalisation of mines. I am not even sure that what they have in mind is using the proceeds of nationalisation to

fund free basic education. But what is important for me is the fact that one of the pillars of the ANC's economic policy is the idea of a mixed economy. By that the ANC means that there must be a combination of public and private assets in the South African economy. Now, linked to their idea of a developmental state, such a state would then play an active and interventionist role in the South African economy. Therefore if we look at the call to nationalise the mines or nationalisation in general, including the nationalisation of the South African Reserve Bank, the question that arises is whether these calls are made in the context of the ANC's idea of a mixed economy or in pursuit of ends that are much narrower than that.

You can go very broad in trying to contextualise the current debate on the nationalisation of mines but I do think that you also have to go quite narrowly to understand the context in which the current debate has arisen. Let us begin at a broad level. When the Tactics and Strategy document of the ANC was authored in 1969, it was authored in a particular international context. For instance, there is a sentence in the document which says that the national democratic revolution at the time was seen in the context of a transition to socialism globally. So that is the context in which the ANC in 1969 understood the execution of what it calls the national democratic revolution. In those days, and consistent with this idea that the national democratic revolution would occur in the broader context of an international transition to socialism, it was not surprising that the ANC flirted with the idea of nationalisation – not just the nationalisation of mines but the nationalisation of the economy as a whole. In other words, the Cold War context and the fact that the international order was characterised by this tension between the Soviet Union and the United States, provided the setting in which ideologically the ANC and other parts of the broad left positioned themselves in relation not only to policy issues such as nationalisation but also to other policy areas.

It is important to state, however, that even at that time the ANC refused to embrace socialism despite some pressure from within. The point I am making is that, while the ANC stopped short of becoming a socialist movement, it understood the prosecution of the national democratic revolution in the context of the international transition to socialism. That context, linked to the international context of the time, informed quite a lot of the policy choices that were being made by the ANC as a liberation movement. Claude has just alluded to a number of post-independence African countries that embraced nationalisation after independence. They too made those policy choices in that broader context.

There is another context and it is one that is changing. The global economic and ideological order, in the manner in which it has changed, has imposed particular changes on how the ANC conceived its policies, including the policy of nationalisation. Twenty years ago when Nelson Mandela made his first speech as a free man after 27 years in prison, he made that speech as a leader of the ANC still committed to nationalisation, and he therefore committed a future ANC government to nationalisation. However, it did not take Nelson Mandela long to repudiate that stance, thus signalling a change in ANC policy position at the time in relation to nationalisation in general and the nationalisation of particular sectors of the economy. The change in the international order, the end of the Cold War and the rise of what some would call the neo-liberal order have all imposed this change of policy stance on the ANC. That change in the global order facilitated the resolution of regional conflicts, including the resolution of the South African conflict. It is in this context that change in the ANC's policy orientation has occurred.

You can look at this debate in another context, and this is the context of historical memory. When the ANC Youth League started the nationalisation debate, it invoked the Freedom Charter of 1955, which the ANC adopted in 1956. The understanding of the Youth League of the content of the clause which deals with mineral wealth and what would happen to it was disputed by others in the ANC and the alliance. The ANC Youth League argued quite strenuously that nationalisation was decreed in the Freedom Charter, particularly in the clause dealing with the mineral wealth of the country. However others, such as Ben Turok and Jeremy Cronin who disputed the understanding of the Youth League, were doing

that from quite a narrow reading of that clause. The clause argues that the mineral wealth would revert to the people. Whether such a reversion of the mineral wealth to the people means that the mineral wealth of the country will be nationalised or not is what is in dispute. According to the Youth League and Cosatu, the Freedom Charter calls for the nationalisation of the mineral wealth. According to others in the ANC, the Freedom Charter does no such thing, to the extent that the word "nationalisation" is not even used in the Freedom Charter.

This dispute is a function of memory as political strategy, in the sense that a people who are oppressed can collectively select a particular event or a set of events in their history, particularly those that are tragic, with the aim of managing something in the present. So memory is not always about the past, but also about the present, and the fact that the Youth League chose to invoke the Freedom Charter in the nationalisation debate was not about memory actually. It was about the present. Now memory as political strategy means that there will be an attempt by protagonists in such a debate to appropriate or misappropriate certain elements of historical or collective memory in pursuit of particular political ends. So memory is not innocent. It is sometimes in dispute and can be appropriated or misappropriated in ways that seek to advance particular political ends in the present.

Memory functions in this debate in another way in the sense that you also have to understand this debate in the context of the history of the ANC Youth League itself. About five years after it was formed, the Youth League succeeded in leading a coup in the ANC. The young Turks in the ANC, like Nelson Mandela, Walter Sisulu, OR Tambo, Anton Lembede and others, had become quite impatient with what they regarded as the softly-softly moderate stance of the ANC towards the oppressor. What they wanted was to radicalise the ANC and for the ANC to adopt a much more radical programme of action. When they failed to convince the then president of the ANC, Dr AB Xuma of this, the Youth League decided to replace Dr Xuma with Dr Moroka as the president in the 1949 Conference of the ANC in Mangaung.

This point underscores historical memory about the Youth League as "king-makers" within the ANC. In recent times, starting with the period immediately after the ANC was unbanned, we saw a resurfacing of this idea of the Youth League

as king-makers. The election of Thabo Mbeki in 1997 in Mafikeng was, in part, due to the support of the Youth League, working of course with the Women's League at the time, under the leadership of the late Peter Mokaba. In 2007, it was because of the work that Fikile Mbalula and the Youth League had done that Jacob Zuma was installed as president of the ANC in Polokwane. There is the expectation that, under the leadership of Julius Malema, the Youth League once again will be the king-makers, not to make a new king but make sure that the current king remains king.

It would appear that there is an attempt to extend the Youth Leagues "king-maker role to policy. There seems to be an understanding in the Youth League that it is no longer enough to be seen as people who influence the content of leadership battles in the ANC, but that the Youth League should also try to influence the content of policy. This would not be the first time in recent history that the Youth League has done this. The reason we seldom hear of attempts by the Youth League to influence the content of ANC policy is because political commentators and the media tend to concentrate on the salacious and sensational dimensions of leadership and policy battles in the ANC and the alliance.

Another even narrower context in which this debate can be understood is the post-Polokwane context. My understanding of what happened in Polokwane differs from the understanding of some of my colleagues. The views that have been posited about what happened in Polokwane are as follows: One, there are those who believe that Polokwane was about a contest between the establishment represented by Thabo Mbeki and those who supported him, and the anti-establishment impulse represented by Jacob Zuma and those who supported him. Of course, because the anti-establishment impulse triumphed over the establishment in Polokwane, it then follows that in ideological (and therefore policy) terms we should expect a drastic shift in the content of ANC policy, particularly economic policy. But there is another way in which we can read what happened in Polokwane. We can read it in terms of a rift within the establishment. Read in this way the assessment differs slightly, because for one thing you will view Thabo Mbeki and Jacob Zuma as representatives of the establishment. So in Polokwane what we saw is a rift or tension between two representatives of the establishment. We can also look at what happened in Polokwane in a third way – here we focus on the nature and

character of the Zuma coalition. This coalition was an interesting contradiction, in the sense that in it you had elements of the establishment and elements of the anti-establishment impulse. For instance Jacob Zuma is part of the establishment, but Cosatu and the South African Communist Party (SACP) are part of the anti-establishment impulse. So in the Zuma coalition you have this contradiction (or coincidence or co-existence) between the establishment and the anti-establishment impulse. Looking at it that way presupposes tension within the Zuma coalition, between the establishment and the anti-establishment impulses. It is therefore not surprising that since Polokwane we have started seeing tensions within the Zuma coalition. These are the three ways that we could try to understand what is happening now. My preferred way is to look at what happened in Polokwane in terms of this co-existence, contradiction and coincidence that we find within the Zuma coalition. I was therefore not surprised when cracks started appearing within the Zuma coalition after Polokwane.

In terms of this view, the Youth League is interesting in the sense that, depending on the issues, the Youth League can assume an establishment or an anti-establishment persona. Is it not interesting that on the nationalisation issue, for instance, the Youth League and Cosatu find themselves on the same side of the debate, whereas the SACP is on the opposing side? The Youth League and Cosatu are quite categorical in calling for nationalisation, while the SACP is calling for the "socialisation" of the mineral resources, and others will say that nationalisation by any other name is still nationalisation. But why is it that the SACP quibbles with the Youth League over this issue? We would expect that the SACP would be quite enthusiastic in embracing the idea of nationalising the country's mineral wealth. In opposing the stance of the Youth League, the SACP states that it does not support nationalisation but supports the idea of socialisation. Some might argue that the effect would be the same. Could it be possible, therefore, that the SACP is calling for socialisation because the party has matured and become more sensible, or is there something else happening here?

I think there is something else happening here. Firstly, going back to the nature and character of the Zuma coalition that was put together to dislodge Thabo Mbeki from power, this was neither a coalition of principle nor ideology. Before I expand on that point, it has been interesting that those outside the alliance who are opposed

the Youth League on this matter, accuse the Youth League and Cosatu of adopting ideological stances. They argue that ideology has become irrelevant. However, the thing about ideology is that it is like bad breath, you can smell it when it is not from your mouth. You can smell the bad breath of others but not yours, and ideology is like that. My point is that when those who claim to represent the markets or big business accuse the Youth League and Cosatu of being ideological, they are being ideological themselves. It is easy to declare ideology dead or irrelevant when your ideological position has become hegemonic and therefore commonsensical, and this is the context in which the debate occurs. Market fundamentalism has become commonsensical and hegemonic, and those who subscribe to market fundamentalism can conveniently argue that the others are adopting ideological positions simply because their own ideological position has become hegemonic.

Regarding the point I want to expand on above, there is a narrower political context here which arises from the change in the relationship between the ANC and state power in 1994. That change in the relationship between the ANC and state power brought about another change. After 1994, access to political power through the ANC was no longer an end in itself, but a means towards the achievement of other ends, particularly narrow economic ends. Therefore since 1994 the change has been that becoming a leader of the ANC gains you political power and access to other centres of power and influence, particularly economic power and influence, and the state is a critical tool for this. You need to capture the ANC in order to capture the state. The problem of course in the current context is the ends to which people seek to capture the state. It seems that there is a tension between those who are serious about the idea of a developmental state – those who want to re-orient the state and make sure that, as a developmental state, it enhances its capacity to deliver public goods and services – and those who I call the looters. The looters want to capture the ANC in order to capture the state with the aim of looting economic and other resources. So it starts with the looting of political resources, followed by the looting of economic resources. The SACP or some of its representatives argue that there is a group of people who have benefited from the looting of political and economic resources prior to Polokwane, and that part of this group includes people who have a stake in the mining sector. The argument is therefore that this group of pre-

Polokwane looters would benefit, and not the country, should the ANC Youth League prevail in their call for the mines to be nationalised. The SACP's position in opposing the idea of nationalisation is therefore aimed at preventing this group from benefiting from such a policy position.

A variant of this argument is that when the Youth League posits the idea of nationalisation, this is really a proxy argument. In other words, the Youth League is arguing on behalf of outside interests, and this is not a genuine Youth League policy position. The argument is that there is a section within the Youth League which is pushing this position to benefit interests outside of the Youth League. Yet another variant of that argument is that we should understand this debate in the context of what I personally call "the Kebble gap". There was once a mining magnate called Brett Kebble who allegedly financed the lifestyles of some Youth League leaders. Now that Brett Kebble has died, a gap exists, and something must fill that gap. It is argued that the Youth League is arguing on behalf of those who are either currently filling that gap, or seeking to fill the Kebble gap. For me, the core issue is the following: The mineral wealth of South Africa does indeed belong to South Africans. For me that is indisputable. However there is a role for the private sector in the economy in general, and in the mining sector in particular. If the Youth League is arguing that in the mining sector there is a role for the state too, then to what effect is the Youth League positing this argument? Now I have generously decided to understand the Youth League to mean that because the mineral wealth belongs to South Africans, the state should enter into arrangements with private entities which seek to extract such mineral wealth, so that all that remains to be debated are the terms of the arrangement, and I think Botswana can teach us one or two things in this regard.

I do not think that it is controversial for those who seek to extract mineral wealth in this country to enter into some kind of accommodation with the state. The state, acting on behalf of the people, should have a stake in the mining sector. What is controversial, however, is if the idea is to do away with the participation of the private sector in mining and to replace it with state mining companies. Is this what the Youth League means? If this is what they mean, then I can understand the controversy. What is equally controversial for me is the idea that the state or the people should have no stake at all in the mining sector. I do agree with

Jacob Zuma that this debate is academic. I do not know why we are having this debate, because in a way, by default, the minister is correct when she says that mineral wealth will be nationalised over her dead body, and that it won't happen in her lifetime. However Mr Shivambu of the Youth League has issued a statement in which he said that nationalisation will happen in both his lifetime and the minister's lifetime. In fact Mr Shivambu argues that nationalisation will happen under Jacob Zuma's government. I beg to differ with this.

I think the best that will be achieved under the Zuma administration is the ANC saying that the nationalisation of certain sectors of our economy remains a long-term goal. The content of the economic transformation resolutions of the ANC, as adopted in 2007, do not provide evidence that the ANC seeks to nationalise either the mining sector or other sectors of the economy. What that raises for me is the issue of the left within the ANC who have caused the markets to panic about the direction of economic policy might take in this country. I spend a lot of time with investors, international investors and fund managers from overseas, who are worried that South Africa is having a debate about the nationalisation of the mines and even the nationalisation of the South African Reserve Bank. They are worried that we had a debate about doing away with inflation targeting and the monetary policy trajectory that Cosatu wants to impose. To them it means that ANC policy is shifting to the left, and unfortunately some of our newspapers have bought into that. We have seen many screaming newspaper headlines to the effect that ANC economic policy is shifting to the left. For me these debates are academic for another reason. Looking at them in relation to the state of the left, you would have expected that in the middle of this global economic crisis, given the fact that the crisis is in line with Marxian analysis of the crises that capitalism from time to time would experience, the diagnosis seems to have been correct but the suggested medication is something else. We would have expected the left to seize the moment but there are reasons why the left seems unable currently to seize the moment.

Firstly the left, globally and in South Africa, is still unable to benefit from the qualitative advantage it would have if it succeeded in positing a persuasive argument. Secondly the left is faced with the challenge that after the cold war, there has been a separation of class interests from political interests. For example in this country in 2006 Cosatu had a discussion about a workers' party or labour party

because the content of ANC policy was not satisfactory to those on the left of the ANC in the alliance. And research was commissioned to find out how many of those members of Cosatu who voted for the ANC would still vote for the ANC if a workers' party or a labour party came into being. More than 60 percent of the respondents said they would still continue voting for the ANC. This was a clear example of this separation between class interests and political interests. Therefore one of the key challenges facing the left globally and domestically is the fact that one's class position is no longer a definite predictor of one's political interests. Thirdly, the challenge facing the left in this country is that the left still labours under the illusion that in order to influence the content of ANC policy, policy battles must be won in the alliance, and we have seen many such victories. The idea of a National Planning Commission, for instance, was won in the alliance. However what they have not learnt is that actually in order to win policy battles, it is not enough to win them in the alliance.

It is important that the left achieves majority support for its position in the branches, regions and provinces of the ANC. Until that happens, the policy orientation or desires of the left will not be reflected in the content of ANC policy. The left will win some policy battles in the alliance but those gains will be reversed in the National Executive Committee (NEC) of the ANC, or will be reversed in government. The reason for this is that there is not one centre of power in South Africa. There is a multiplicity of centres of power. The ANC, after Polokwane, argued that it and only it is the strategic centre. Some in the alliance argue that the alliance as a whole is the strategic centre. However in reality there are other centres of power outside the alliance and the ANC, including the state. The ANC at the moment has not solved the problem that some of the major decisions are made, not inside the ANC and not in the alliance, but by the state. Hence Jacob Zuma's recent categorical statement in the United Kingdom that nationalisation is not government policy. But that is not the issue. The issue is whether it will remain that way. And my reading of what Zuma is saying is that it shall remain government policy not to nationalise the mines. That is why I need to be persuaded that the position of the Youth League on the nationalisation of mines will hold sway. I do not think so, and hence my belief that this debate is academic. In saying this I am not expressing a personal preference. I believe that, given what I have said about the Zuma coali-

tion, the current content of ANC policy, the nature of the battles within the ANC and the alliance, the reality that there is a multiplicity of centres when it comes to the distribution of power in the ANC, the alliance and the state, the fact that some of the investors are in the National Executive Committee of the ANC itself, I need to be persuaded that the debate about the nationalisation of mines is not an academic one.

I am not saying that the debate is unimportant though. The debate is very important, because over the next three years there are three milestones we should watch out for. The first milestone is in September 2010 when the ANC holds its National General Council meeting in Durban. The last National General Council of the ANC was held in June 2005 and the task of the National General Council is to assess the performance of the administration between that point and the last election, and to review policy. This can give a signal of what policy changes might or might not occur. It also performs the important function of giving a signal of the nature of leadership battles that are likely to happen between now and 2012 when the ANC holds its next National Conference, at which it will elect the next leadership. Remember also that at the 2005 National General Council the rebellion against former President Thabo Mbeki peaked. The current configuration of political power and influence in the alliance and the ANC (and the Youth League as an important part of that configuration) will determine responses to the Youth League's nationalisation debate. In my view, the battle for leadership will drown the policy debate.

The second milestone is the middle of 2011 – any time around June, July, or August next year the ANC will have its National Policy Conference. The Policy Conference will craft the policy framework for the period 2014 to 2019.

The third milestone is the ANC's 2012 National Conference, which is its Centenary Conference. These three moments are important moments for policy. The reason we are having so much heat around some policy debates at the moment is because of these three milestones. Over the next three years, policy debates are going to hot up, but not because policy is the primary issue. Debates will hot up because people can appropriate or misappropriate policy battles and policy positions to support or to disadvantage particular factional interests in the leadership battle of the ANC for 2012.

Discussion

Llanley Simpson (South Africa's Department of Science and Technology): To me the first simplistic question is, what is the problem that nationalisation is attempting to fix? In relation to that, I have four related issues. Firstly, you referred to the developmental state, and there is a text that is going to be coming out within a year which analyses the developmental state. That concept itself, within the ANC, has actually changed and shifted as the various power centres have contested this. The notion of the developmental state itself is not monolithic and is undergoing shifts. Secondly, in terms of what is missing – and you referred to the contestations of the centres of power after political powers have occurred – that is the power of patronage. This is closely linked to your notion of looters, and it is not as simple as just looters, because other things occur when patronage occurs. Thirdly, there is the notion of world order institutions. World order institutions govern the movements and material flows throughout the world, how things get manufactured, and how trade is set up. The mining companies have long-term contracts – 25, 30 year contracts – with their customers in terms of the purchase of ores, in terms of how that gets beneficiated. We have a beneficiation strategy, but that beneficiation strategy does not take into account the nature of how those trade relations are set up, and are actually in some level protectionist, and that you need to restructure the global economy in order to change and to benefit from those production processes. Fourthly, South Africa does not seem to have, and maybe it will come with the Planning Commission, foresight studies in relation to what happens with the materials that we produce. China, for example, is preventing the exportation of all rock phosphates, and that is because they have done a projection 50 years into the future, and rock phosphates are needed for food security. The South African government has not done that. Where is our population going to be in 2050? What is the nature of the climate change aspects that are going to affect those things?

Claude Kabemba (SARW): I think your political analysis is spot on, but for me the question of nationalisation starts to raise a more substantial issue in terms of whether the people are benefiting from the extraction of these resources? For me it is critical for us to ask why the current system of governance of natural resources is not benefiting our people? Only then can we say that the nationalisation will resolve our problems. I am simply saying

that beyond the debate that is currently taking place on nationalisation, are we seeking to find a better system to manage our resources so that they can benefit the people? Are we asking the correct questions? Do we have internal weaknesses that that are preventing to maximise our benefits using the current system of management? May be it is possible to make mining beneficial without resorting to nationalisation.

South Africa is the only country across the continent which has been able to ensure that its minerals benefit the building of cities, but that is not enough. When you look at communities, particularly around the mines, where mining takes place, they are poorest. We need to ensure that as we extract the minerals, the distribution of these resources reaches as many South Africans as possible, especially those around the mines who are the most dispossessed. Also, are we utilising our revenues properly? Do we understand how much the state collects from the extraction of these resources, and how does the state use those revenues? I am sure that the government will be able to explain how it collects taxes and royalties from the mining companies. However, are these royalties and taxes which are paid to the state what these companies should be paying? By raising these issues, we might begin to explore other models of resource management, of revenue tracking, to ensure that the state maximises these benefits. Also, we need to monitor the state to ensure that the tax revenues raised are distributed in a way that benefits everybody.

Response from the panellist, Aubrey Matshiqi: All the comments that have been made are valid. I do not want to appear defensive, to say it was always going to be inconceivable that I would cover all the contexts. Mine is a very narrow context, it is the specifically political context in which the debate arose. I started by telling the story of Kgalema Motlanthe because from that story you get the idea of what Claude is talking about. Motlanthe was saying the state must deliver certain public goods, and he gave the example of free basic education. He raised the idea of state mining companies in the context of the capacity of the state to provide these public goods. So whatever model you follow must enhance the capacity of the post-apartheid state, and Botswana can teach us a few things in this regard.

As Claude says, nationalisation must be an idea which speaks to that capacity for delivering public goods to all South African citizens. The question

is whether or not this is what the Youth League has in mind. Remember that the Youth League stands accused of positing a proxy argument on behalf of certain interests inside and outside the Youth League. So the question it has to respond to is whether or not this is a policy position it posits with the aim of ameliorating the social and economic conditions of ordinary South Africans. That may or may not be the case, but it is important to have the nationalisation debate and explore what it may or may not deliver to ordinary South Africans. My view is that the debate is raised in a very narrow political context with the aim of achieving very narrow political ends.

Outside the alliance, responses to the idea of nationalisation are not always innocent. They themselves are ideologically driven, meaning that what appears to be an argument in opposition to nationalisation in the public interest, may actually not be in the public interest at all. It may be an argument in the interests of the market, and the two do not always coincide. Our recent economic history shows that what is in the public interest, even in the context of unprecedented economic growth, does not always coincide with the interest of the markets. So I do not want to assume that those who have responded negatively to the idea of nationalisation (and they are not always responding to the Youth League – they are responding broadly to the possibility that nationalisation might become a reality in South Africa) believe that it will not be in the public interest. We should not be so gullible as to think that such responses are always innocent. Our analysis must rise above the narrow political interests and the narrow market interests that have shaped some of the debates on nationalisation in this country.

Laco Ntlhane (Gauteng Concerned Youth): I would like to believe that nationalisation will happen during my lifetime. I believe that that it will happen. Looking at the history of this country, on the 26th of June 1955 all political parties were engaged to tackle the system of apartheid. These parties constituted the Congress of the People and endorsed the Freedom Charter which has a clause that says the people shall share the wealth of the country.

There is still debate about what they meant by this. However for the youth, this means that the mines will be owned by the state, and the state will be the only entity that will administer and regulate those entities.

Madoda Sambatha (National Union of Mineworkers): I welcome Aubrey's presentation,

but I think that what is lacking is that the current legislative framework does not provide a balance between what we have in the mining sector and what we would want to have in the future. Take for instance the Mining Charter. It is under review today – there is a mining summit today and tomorrow. The Charter says that 1 percent of total turnover for a particular mine, not a mining company, a particular mine in a particular community, should be invested in that community. However what you have under the Minerals and Petroleum Resources Development Act (MPRDA) is a situation where the state has a right of approval of licences for the mining companies as they apply to the state. In terms of applications, a scorecard based on the Mining Charter has to be used to determine whether or not this 1 percent of turnover was invested in the community – this must be proven before the licence is either renewed or re-awarded for a particular company. Currently, many companies do not meet this requirement of investing 1 percent of their turnover in local communities, but still their licences are approved by the government. In other words, the government continues to give licences even when the mining companies fail to meet one of the key conditions governing the issuing of mining licenses. Whether or not we need to nationalise the mines in order to take responsibility for the re-investment of the turnover remains an important question.

The second issue I wish to raise relates to Aubrey's notion of looters, and also the assumption that there is nothing that government owns today. Government already owns state-owned enterprises. What is their contribution to the economy of the country? To what extent are they contributing to the developmental objectives of the country today? Were we to have another state-owned enterprise in the mining sector after nationalisation, to what extent will such an entity contribute to the developmental objectives of the country in any way more significant than the current state-owned enterprises? South Africa's electricity supply company (Eskom) increases its tariffs irrespective of whether or not we can afford it, and without due regard for whether or not this helps promote the country's developmental objectives. Despite this, the government will continue allocating budgets to Eskom. Similarly, the South African Airways (SAA) is a state entity, but not all of us can afford tickets for SAA flights. The only tickets that we can afford are from SAA competitors, which are private entities. Yet the government continues to allocate budgetary resources to

SAA, or helps to sustain it when it runs out of money. However when SAA is profitable, the dividends are not distributed to the state. Instead they go towards the salaries or bonuses of senior managers. So there should be a discussion as to the role of state-owned enterprises, and what benefits the country gets out of them as they stand now.

The role of nationalised mines in the future should be compared to what we have now. For instance we have Alexkor, a hundred percent state-owned mining company. The current benefits that the state enjoys from Alexkor should be examined in terms of whether this meets our demands for the future. As things stand now, Alexkor is in serious crisis – it is actually a disaster. If there is ever an example of why we need to be careful about nationalisation, then Alexkor, as a state-owned enterprise, is a good example.

Finally, the question that was raised about whether or not the mineral resources are benefiting our people is important. In today's debate, we have not yet addressed this issue adequately.

Response from the panellist, Aubrey Matshiqi:

We need to be aware of the history of Batlhaping, a Batswana clan in the Northern Cape Province. The 19th century was a very difficult period for the Batswana in general, and the Batlhaping in particular. For the Batlhaping, a clan that was almost exterminated by the British, it was a history of dispossession that links directly to the issue of mining rights. The attempt to exterminate them was linked to a successful attempt to rob them of their mining rights. This reminds me of what I said earlier about the role of historical memory. There are communities in this country who are not yet part of this debate on nationalisation, who are emotionally and materially tied to this debate in the sense that if they were to deploy collective memories and intervene in this debate, the issue of the nationalisation would speak directly to their plight and historical experiences in terms of how they lost their mining rights.

It is possible therefore that for some of these people the debate on nationalisation might be seen as a means that could lead to the correction of what they suffered in the past. However many of these communities have no voice.

This debate must take into account the fact that state capacity is one of the primary issues we need to address. The developmental state exists in the realm of aspiration, not in the realm of reality, which means that while it exists in the realm of

aspiration we do need to have conversations about the orientation of the post-apartheid state. The developmental state is in the realm of aspiration, it is about the desired orientation. For the ordinary South African, particularly those who are oppressed, this is a question about what democracy should deliver. In the way we handle such debates and in the outcomes of such debates lies the possibility of the further alienation of communities such as the Bathaping who went through a century when they lost their mining rights. So this is not just a debate about policy, it is a debate about whether we are going to see the further alienation of certain communities in this country from the reality and the idea of democracy, to the extent that there is a gap between what democracy promises and what it delivers.

Since 1994 one of the gaps we have seen emerging is the gap between the procedural dimensions of our democracy and the substantive dimensions of our democracy. And it is my hope that when we engage in these debates in forums such as this, it is because we are sensitive to the fact that for many ordinary South Africans there is a gap between what democracy promises and what it has delivered. And if that gap continues to exist, as I said, what you will see is further alienation of some ordinary South Africans from the reality and the idea of democracy. So what appears to be a narrow debate about nationalisation has broader implications for many South Africans without a voice in these debates.

Another question we need to look at is whether the state is inherently inefficient. You see some of those who oppose nationalisation of any sort argue that the state is inherently inefficient and therefore nationalisation cannot work. Others argue that the state is a panacea for all social and economic ills that ordinary people experience. I suspect that the answer lies somewhere in between. However I do not want to disagree with my colleague (or with Floyd) who said much earlier that nationalisation will be a reality in this country by 2012. I do not want to be as emphatic in disagreeing with those who say nationalisation will be the reality of South African life at some point, because such a possibility cannot be entirely discounted.

Thabo Rapoo (Centre for Policy Studies): Let me just make two or three points and then we can move on to our next presentation. The first point, based on your presentation, is that the establishment/anti-establishment postures of the different

groups within the ANC alliance seem to describe these positions as different groups or unified entities. What are the internal unities within these groups? For instance, is the ANC Youth League internally united to push this position? Is there a chance that there could be divisions within the ANC Youth League? There are business-oriented groups within the ANC Youth League and non-business-oriented groups. Some of them, I am not sure if that extends to the leadership, are closer to the SACP than they are to the business-oriented sections of the Youth League. What are the possibilities that those divisions within the League could undermine its attempt to push a position like this? Secondly, you said it is important for groups like the SACP to win debates in the branches and the regions, rather than only within the alliance. How important is it to win the debate with the public? This links to what Claude was saying that we want to look at how important these debates are to the general public. I would expect that a group that has a particular position to push, and wins the general debate in public, would stand a better chance of swaying the ANC. Lastly, there is one reading of the ANC Youth League's position as being the idea that its radical policy positions are part of a broader strategic calculation – in a context where there was general negative attitude towards Mr Zuma when he became president from private sector, from capital – a general fear of Mr Zuma – intended to brow-beat capitalism or the owners of capital into seeing Mr Zuma as the lesser of the two evils – that they would prefer to work with him than contemplate the alternative represented by the Youth League's stance. In a way, their call might be helpful for Mr Zuma in the sense that it could help soften the sections of capital that were slightly more apprehensive of him as a leader.

Response from the panellist, Aubrey Matshiqi:

As I said the situation is not as neat as these categorisations appear, and none of the groups are monolithic. However this does not mean that it is not possible to understand the overall orientation of each group and the effect or the ends to which such orientation exists. Take the Youth League itself. The league argues in favour of nationalisation but this does not mean that every member or grouping within the league subscribes to the idea. However, you can argue that what people like Floyd Shivambu have expressed in the media represents the overall orientation of the organisation, which is the product of some democratic processes and therefore a majority position of the league. Also, it is interesting that the SACP, the Youth

League and Cosatu were components of the Zuma coalition in the period prior to (and to some extent after) Polokwane. However, since the debate started, some of these components find themselves on opposite sides of the debate. Therefore as much as we categorise these groupings in trying to understand what is happening inside the ANC and its alliance partners, there will always be a caveat that these categorisations are not as neat as they appear to be. For instance, if you go back to Polokwane you will find that 40 percent of the people voted for Thabo Mbeki, and part of that 40 percent left the ANC to form COPE. The other 60 which voted for Zuma was united with regard to one purpose, but not united with regard to others. All the groupings in the alliance in the ANC are like that— there will be convergence on some issues and divergence on others.

On the issue of public opinion, frankly there is an extent to which public opinion is irrelevant when it comes to what will or will not happen in the ANC during decision-making processes. This does not mean that actors within the ANC and the alliance will not appropriate (or misappropriate) public opinion in support of particular views that they hold. Nonetheless public opinion is to a large extent irrelevant when it comes to decisions that are made or not made in the ANC. For instance, when it comes to the outcome of leadership battles or policy battles, public opinion has very little impact because of our political system and our electoral system, which puts much more weight on the party and party bosses than on what is wished by voters or citizens. Also, because of the reality of single party dominance and the relative impotence of opposition parties, the ANC actually does not have to listen to public opinion. However, I am not saying there won't be consequences going forward; there are signs that a party that is dominant and becomes desensitised to the wishes and needs of the electorate or citizens at some point will hit some challenges, and that is beginning to happen. Despite that, at the moment there are decisions the ANC can get away with making without giving due regard to public opinion.

On the last point, and linked to the previous point, public opinion may be irrelevant but market opinion is not. A point was made about patronage and the nature of patronage. There are two sources of patronage in this country – the state and capital – and the nexus between the two is partly responsible for some of the distortions we are seeing in different areas of South African life, particularly economic life and the participation of ordinary citizens in economic life.

There are those who argue that Julius Malema, and to some extent the Youth League, plays the role of a decoy, that he runs with the ball and frees Zuma to some extent, thus diverting attention from Zuma. Or, alternatively, that he is playing the role of the bad cop in a good cop/bad cop relationship. So the more he appears to be a bad cop, the more Zuma looks like a good cop. Now one of the things we do very well as political analysts is to impose an explanation after the fact and I suspect this is one of the times when we say that Julius Malema is playing good cop/bad cop or plays decoy role – we are imposing an explanation or constructing a narrative after the fact. My own position is that Julius Malema plays a much broader role in South African politics. He is a political symbol, not just a political figure. He plays the role of distorting discourse. In other words, he himself directly distorts elements of the discourse, while others also use him as an instrument to distort elements of the discourse.

For instance, you can use Julius Malema, the political symbol, because of what he does or says, with the aim of rendering something true or false (or vice versa). We see this in the race discourse at the moment. What has been false in the race discourse is now being rendered true by those who misappropriate Julius Malema, the political symbol, and use him as an instrument to legitimise racist thought and conduct. He is also used in the opposite direction too – those who support him can use him as an instrument to distort the discourse in their own interest. He also has an interesting impact in that there is desire by others to mimic him. In this way he also distorts the discourse to the extent that he introduces the element of mimicry in the discourse. For instance the youth of the Pan Africanist Congress came out in public and said he must be killed. Either consciously or unconsciously they are mimicking Julius Malema. The problem with us, the middle class, the mainstream media and elements of the chartering classes, is that we still think that our sensibilities are representative of the sensibilities of all South Africans. This is why we got Polokwane wrong, and this is probably why we are still going to get many things wrong about the ANC, Julius Malema, and policy direction in future, because we confuse our own sensibilities with the sensibilities of all South Africans.

Sometimes we even do not understand that in what he does or says he may not actually be addressing himself to the constituencies he represents. He may be addressing himself to a much broader consti-

cy with whom what he says and does resonates. I am not saying that this broader constituency is an unthinking or thoughtless constituency. If you examine the discourse now, especially the responses to Julius Malema, to the extent that some accuse him of representing the unthinking part of South Africa, many of the responses in the media, from us political commentators and the middle class, have been just as unthinking because they have been so hysterical in content, which means that we miss the opportunity to truly understand how events may unfold in the foreseeable future.

But the last thing I want to say about policy in general is that in the noise and the heat of policy debates in this country what we fail to see (and the evidence is there for all of us to see) is that there is much more policy predictability in South Africa than the uncertainty suggests. Yes, there are high levels of uncertainty, but the levels of policy predictability are just as high. In the foreseeable

future these high levels of policy predictability will continue coinciding with high levels of uncertainty because some of the uncertainty is informed by the irrationality of the markets. The markets are very irrational on some of these policy areas, and their irrationality shapes some of the uncertainty. As a result of this we ignore the evidence in front of us that, since 1994, levels of policy predictability have been much higher than what is suggested by market uncertainty, something that we tend to follow uncritically.

However if I was in the ANC this would give me cold comfort, because if you are in the ANC or government, your task is to manage the high levels of uncertainty. You cannot sit there and be complacent about the fact that it is obvious to you that the evidence points towards high levels of policy predictability. If you are in government or the ANC, what you must manage are the high levels of uncertainty.

The Perspective from a Key Roleplayer in the Sector by Madoda Sambatha (National Union of Mineworkers, NUM)

I would like to express our appreciation for the invitation extended to the union to speak on this matter.

Last year or the year before last, the High Court in Namibia banned labour brokers, and the South African Minister of Labour, Comrade Membathisi Mdladlana was inspired by that decision. He was therefore the first leader on air stating that labour brokers in South Africa should be banned. However, when his department introduced a discussion in parliament regarding the banning of labour brokers, suggestions were that labour brokers should not be banned. The sentiment was instead in favour of regulation of the labour brokers. Our view as a labour movement as that the labour brokers should be banned, and the ANC Chair of the Portfolio Committee on Labour was also in support of that view.

However, recently we have become aware that ANC Parliamentarians are not going to vote in favour of banning the labour brokers. They are instead pushing for tighter regulations governing the labour brokers. Their argument is that there was never a decision by the ANC to ban labour brokers. Our argument however is that if the ANC's manifesto calls for the prioritisation of the creation of decent employment, then we cannot also have labour brokers coexisting with the objective of decent employment.

We would like to adopt the same level of caution in this debate, especially given the views of the president of the ANC, Jacob Zuma, who also happens to be the president of the country. If the president of the ANC makes a statement on the issue, we understand that as being a policy direction of the ANC. However the development of this discussion, as Aubrey has explained, has to depend on the decisions adopted as resolutions of the ANC. Nobody in the ANC, not even the Youth League, has indicated whether or not a resolution has been taken by the ANC to adopt a policy of nationalising the mines. In addition, there is a difference between ANC policies adopted as resolutions, and state policy decisions adopted by gov-

ernment. In most instances you will find that the state, even after Polokwane, continues to enjoy a leeway in choosing which policy to implement from ANC policies. Perhaps a resolution will be adopted in the 2012 conference of the ANC to address the issue of nationalisation of the mines.

At the moment, there is a state policy on mining and currently the Department of Minerals and Energy is busy considering a framework policy on state mining companies. This policy framework was conceptualised even before this discussion was initiated by the ANC Youth League. What is new in the Youth League's proposals is only the question of expropriation. Government is not involved in mining currently; it is only the state mining companies. The Minerals, Petroleum, Resources Development Act (MPRDA) is an Act of Parliament. Government amends any relevant legislation when necessary, and when loopholes are identified. It will not be necessary for the MPRDA to be amended.

The only surprising thing in the Youth League's proposal is the issue of expropriation. It was surprising that the ANC government failed to pass an Expropriation Bill through parliament. The reason for this failure was pressure from big business. That pressure was not applied to parliament, it was applied to the ANC, causing the party to withdraw the Bill. If that Bill had been passed, we would not be sitting here today discussing the issue of expropriation.

As a trade union, we are not really sure whether or not what is being proposed as nationalisation is really about nationalisation of mines. For instance, the man everybody recognises in the mining industry in South Africa, Mr Jocinda Rocha, is not here today. He resigned from government because of the activities that he has been central in, particularly the issuing of mining licences. There have been cases where company A applies for and is issued a mining licence, and then a black economic empowerment (BEE) company (company B) applies for a mining licence in close proximity to company A. In such cases a small portion is usu-

ally awarded to the BEE company when it is obvious that the BEE company will not be able to mine because the land has already been approved for mining by company A.

When company A applies for a renewal of their mining licence, the department suddenly detects that a portion of the same land already has an existing BEE company that is not operational. Under such circumstances, the department would usually suggest that company A and company B come together and negotiate to enable company B to relinquish its licence on the basis of a buy-out arrangement. The department has been allowing these types of deal-making shenanigans to take place in the mining sector. These abuses are examples of what happens when you give the state the power to be in charge of the mining sector and the issuing of mining licences. The practice of issuing mining licences to companies when it is clear that such companies do not have the capacity or expertise to mine is clearly intended to enable such companies to sell their licences to others and make money. This is paper mining that then gets sold to make money.

The National Union of Mineworkers was the first union, even before Cosatu, to adopt the Freedom Charter. We annexed it to our constitution so that it is our political guiding document. We did that as we believed it was a guiding document in the attempt to build a socialist South Africa. The Freedom Charter is an alternative ideological path, opposed to capitalism, and we believe that the Freedom Charter remains relevant even today because we believe in socialism.

Everybody knows that it is not only socialists who must explain the evils of capitalism. Even capitalists themselves know how evil capitalism can be. Our belief is that the Freedom Charter remains relevant in this discussion, but we need to avoid a situation where the call by the ANC Youth League could be used as a political platform for 2012 ANC leadership contest. The Youth League could be using this as a tool to control those who wish to obtain the support of the Youth League for the 2012 ANC leadership contest. We know that whoever does not support this call would not be nominated and elected in the National Executive Council (NEC) of the ANC, and everybody knows the value of being in the NEC. Even aspirant capitalists who know that this will not be possible understand that taking a resolution and implementing it are two different things. If this is the case, it is clear that those who support the Youth League's call for the nationalisation of

the mines would be doing this merely to secure their nomination and political support for their leadership bids. In this case it would be highly likely that after 2012, the whole thing could be abandoned, even if a resolution could be adopted by the ANC on this issue. A resolution could be taken on this but the cabinet could say that this is financially not viable.

The alternative would be the creation of a state mining company. This is not new and the government is currently developing this option. The problem is that the Youth League's proposal appears to allow nationalisation to be limited only to the mining sector. In terms of the Freedom Charter the issue was not necessarily nationalisation of the mines but nationalisation of the mineral wealth beneath the soil. As a union we have been working on the basis of making sure that mineral wealth beneath the soil is nationalised, and this was realised in 2002 when the MPRD Act was passed. In this case the nationalisation of the mines was not the issue. During that exercise we could have taken ownership of mining companies as a monopoly industry. However not all mining is a monopoly industry. So we focused attention on the mineral wealth beneath the soil, which was nationalised.

The other issue that we think needs to be dealt with in this debate is the issue of the amendment of the Constitution. It must be made clear that the intention is to amend the Constitution, particularly section 25 which does not only apply to mining. The new minister of Land Affairs recently raised the issue in parliament, particularly in relation to land. Nationalisation is currently being discussed in various sectors, including land and the fishery industry. However we cannot take a policy position that seeks to introduce amendments to the Freedom Charter. There is no need for amendments as the Freedom Charter remains a guiding document when developing policies that do not necessarily speak to the Freedom Charter. To illustrate this point, in the same Freedom Charter there is a clause, which I am sure Floyd Shivambu is aware of, that deals with the need for a minimum wage. The clause makes reference to a forty-hour working week. This clause has not been implemented by the government, despite the Freedom Charter being quite explicit about it. The point I am making here is that we should not be discussing the specific issue of nationalisation of the mines because the Freedom Charter does not specifically make reference to it, and even if it did, it might not be easy to implement. Instead we

should be discussing nationalisation in general, and ways of making it a policy of the ANC and a policy of government. That way we would ensure that whatever industry we deal with in the future, especially with respect to issues of nationalisation, there would be a broad policy framework on nationalisation in existence.

In this case we are trying to deal with the nationalisation of the mines when the Freedom Charter calls for the nationalisation of the mineral wealth beneath the soil, banks and monopoly industries. Wouldn't the banks need to be used, for ideological or class grounds, to sabotage the operations of the nationalised mines in such a way that the financing of mining operations would have to rely entirely on the state? The banks might want to prove that nationalised mines would never work in South Africa, as a way of also demonstrating their opposition to the nationalisation of the banks in the future. So we need to be discussing the issue of nationalisation in general, not only of the mines, so that in future when we want to deal with policy problems such as land redistribution, we would not need another law to be passed by parliament as we would already have an overarching policy and legislative framework on nationalisation.

Before we go further with the issue of nationalisation of the mines, we also need to look at how state-owned enterprises operate currently. If the mines were to be nationalised, they would fall under the Department of Public Enterprise, under the same governance systems and policies that govern existing state-owned enterprises. Even the class interests that would be served by nationalisation must be dealt with. At the time when the policy of BEE was introduced, we thought that it was an economic transformation policy that would benefit the poor, only to realise later that it did not benefit the majority. So we cannot assume that the nationalisation of the mines would benefit the workers as proposed by the Youth League. This has to be debated first. Our contention is that state ownership is not inherently capitalist, depending on the nature of the state, but also that nationalisation is not inherently progressive because even fascist states nationalise industries. So an ideological discussion on the content and context is critical.

On the issue of expropriation, our view is that we do not need legislation on expropriation, especially not for mining only. In fact an Expropriation Bill was developed and everything done accordingly, but it was withdrawn from parliament by

the ANC. It is not clear how ready the ANC is to take the Expropriation Bill back to parliament, especially in the face of possible resistance from opposition parties. The first thing that will be said in opposition is that this will turn South Africa into a situation that prevails in Zimbabwe. The key point about that Bill is that it does not necessarily address the issue of expropriation in the mining sector only. It also helps in addressing the issue in other sectors, such as land, where the issue of expropriation has been identified as a problem.

An important challenge for us remains the selective nature of the arguments about nationalisation, especially with reference to the ANC's position. Nelson Mandela is consistently quoted on this. Aubrey Matshiqi also made reference to this point at the beginning. Reference is made to what Mandela said in 1990, and also in 1994. Mandela spoke very clearly about nationalisation as not being in any policies of the ANC. However this happened at a particular time when it was clear that the government could not accommodate nationalisation within its economic policies. If this is not addressed, especially the extent to which government has the power to decide on policy and impose it on the ANC, it will escalate into a major problem for us. However equally, we should debate whether it is desirable for an ANC branch to make a policy decision on any issue, including nationalisation, and then impose it on the alliance. We see policies being formulated through public addresses, where important issues of public policy are raised in public speeches before being taken for internal debates. It would be best for these issues to be raised internally by the ANC, the Youth League and alliance partners before being raised for public attention.

Our approach to this discussion is that we think that the ANC is not the strategic political centre but the alliance is. Others in the ANC might hold a view to the contrary. This discussion must be elevated to the alliance structures. Now that the ANC Youth League has a Joint Working Committee with Cosatu, the discussion must be elevated to that level and to the alliance. Within the alliance, including the Communist Party, nobody is opposed to nationalisation as enshrined in the Freedom Charter. This discussion must be elevated to the alliance partners as we move towards the Youth League conference, and eventually the ANC Policy Conference. We need to debate what nationalisation would bring for the majority of the people in this country. In his presentation Comrade

Floyd Shivambu spoke about workers. This is a step in the right direction, because previously the league did not pay attention to the workers. As a country we have been passing policies and claiming that those policies were for the benefit of the poor, whereas in reality the gap between the poor and the political elite remains vast. The only benefits that the poor and the workers are drawing are from the Extended Public Works Programmes, and that does not come close to what the beneficiaries of BEE policies have been getting. So as we move forward with this debate, we need to incorporate the benefits that the workers will get from these policies, such as the forty-hour working week. This should not be divorced from this discussion.

As I said earlier, today there is a review of the Mining Charter. There are two clauses in that Mining Charter which could be amended, and this would render the debate on nationalisation unnecessary. The first clause, deals with passive involvement. It gives a 26 percent share to historically disadvantaged individuals involved in the industry. If our intention is to use these mineral rights to benefit the nation as a whole and not just to individuals, it would be better to amend that clause to allocate these mineral rights to the state representing historically disadvantaged individuals. Our view therefore is that we need to give the 26 percent share, as stipulated in the Mining Charter, to the government and then deal with the negative reaction if and when that happens.

The second clause in the same Mining Charter is about the financing mechanism for this 26 percent. In terms of the charter the mining companies committed themselves to financing this 26 percent, and to raising an amount of R100 billion within five years. These 26 percent shares for passive involvement would have been financed through this amount. Should we not introduce the necessary changes to ensure that this amount that was meant to be raised for individuals as shareholders is instead raised for the state as a shareholder on behalf of the people for a start, to be reviewed every five years? Currently BEE companies are arguing for this 26 percent to be increased for them.

If this is agreed in the summit I referred to earlier, and it is highly possible that the mining companies would agree to this because they are aware of the threat of nationalisation in 2012, would it not be better to use that as a start and then go and amend the MPRDA, rather than forcing the

ANC government to go to parliament and try to pass a piece of legislation on nationalisation, which might be opposed. It would be best to deal with this on the basis of amendments to the MPRDA and the Mining Charter.

These are our views and inputs to this debate as a union. We are not sure whether or not we will win the issue of nationalisation and expropriation this time around, but the Youth League seem quite sure of this. It is not clear whether the ANC government will win on this major issue, when it failed to take the side of the workers against the interests of capital during the debates about labour brokers (where no major budgetary resources were needed, merely a declaration

Discussion

Claude Kabemba: You have said many things which suggest to me that the route followed by the ANC Youth League is not the correct one. Would you clearly state that?

Aubrey Matshiqi: I think the ANC Youth League is trying to put things together, to draw connections between the issues. I think that you should continue to work with the Youth League because I firmly believe that this is a process we need in this country. We should consider the critical question of the social forces that drive this process. You have mentioned it in terms of class content. Social class is the driving force of this process. If we want to circumvent a situation where the nationalist question drifts to the right or to the reactionary side, then we have to settle the question of the social forces.

We have to link this process with mobilisation, with education, with research, and arm the movement with the necessary arguments and formations so that the process can be driven from below. It is good for the NUM and the Youth League, which are mass organisations, to be involved but it has to be broadly driven from below.

Thabo Rapoo: I am fascinated by the point you made that the call for nationalisation of the mines is some sort of nomination platform for 2012. It sounds like you are saying that it is a kind of disciplining mechanism that the Youth League is using for leaders within the ANC, especially for those who want or need the support of the Youth League to achieve leadership positions within the party structures.

Would it not be easier to use the mere process of supporting leaders for their specific positions, or get them to compete for the support of the Youth League, rather than use a proxy debate on nationalisation to get people to seek their support? Based on what you are saying, it seems like the Youth League does not really want to nationalise the mines but are using that debate as a way of getting leaders to, if I can put it informally, "suck up" to them.

Response from the panellist, Madoda Sambatha:

In what Comrade Floyd Shivambu dealt with in terms of what is going to be done moving forward – expropriation, state mining company, amendments to MPRDA – expropriation is the only new element. A state mining company is not a new discussion under the ANC government. It is a policy position that the Department of Minerals and Energy is working on at the moment. So to say that we are going to work on that is to ensure that the government indeed delivers on that element of a state mining company. The amendment to the MPRDA is part of the fact that each and every Act gets amended as and when there is a necessity to do so. What is new in this debate is the part about expropriation; to us it would be better if expropriation is dealt with in terms of the current Bill. If the ANC could pass that Bill, then we could move quicker, as opposed to dealing with expropriation only in the mines.

The reason we do not want this current debate to be reduced to a nomination for 2012 is that a necessary debate should not necessarily be linked to an event. Agreeing with nationalisation does not make it a government policy. We have had the experience over the past few months of people arguing for the nationalisation of the mines in public and saying that whoever does not support nationalisation will not get the support of the Youth League for elections in 2012. Our concern is that a necessary debate should not necessarily be linked to the ANC leadership elections in 2012, because that will not make it government policy.

The ANC could take a resolution on this in 2012 but, depending on who is going to have more influence for government policy beyond 2012, because power in the ANC seems to be shifting, the party could still come up with reasons as to why that policy cannot be implemented at that particular time.

The route that the Youth League wants to suggest on the matter is going to take more time compared to dealing with what we currently have in terms of legislation and processes of government. So you would need to combine both the issue of an ANC resolution on nationalisation and what we can do now to ensure that we are working towards a time where nationalisation could be realised.

The difference between us as a union and the Youth League is that we will still engage with formal processes even if the ANC does not take the decision to nationalise mines, because we will still be involved in it. There are some elements in terms of which you can pressurise Cabinet, even on expropriation. Pressurising the ANC and calling for expropriation of the mines when there is an Expropriation Bill that the ANC withdrew from Parliament would take time.

I have also explained that we need to put pressure on the state to have the resources and to develop a conceptual framework on a state mining company. Currently Cabinet does not want to release the beneficiation strategy in the same industry. We are involved in the discussion for beneficiation. We have been arguing that the strategy must be released for public discussions so that we at least focus on the beneficiation of these minerals.

Floyd Shivambu: The ANC Youth League's pronouncement that it does not support leadership that disagrees with its policy perspective has always been the case. It is self-defeating to elect people who are opposed to a policy perspective that you have developed. The ANC Youth League in 1948 had a political programme to radicalise the ANC. It engaged almost all leaders of the ANC, including the then incumbent president, on its proposed programme. The president disagreed with this view and the 1948 league announced that they would retract their support for his leadership. I do not think there is anything wrong with that. I can assure you that even if it is President Zuma who disagrees with nationalisation, we would question a second term of his presidency. This is the kind of trajectory we want to define moving forward. Fortunately though, there is no leader of the ANC who has openly opposed nationalisation, except one who counted herself outside the National Executive Committee of the ANC. So the leadership is going to be assessed on a variety of other capacities and not on the question of nationalisation.

Experiences of Nationalisation from selected Southern African Countries: Lessons for South Africa

Nationalisation in Zambia by Dr Neo Simutanyi (Centre for Policy Dialogue, Zambia)

The nationalisation of privately owned companies has been variously practiced by both developed and developing countries in the last six-and-a-half decades. The reasons for state intervention in the economy have varied from ideas of promoting rapid socio-economic transformation to a more liberal policy of correcting market imperfections by the state playing the role of an engine of development. While state intervention in the economy by way of nationalisation had been a leading development paradigm in the 1950s and 1960s, and was even promoted by the World Bank, it lost currency following the prolonged economic recession of the 1970s and 1980s. Thus by the beginning of the 1980s, the role of the state in economic development was being questioned, and state enterprises were seen as having contributed to the economic malaise. Inspired by discourses promoted by international financial institutions and donor governments, wide-ranging public sector reforms were instituted aimed at rolling back the state, dismantling and privatising state-owned enterprises, and liberalising the economy (World Bank, 1994: 99–106).

By nationalisation is meant a process by which a government takes controlling shares and management of privately owned enterprises. The control is often by way of a majority share-holding of more than 50 percent. The process of nationalisation involves the establishment of public enterprises, parastatals or state-owned enterprises (SOEs). The establishment of SOEs implies that the state consciously engages in the business of production, marketing and sales of goods and services. Principally, state involvement in the market has been justified on the grounds of recovering its investment, making profit, or providing an important service to the population.

SOEs have been key instruments in the development efforts of most African countries. Available empirical evidence on SOEs suggests that they

have played a major role in African economies (Adhikari and Kirkpatrick, 1990; Knight, J.B., 1992; Grosh and Mukandala, 1994). In the 1990s SOEs' contribution to the gross domestic product (GDP) of African countries ranged between a low of 10 percent to a high of 40 percent. They contributed between 10 percent and 50 percent to total formal sector employment, and the ratio of SOE employment to formal employment varied between 10 percent and 60 percent (Tangri, 1999: 18). By the end of the 1990s as much as one-third of domestic credit was for SOEs, which were also major borrowers in international credit markets (Swainson and Wolder-Sermail, 1989: 6–8). SOEs engaged in virtually every aspect of economic activity, including strategic sectors of African economies. For example, mining, agriculture, railways, electricity, water and telecommunications were often dominated by the public sector.

Africa's SOEs have their origin in the colonial period. Public utilities such as ports, railways, water and electricity were operated as public undertakings by colonial authorities. At independence, the size and scope of SOEs was very small and limited. While colonial authorities had certain regulatory powers over the economy, these were often not extensive and were limited to wage and price controls. Thus most areas of economic activity at independence were privately owned and controlled, and the SOE sector was very tiny and insignificant.

After independence there was an exponential increase in SOEs in many African countries. More than half of SOEs existing in Africa in the early 1980s had been created in the late 1960s and 1970s. This phenomenal growth in SOEs was as a result of several factors. These included the need to reduce dominance of foreign-owned enterprises; economic nationalism; to promote alternative technologies; absence of indigenous private entre-

preneurs; and political patronage (Tangri, 1999; Mkandawire and Soludo, 1999). While nationalist currents played a major role in the push for nationalisation in many African countries, empirical evidence shows that political leaders also sought to secure greater indigenous ownership of the economy and saw SOEs as mechanisms to maintain themselves in power.

Everywhere, political elites were subjected to intense pressure to provide employment and redistribute public resources. A large SOE sector provided political leaders with opportunities to reward followers and thereby obtain their political support. Jobs could be provided to political loyalists and goods and services to particular sections of the population in exchange for political support (Bates, 1981). For example, Nicolas van de Walle (1994) makes the point that in Cameroon, SOEs "proved to be an ideal instrument to distribute state resources in the form of jobs, rents, power and prestige... enabling political leaders to reward allies and co-opt opponents, [and] thus secure their power base."

The debate on the rationale for nationalisation, its advantages and disadvantages, is mainly focused on the performance and efficacy of SOEs. The literature that has emerged in the last two decades seems to suggest that, despite the earlier fascination with nationalisation, the performance of the SOEs has been disappointing (World Bank, 1994; Herbst; Killick, 1983; Bates, 1981). Their performance has been characterised by the following: inefficiency and unprofitability; large SOE deficits; very little or insignificant contribution to government revenue, and instead becoming a burden on the government budget as they tend to be heavily dependent on government subsidies; inappropriate pricing policies and decisions; poor investment decisions; overstaffing and chronic management problems, as they tend to be managed by ill-qualified individuals whose appointments are politically motivated (World Bank, 1994; Killick, 1983).

Some have made a strong case for nationalisation, as there is a view that SOEs can be used to achieve development objectives. Proponents of nationalisation and SOEs argue that they can be used by political elites to achieve the following: employment generation, income redistribution, regional equity, appropriate technologies, and export promotion (Etukudo, undated; Mkandawire and Soludo, 1999). However, the results of this have been very limited in Africa. Available evidence seems to suggest that SOEs have been inefficient

and inadequate in providing public services and making money, mainly because "those in control of the state have used public resources and their positions within the public service in ways designed to further the twin goals of retaining power and material accumulation" (Tangri, 1999: 25). It is against this background that many African countries have been persuaded to abandon the statist approach and open up their economies by privatising their SOEs and creating an environment of competition. Zambia heeded this call and embarked on an aggressive privatisation programme between 1992 and 2000, which saw the closure, commercialisation and sale of over 200 SOEs, including the former mining conglomerate, Zambia Consolidated Copper Mines (ZCCM). Privatisation is premised on the assumption that it brings new capital, managerial expertise and technology and responds to market forces. But the social costs of privatisation have sometimes led to fresh demands for nationalisation in many countries, including Zambia.

This paper is organised into four sections. Following this introduction, we discuss Zambia's experience with nationalisation and examine the reasons for privatisation. Section three draws lessons for South Africa from the Zambian experience, while the concluding section makes policy recommendations and suggests a way forward.

Zambia's Experience with Nationalisation

At independence Zambia inherited an economy which was foreign-owned and foreign-dominated. It was lopsided, uneven and designed to benefit a few (Good, 1989; Baylies, 1981). The nationalist leaders had promised to redress inherited inequalities created by colonialism by ensuring that there was an equitable distribution of the nation's wealth. Copper was, and still remains, Zambia's strategic mineral and source of foreign exchange. Lack of control of this resource, in terms of its production, determining its price and how much was realised from its extraction, was a matter of grave concern to the new leaders in the years immediately after independence.

In 1968 Zambia's first president, Kenneth Kaunda, announced a programme of nationalisation of privately owned companies. The government nationalised a wide range of commercial activities, ranging from retail shops to meat-packing plants and quarrying operations. Altogether 28 companies were

affected by the measures. This did not include the copper mines. In 1969 the country's two major mining giants, Roan Selection Trust (RST) and American Metal Exchange (Amex), were placed under state control, and this was followed by the take-over of privately owned financial institutions, excluding foreign banks, in 1970 (Kaunga, 1994; Fundanga and Mwaba, 1997).

Following nationalisation, the SOE sector took off at a brisk pace, with more companies joining the list of nationalised entities, and new SOEs were also created. In the 1970s state participation in the economy received ideological rationalisation in the official philosophy of *Zambian Humanism*, defined as a path towards socialism. Within a short period, the SOE sector in Zambia grew to a position of such dominance that by 1973 it was estimated that it accounted for 53 percent of total manufacturing GDP, and its share in employment was 42 percent. By 1980, the shares of SOEs in total GDP and formal employment were put at 56 percent and 54 percent respectively (Kaunga, 1994; Fundanga and Mwaba, 1997). While the SOEs contributed 14 percent of the country's GDP in the 1960s, by 1980 more than 80 percent of the economy was virtually run by the state.

By the beginning of the mid-1970s, SOE activities covered all aspects of business, including mining, agriculture, hotels and tourism, milling, brewing, housing provision and construction, transportation (including airlines and passenger bus services), electricity and water, timber and wood products, and bakeries. There were also a number of new ventures established by the state, some of which were jointly owned with foreign partners who mainly wanted the state to provide them with protection against the exigencies of the economy, especially following the closure of the Rhodesian border and the imposition of economic sanctions on the racist-led rebel colony. Like elsewhere in Africa, *Zambian SOEs* performed poorly for a variety of reasons, including the application of inappropriate technology, total dependence on processing of imported raw materials, inexperienced management, misappropriation of resources by officials appointed by governments to run them, and operation in monopolistic environments with no competition (Fundanga and Mwaba, 1997 and Kaunga, 1994). The implication of this was that Zambia's SOEs were typically inefficient, which affected their financial viability, in turn requiring the government to heavily subsidise their operations. The poor performance of

Zambia's SOEs was not unique in Africa, but it was partly occasioned by the collapse in copper prices and deteriorating terms of trade. Output of copper rapidly dwindled from a peak of 710 000 tonnes in 1974 to 463 000 tonnes in 1986 (Cheru, 1989: 127). The model of state participation in the economy was dominant at the time and received little condemnation. The problems of poor performance were dealt with through suggestions for the reform of the SOE sector.

Between 1980 and 1990 *Zambian political leaders* grappled with different kinds of reforms to make the SOEs perform better. The government acknowledged the recommendations of international financial institutions to institute public sector reforms, involving commercialising some SOEs, privatising some, closing down others, and reducing the workforce. In May 1990 President Kaunda announced the government's decision to "devolve more economic power to the *Zambian people* through a scheme by which the state would sell its interest in state enterprises to the general public". Kaunda said that the state would offer up to 40 percent of its shares in public entities like Zambia Railways (ZR) and Zambia Electricity Supply Corporation (ZESCO), and up to 49 percent of its shareholding in mining, industrial and commercial enterprises.

This was an important turning point, as it was recognised by the end of the 1980s that the nationalisation experiment had run its full course and was now a drain on the treasury. Losses for most SOEs mounted and many SOEs were on the brink of collapse. According to Kaunga (1994), a number of factors could be said to account for this state of affairs:

- poor capitalisation;
- poor management – political appointees and frequent changes of chief executives;
- lack of accountability and a poor supervision and monitoring system;
- conflict between commercial and political or social objectives;
- economic constraints associated with the state of Zambia's economy (e.g. foreign exchange crises, over-dependence on imports, etc.)

The prevailing economic situation (which was also characterised by acute shortages of foreign exchange, controlled pricing, and state interference in the operations of the SOEs) seriously affected efficiency and profitability. The persistence of the economic crisis elicited desperate measures on the part of the state. As government's

legitimacy began to wane amidst a prolonged economic crisis, the social contract based on guaranteeing jobs and incomes for the population through the SOE sector was undermined. SOEs became an extension of the civil service. For example, SOE chief executives were appointed by the president, and even transferrable conditions of service for SOE employees were uniform, while employment and pricing decisions were either determined by government or politically influenced. Against this background Zambia's SOEs came to be overstaffed, made little or no money, and were maintained by huge state subsidies.

Besides the interference with management and overstaffing, the state also extorted funds from profit-making SOEs and made them meet government obligations. For example, ZCCM was made to provide employment to UNIP loyalists, and to diversify into other areas such as tourism and transport which were not the core business of the company. The company was also made to provide finance for the purchase of luxury vehicles for senior government officials, including ministers. By 1989 ZCCM had become so big that it was referred to as "a state within a state".

The performance of the state-owned mines gave a good indicator of the state of the economy. For most of the 1980s, ZCCM was unable to declare dividends to the state, contributing little or nothing to government revenues. At the beginning of the 1990s, ZCCM was being subsidised by the Zambian government at the rate of US\$1 million per day (Craig, 2000 and 2001). While the idea of privatising other non-strategic companies had already been accepted, there was general apprehension regarding the privatisation of the mines. The copper mines were seen as strategic to the Zambian economy, and their sale signified loss of sovereignty and even independence.

State intervention in the economy in the early 1970s tended to lay greater emphasis on direct political control of SOEs to achieve socio-political objectives, such as an increase in employment, regional spread of industry, and to ensure that, goods and services were affordable. However, this approach could be said to have resulted in the running down of SOEs. Thus public sector reform embarked on from the beginning of the 1980s was aimed at better management control at firm level, and reducing political interference. Boards were strengthened by the inclusion of private businessmen. The role of ministers and senior civil servants was reduced, although not eliminated. Given that it was a one-

party state and the political leaders were desperate to retain power and be seen to be providing for the citizens, political interference in the operations of the SOEs continued.

Indeed, while the need to reform the SOE sector had been there since the late 1970s, it was not until the change of government in 1991 that there was more impetus to reform. In December 1991 the newly elected President Frederick Chiluba said: "As far as the privatisation program is concerned there is no sacred lamb. In other words the government has committed itself to total privatisation of the parastatal sector" (Kaunga, 1994; Kaunda, 2002). In 1992 the Zambia Privatisation Act was passed, establishing the Zambia Privatisation Agency (ZPA) which was charged with the task of privatising Zambia's vast SOE sector.

In order to ensure that privatisation succeeded, a number of legislative amendments were introduced so as to make it possible to sell some of the state-owned enterprises, most of which also owned other assets (including land and residential properties). A number of these were statutory bodies, established under special acts of parliament rather than being governed by the Companies Act. To facilitate the wider disposal of state-owned companies, the Zambia Privatisation Act provided for the sale of a percentage of the shares of some companies, especially the large ones, to the public through the stock exchange. Since no stock exchange existed by 1992, it was established by the enactment of the Zambia Securities Act. The Securities and Exchange Commission was established in December 1993, and the Lusaka Stock Exchange in 1994.

Between 1993 and 2000 Zambia embarked on one of the most ambitious and aggressive privatisation programmes undertaken by any country in Africa. For example, by the end of 1999 most of the SOEs had either been privatised or liquidated, except the copper mines. By 1996 the World Bank made the observation that "Zambia has the most successful privatisation program to date and the experience there offers many examples of best practice" (World Bank, 1995). In 2000, after protracted negotiations ZCCM (the mining conglomerate) was privatised and broken up into small mining entities. The sale of the mining companies signified the completion of the privatisation programme in Zambia. But it should be mentioned that political procrastination over letting go of the mines was settled by donor pressure. IMF and World Bank conditionalities prevailed

on the Zambian government to privatise the mines and, despite rhetoric to the contrary, the decision was taken reluctantly (Interview with a former cabinet minister, June 2002).

What then has been Zambia's experience with privatisation? Like in many African countries that decided to privatise their SOEs, privatisation came with costs and sacrifices. Tangri (1999) identifies several challenges to privatisation. The first is the lack of public resources to pay outstanding liabilities of privatised companies, including severance packages for laid-off workers. Second is the difficulty to determine the correct value of the public assets for sale. In many cases, SOEs were sold at below market prices. Third is the problem of finding buyers with the required capital, technology and expertise, especially given the limited development of an indigenous private sector. Lastly, privatisation tended to favour political cronies, most of whom lacked requisite capital and expertise to run the companies they bought.

The Zambian privatisation experience faced strong political opposition from those in government who feared that they would lose their political leverage, and from the organised trade unions who saw the aim as mass dismissal of workers. To be sure, privatisation poses a threat to the patronage opportunities of political leaders whose capacity to consolidate their positions may be undermined. Thus within the MMD government there were serious divisions regarding whether or not the mines should be privatised and how they should be privatised. It even saw the dismissal of some ministers who advocated a different approach.

The main challenge that faced privatisation was how to deal with workers who would have to be laid off. It was clear that the government lacked the money to pay severance packages, and it was unclear as to who would foot the bill. As it turned out, trade union fears were justified. Despite promises from donors, there was no money to compensate those who had to be laid off. At least 50 000 people were laid off either through voluntary retirement or dismissal following privatisation. More than one-and-a-half decade after privatisation, there are still thousands of former workers whose termination benefits have not been paid. Even court action has not helped, as government has only promised to pay when it has the money. Many of these people are believed to have died before getting their benefits.

The other problem that dogged Zambia's privatisation exercise has been the offering of SOE assets to unqualified investors. The case of Roan Mining Corporation of Zambia (RAMCOZ) is still very fresh in the minds of many Zambians. The Luanshya mine was sold to Binani Group, an Indian company with no previous experience in copper mining or mining ventures. After only months in the operation, the company failed to pay workers' salaries, and resorted to stripping the company of its fixed assets as a way of raising capital. It was bailed out by the Zambian government in a somewhat bizarre solution to a problem of a privately owned company. The Zambian government not only offered to provide credit to RAMCOZ, but also offered to pay the salaries and arrears of the workers. Even with this offer, the owners of RAMCOZ failed to operate the mine, and it was subsequently repossessed and sold to a different investor.

Several studies on Zambia's privatisation process note that it lacked transparency, involved corruption, and that negotiators may have sold some assets at give-away prices. For example, the sale of Zambia's biggest mining company for US\$35 million (considered to have been well below the market price) may have been influenced by political and personal factors. Craig (2001) has argued that Zambia's privatisation process was not handled well, with negotiators lacking technical capacity, and that the final deal may not have been in Zambia's national interest. However, despite these shortcomings privatisation has reduced, if not eliminated, government's burden of having to bail out loss-making entities. It has also introduced more competition and enhanced efficiency in the sectors concerned. There is now better and more production of goods and services, whereas at the height of Zambia's SOE sector the country was faced with acute shortages of goods and services. The situation changed remarkably after privatisation, with improved production and availability of goods. But the social costs of privatisation remain and will still need to be addressed.

It would be wrong to say that privatisation has been a panacea for Zambia's development problems, but nationalisation may not have been the answer either.

Lessons for South Africa

There is a raging debate in South Africa today regarding nationalising the mines and re-nationalising strategic companies that were once under

state control. In particular, the debate advanced mainly by the Congress of South African Trade Unions (Cosatu), South African Communist Party (SACP) and the ANC Youth League (ANCYL) is that given the fact that the mines and energy companies are strategic to the South African economy, they should be placed under state ownership. It is also argued that state ownership is in line with the ANC's Freedom Charter and its re-distributive programme. I will not dwell much on South Africa's internal or domestic debate. Suffice to say that the role of the state remains relevant even in the era of private ownership of the means of production. What is important is to strike a balance between creating new income through improved resource allocation and market efficiency, and the advantages of re-distributing existing income through subsidies and public welfare transfers. In a country with glaring income inequalities, generalised poverty, and inherent racial iniquities, there is a good case for state intervention in the economy.

But the caution should be given that it is better to start new experiments than to repeat the mistakes of the past. There is ample evidence to show that there is nothing inherently wrong with nationalisation. It is possible for SOEs to operate profitably and efficiently. There are numerous examples of successful and well-run SOEs in the developed world. But the African experience shows that both external and internal factors combined to thwart nationalisation. In particular, the use of political patronage and political interference in state-owned companies were by and large the reasons they failed. Is South Africa a special case?

I do not believe in the argument of South Africa's exceptionalism. In the one-and-a-half decades since South Africa attained political freedom, it has come to behave like any other African country. The politics of patronage and cronyism is prevalent. The idea of political deployment has contributed to a lowering of efficiency in SOEs. The ruling ANC has adopted more populist postures to stay in power. Given the current poor performance of the SOEs, there seems to be no justifiable reason for the state to take on more responsibilities. It is clear that most state companies are loss-making and survive by subventions from the treasury.

The lesson that South Africa can learn from Zambia is that when the state cannot efficiently and competently run enterprises, they have to be left to the private sector. Unlike South Africa, Zambia had a very small indigenous private sector

at independence, and the decision to nationalise was meant not only to localise the economy, but also to fill the gap created by the absence of an indigenous entrepreneurial class. This is not the case with South Africa. The country has a well-established, competent and entrenched private sector. South African capital has even become international, and is now playing significant roles in the economies of Southern African and other African countries. To try to nationalise under the current political economy would have far-reaching political and economic repercussions for the country. To re-nationalise formerly state-owned companies would need to be based on a nation-wide consultation and a national consensus. For companies that were privatised and cannot make profit or deliver services, there is a need to revisit the criteria used for nationalisation in the first place.

While the intention to re-think privatisation may be noble and in the national interest, I doubt that the current ANC leadership will be able to use SOEs to generate employment and guarantee the re-distribution of wealth. It is now widely acknowledged that SOEs have had a negative impact on African economies. Based on Zambia's experience, it can be said that most of the country's economic difficulties were as a result of excessive state intervention in the economy. Today, many politicians and bureaucrats no longer favour the idea of the state engaging in business. As a former Zambian Finance Minister once said, "our experience... shows that the state is incapable of managing commercial activities and that bureaucrats cannot run business enterprises" (Southern African Business Intelligence, 1995: 6).

Conclusion

While there may be good reasons to consider nationalisation in the South African context, there does not seem to be a compelling case for it. A mixed economy with a strong social democratic focus is best suited for South African conditions. It is recognised that the ANC has always had a social democratic agenda, but this may not be easily realised through the nationalisation of the mines and the re-nationalisation of some of the companies. The current failure of SOEs in that country does not give optimism that there will be capacity to efficiently and profitably run state companies at the present time. Pressing hard on that may result in disinvestment and capital flight. This happened immediately before and after the ANC came to power, as some factions of local and

foreign capital were unsure of the intentions of a black-led government. They went to markets where their investment was secure.

There are other ways of realising re-distributive justice in an economy such as South Africa's. This can be done through innovative taxation policies and state regulation. It is my view that patronage has come to dominate politics in South Africa, and any suggestion of nationalisation will only provide opportunities for the political elite to use SOEs for political purposes. To be sure, South Africa's contemporary political economy is rooted in its apartheid past, when the apartheid regime used SOEs to further the political goals of the regime.

Unlike East Asian elites of the same period, who are perceived as having been strongly oriented towards developmental goals, African post-independence elites appear to have been motivated more by political and personal concerns than by economic and social development. As Tangri

(1999: 9) has correctly observed, "from the very onset the new leaders were concerned with the twin concerns of staying in power and building an economic base for themselves". There is no doubt that power brings with it unlimited opportunities for attaining wealth in a context of extreme scarcity and poverty and limited private accumulation. These are the conditions obtaining in South Africa, which would make the realisation of re-distributive justice through nationalisation almost unattainable. The idea of "politics of the belly" described by French scholar Jean-Francois Bayart does not exclude the South African elite (Bayart, 1993).

In the end, domestic political imperatives should be taken into account in determining policy decisions on whether or not to re-nationalise. If state intervention is found to be desirable in South Africa, then ways have to be found to reduce the impact of the specific nature of politics, namely patrimonial governance, which has proved so detrimental to countries like Zambia.

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Nationalisation in Zimbabwe by Arnold Sibanda (Research Fellow, Department of Agrarian and Labour Studies, University of Zimbabwe)

I would like to make a few important preliminary remarks on some of the issues raised yesterday, especially by Dr Simutanyi. One interesting thing with Zimbabwe is that when Samora Machel said to Mugabe “don’t do what I did”, Mugabe did not do what Samora Machel did. It was only much later that Mugabe, due to a number of developments on the Zimbabwean political scene and after suffering severe political losses, resorted to forced land takeovers.

Interestingly too, despite much radical talk, there has not been and there is not any direct call for nationalisation in Zimbabwe. You will be surprised to hear this, but there has not been and there isn’t. So what does this mean? There is talk now about indigenisation, which people might say is another form of nationalisation, but I think the definitions given by Dr Simutanyi yesterday were quite telling. If nationalisation means state takeover and determining the course of production and the ownership of that, and it is the same definition gathered from the ANC Youth League and the NUM’s presentations yesterday, then we have not seen anything of the sort in Zimbabwe.

There have been threats from Mugabe, especially after the loss in the referendum vote of 2000, and there was an unleashing of land takeovers and attempts, even threats, to take over some industrial companies, manufacturing and so on, but these led to the resignation of the Minister of Industry and Commerce early in 2001 or 2002. There was no takeover, and there is no threat to take over mining.

Mining in Zimbabwe is regulated under the Mines and Minerals Act, which currently is before parliament for amendment to include the provisions of the Indigenisation and Empowerment Act. There are two important arms of government, which are parastatal organisations. One is the Zimbabwe Mining Development Corporation, which really is an organisation that manages joint ventures between government and private mining companies. These are joint 50/50 ventures where the government the company involved has managing responsibility. They have

been quite careful not to destabilise the mining sector. There is also the Minerals Marketing Corporation which is responsible for the marketing of all minerals in Zimbabwe. Now the problem that of course has arisen is that during the economic collapse in the last decade, most of the mines were just not functional. It is only last week that they paid something like US\$1 million in revenues to the state for the first time in ten years. They are only starting to come back to life now. There are interesting features which still puzzle me, and I do not know how we unravel them. For instance there are joint ventures with Russian mining companies and private companies and these are on a 50/50 basis. There are also joint ventures with Chinese companies. There is something interesting about China and we are still trying to understand what the dynamics are in this case. The Chinese investors are private capitalist organisations and they operate like free enterprise organisations, but they are state-owned companies. They are state-owned companies that operate like free enterprise organisations. When they enter into joint ventures with the Zimbabwean government, they usually demand state protection. This is interesting because it is not quite clear whether these are public-private sector partnerships or public-public partnerships, or even state-state partnerships.

Having said that, let us have a look at the indigenisation and empowerment debate. I will restrict myself to mining although this debate has been wider. On 26 March 2010 the Minister of Indigenisation walked out of a meeting with stakeholders. These stakeholders were mainly white business people who considered the law to be racist. A white university professor and consultant for this group called it a worthless piece of legislation, and that infuriated the minister who claimed that the legislation was not racist. Unfortunately when you read the indigenisation legislation and its definition of who an indigenous person is, this definition is in fact racist, and some people in the establishment are aware of this and they are worried. Interestingly, the most vociferous person has been Governor Gideon Gono, who I am sure those of you in Southern Africa would know as

the driving force behind the collapse of the economy, and the one who gave a lifeline for the survival of Mugabe's regime. He is not happy with this Indigenisation Act and has called it racist insofar as it does not take account of Asians and people of mixed race. Suppose a white person felt that before 1980 (the year of independence) he was not privileged. It would be difficult for that person to prove and to win a case, because the definition is that he is not part of those who were disadvantaged prior to 1980. That is its big shortcoming. It is so defined because the idea is to seek to correct a historical injustice against black people. We can debate that, but I think we cannot deny that black people were disadvantaged. Although we could have evidence to prove that not all of them were, the majority were. But there were certain sections that did gain and were not totally underprivileged.

There is also the question that the law itself, although it may be a noble cause, containing racist overtones as it does, is coming at the wrong time. How do you talk of indigenisation at the same time as you are trying to get inflows of capital to rebuild an economy that has virtually collapsed? Apart from the fact that we are seeking to get inflows of capital and to rebuild local capital, this is a moment when there is a focus on Southern Africa, particularly South Africa, given the World Cup soccer thing. As the world is focussing on the region, many people are arguing that it would be best to have a focus on Zimbabwe's positive attributes rather than on the others such as this law, and that the timing is unwise for this. This law also comes at a time when the government is sending all kinds of signals and despatching delegations abroad to try and get the sanctions lifted. Characterising Zimbabwe's mining sector is a lot of very small-scale mining operators and these are unlikely to gain from this law, the reason being that the country is broke, and the small mining companies themselves are broke and for them to succeed they require capital.

The big mining companies like Rio Tinto, Metal and Gold, Anglo Platinum, South Africa's Impala Platinum and others were not amused at the beginning. We have to note therefore that the timing of the introduction of this legislation, and the policies around it, is unwise. These big companies had a shock, and their perception was that the Zimbabweans are going to do what they did with the land. Some of the mining companies subsequently announced that they were putting on hold

their expansion projects until the situation was clarified. Now if such companies do that, it means that others the world over would also put whatever had been negotiated (or what they were thinking of in terms of capital inflows or expansion projects) on hold. Someone from the newly resuscitated AZAPU party made an analysis of what actually happened after this law was put into effect, and claimed that within the first three weeks of the introduction of the Act there had been a loss of about \$3 billion in potential investment.

Now obviously as things developed it became clear that only a section of this supposedly inclusive government was responsible for introducing this indigenisation and empowerment law. It was actually passed in parliament before the new inclusive government came into being. It was passed by ZANU-PF, at a time when the party was the majority party in parliament. ZANU-PF has had the tradition of having very little consultation, and where there is consultation it is purely academic. So the Indigenisation and Empowerment Act was passed without any national debate, and when the political agreement was reached, bringing about the current inclusive government, it was agreed that things such as this Act would not be implemented without agreement by the new government. However, as you know, in Zimbabwe there is one segment of government which really thinks it has the power and is infallible. The prime minister has protested against this law, but the minister responsible would not budge, stating that it is law. The Minister went ahead to have the law put into effect, but the nation could not keep quiet. That is one thing, at least, that has been brought about by the establishment of an inclusive government – people have become brave enough to take on the government, and to warn that they do not want to see what happened in the case of land reform being repeated in the mining sector. That is why you hear Governor Gono coming out – he is really reflecting some of the views that exist even within ZANU-PF. There is no unanimity within the ZANU-PF over this law. However there are hawks (who Governor Gono describes as political vultures) who want to play the same game that they played with the land issue. This situation has strengthened the arm of the other partners in the coalition government. The Tsvangirai MDC factions have become strong enough to actually push for a debate and for consultation before implementation. Parliament could not ignore this, so it set up parliamentary committees to go around the country and hear the views of the

people. Overwhelmingly across the country, people simply said we do not want to see this thing, and expressed their distrust of those who are spearheading this Act, given what happened with the land reform process. Frankly there is not a single communal area in Zimbabwe that is decongested since the land reform process was started. We know and we have seen that the land is actually concentrated in a few hands of those in the ruling clique. That is why they have not been in favour of a land audit. That is one of the reasons why they are opposed to the appointment of this deputy minister, the MDC's Roy Bennet, because once he is appointed they might not be able to hide the situation of land ownership, especially if he goes ahead with a land audit. The audit will bring out the whole lie about land reform as peoples empowerment.

With this kind of thing in mind, people simply said that they cannot trust empowerment in the hands of those who are spearheading it now. So there has been vigorous debate and opposition, and the minister has been forced to be careful in his implementation. Even if he's still making public pronouncements that the law is the law and it is in effect (which is true), in the practise there is a sobering up. The fear of corruption in the implementation of this Act is so strong amongst Zimbabweans because the bulk of the population is poor, and there is nothing in the Act about being broad-based, except some populist platitudes and rhetoric to the effect that the programme is focused on uplifting the standards of the general population.

One analyst encapsulated the fears of Zimbabweans thus, and this is somebody writing from here in South Africa: "This is a strategy to complete the Zanufication of the economy and enrich a few political elites. ZANU-PF has a serious accumulation agenda that goes beyond the present political interregnum". This is true. It is a question of accumulation in a very blatantly racist and repressive way. The corruption is mammoth. There has been widespread asset stripping of parastatals, even of the state-owned mines established to enter into joint ventures with private companies. It is not surprising that the law's orientation is toward giving access to Zimbabweans who are already rich enough to buy shares in big companies. Not everyone was impoverished by the economic collapse in Zimbabwe. There are people who made a killing. If you go into Harare, you will wonder whether this is the same country where people were dying in thousands due to

cholera. You will see some of the most impressive houses being built, beautiful brand new cars and the latest models. These are the people who would be best placed to buy these 51 percent shares that the new law is calling for.

The fact that the Act has as its primary objective the transfer, as opposed to creation, of wealth betrays the entrepreneurial laziness and a serious lack of innovation among the ruling clique. You can see this even with the land issue. A lot of productive land was taken over, and some of it taken at the point of harvest, but what was harvested from there never went to any state reserves. It is not clear what happened to the horticulture, the maize and other produce as well as the irrigation and other equipment from the land that was expropriated.

The farms were actually stripped, and some of the items were heard of and seen as far away as Zambia. This was not because the farm owners stripped the farms and went away with these items. It was the people who took over these farms who know about the stripping of those farms. As in the case of the post-2000 land seizures which led to multiple ownership of farms by individuals within the ruling elite, this Act is meant to accommodate political elites who want to own businesses instead of promoting business and helping those want to do business. This is the same phenomenon of "comrades in business" as is happening in South Africa. One is in business not because of entrepreneurship but because one is a comrade. One has farms not because one is a farmer but because one is a political comrade, and therefore farms become derelict. The fear is that this might happen with the mining industry. The Zimbabwean advocates of this law appear to have started making amendments, not to the law itself but in the implementation of the law, in order to address some of the points raised above, especially its deficiency in the issue of broad-based development. The minister responsible said recently that this is going to be a broad-based policy, based on our understanding of the need to empower the majority.

A Sunday newspaper reported recently that the revisions which were forced on the minister by the Movement for Democratic Change (MDC) of Prime Minister Tsvangirai had to be taken to the Council of Ministers, which Tsvangirai chairs. If you look at the Zimbabwean government's Bill Watch to determine whether or not the prime minister actually has power over this law, you will

find that there is nothing. He only has to play a political role, legally he has nothing. The minister can simply implement it even without bringing it to the Cabinet. He can bring it to Cabinet for purposes of information, not for approval. So it was only through political acumen and mobilisation across the nation that the minister was forced to make a retreat and to adopt the notion of broad-based empowerment. The MDC, like Gideon Gono and other stakeholders, said that this law cannot be applied in a blanket manner to every company and every sector, in terms of the 51 percent local ownership within five years.

So there seems to be an agreement that this law will be sector-based, with different sectors using their own systems to develop specific thresholds for their sectors, and developing their own timeframes for the implementation of their thresholds. With regard to the 51 percent local ownership, it appears that for some sectors it may be one year, for others 25 years, depending on what the stakeholders in that sector deem best. This was what Governor Gono had suggested as early as 2007, when they were putting this law together, and they ignored him. Gono represents a strong lobby within the establishment, but the hawks ignored him.

Let me say a little bit about the person who is actually spearheading this law. He is a former Central Intelligence Organisation (CIO) operative who made his fortunes overnight, and has been for a long time in the black empowerment leadership. When he entered government he became the right-hand man for the president, organising the youth and turning them into thugs who are prepared to kill. This man came from the CIO into the Ministry of Youth, and then into empowerment deals. The indigenisation law establishes a national indigenisation economic empowerment fund, which is supposed to provide loans for acquisition of shares, business, and start-up rehabilitation as well as expansion, while the Zimbabwe Stock Exchange will be available for indigenous citizens to buy shares. Also the minister said there will be programmes like employee share ownership schemes. These things sound good in theory, but not in a dead economy like Zimbabwe's. Zimbabwean workers' earnings are extremely dismal today - some often go for three months without pay, and they still come to work to get paid a salary of \$50 or \$60.

Besides the current problems pertaining to different players in diamond mining, and the suspicious role of government officials, the Minister of Mines

has engaged in unprocedural ways of improperly licensing companies and illegally appointing Joint Venture Company Boards over and above the authorised Zimbabwe Mining Developmental Corporation. What happens is that with the mining organisations that are under the Zimbabwe Mining Corporation, the Boards are not appointed by the minister. Nonetheless the minister went ahead and appointed people onto the Boards of diamond mining companies at the time when mining had become a scandal in the Chiadzwa diamonds operations. There have been deaths, murders and so on, as well as thefts of diamonds which have found their way onto the black market. The minister's palms appear to have been greased by shadowy companies from South Africa. He has refused to appear before a parliamentary committee to explain what is going on and his activities and relations with these mining companies. He also ordered the companies not to appear before the parliamentary committee. He was refusing to appear before parliament until the Attorney General said that he must or he would be arrested, as refusing to appear was illegal. When he eventually appeared before parliament, he insisted that this was *in camera*. This is a minister who has suddenly become very rich, buying properties in Bulawayo and Victoria Falls, and paying for these properties in cash.

Because many people in Zimbabwe opposed the Act, its implementation appears to be under review. The mining companies are no longer as scared as they were at the beginning. This is because they have seen that the nation has risen up against this. The mining companies are happier with 10 percent as a minimum, and together with other empowerment schemes the figure might reach about 15 percent. There are other programmes like corporate social responsibility programmes, building infrastructure, hospitals and housing and uplifting the communities. These are the social responsibility programmes which the mining houses have put up. The mining companies are insisting that they be credited in terms of their empowerment programmes and the government appears to have agreed to that. It would appear that there is some sanity beginning to prevail, but the point is that the Act is still in place. Who knows, maybe Zuma has put pressure on the Zimbabwean government to avoid hostilities and ensure political stability because the Football World Cup event in South Africa. This might be just for Zuma and the World Cup. What happens after the Football World Cup is over? Mugabe might go back to his old tricks.

Nationalisation in Namibia by Professor Nico Horn, (Dean, Faculty of Law, University of Namibia)

As in Zimbabwe, there is no debate on nationalisation going on in Namibia, and there has not been one for the last 20 years. This can be ascribed to several things. The one is that there are two liberation movements, South West Africa People's Organisation (SWAPO) and South West Africa National Union (SWANU). SWANU is now back in parliament with one seat after 15 or 20 years, and they claim to be the only political party in Southern Africa that is still socialist in terms of its political ideology. So we are excited to have them back in parliament as they represent a different way of thinking.

Both SWAPO and SWANU came onto the African political scene quite late, and although Namibia (or Southwest Africa as it was known then) was still under South African rule in 1956, at the Congress of the People in South Africa there were no representatives from Namibia. Although SWAPO, like many liberation movements in the 1960s, expressed bias towards socialism, if you read through their policy documents there are no clear indications as to what they really meant in terms of the implementation of a socialist state after independence.

There may be another historical reason as to why SWAPO was never really interested in the nationalisation of mines in Namibia. Since the German colonial era, all minerals were considered to belong to the state, and I am sure this played an important part in determining SWAPO's policy position on this issue during the liberation struggle. This understanding that the minerals belong to the state survived the South African colonial rule period. The Mines, Works and Minerals Ordinance that was changed several times, eventually confirmed in 1968 that all minerals belong to the state and are national assets. If you read SWAPO's policy documents in exile, they show that the party supported the same position that the minerals are state assets. After independence the new government could easily pass legislation to ensure that the country's minerals are used to the benefit of all the people. Interestingly, a recent Master's dissertation by the country's founding father, former President Sam Nujoma, seems to

suggest that he was critical of the argument for the nationalisation of the mining industry even during the time of the liberation struggle. In his dissertation, which concentrates specifically on the DRC, he argues that private initiative and private capital is needed for progress in the mining industry.

After independence the Namibian government consolidated its stance on the role of private enterprises in the mining industry, at the same time actively promoting and working towards the possibility of joint ventures with private mining companies. The mineral resources policy which came a few years after independence gives us a clear indication as to what the thinking of the SWAPO government was in terms of their mining policy. An excerpt from this policy reads:

"The government recognises the important contribution of the mining industry to the social and economic development of Namibia. The industry has been a significant part of the economy since the turn of the century. Namibia is fortunate to host a wide range of mineral deposits, a number of which are considered to be world class such as diamonds and uranium. In addition, we are blessed with other mineral resources such as gold, base metals, industrial minerals and a wide variety of semi-precious stones."

Another important section of the policy reads:

"To achieve a sustained contribution of the mining sector to the economy the government has created a conducive and enabling legislative, fiscal and institutional environment to attract private sector driven exploration and in which mining companies can thrive. The Ministry of Mines and Energy has taken steps to revitalise and promote the mining industry through reviews of mining legislation and formulation of a minerals policy that will further enhance Namibia as an attractive investment destination."

So what you see here is that the Namibian government from the outset took a stance that at least the basic structures of the mining industry should be in the hands of private enterprise.

Now here's another piece out of the policy:

"The government of Namibia recognises that the exploration and development of its mineral wealth could be best undertaken by the private sector. Government therefore focuses on creating an enabling environment for the promotion of a private mining sector."

These things seem to be clear about the policy of the Namibian government, the SWAPO government, as far as mining is concerned. First of all is while government may see some role for itself in the mining industry, the exploration and development of the mining industry is seen to be best left in the hands of the private sector. And secondly, the government expects the private mining industry to make a contribution towards the social development of the Namibian people.

Now if we move to the Act itself, it basically builds on the colonial legislation of German times, and like in the times of the South African occupation, the minerals are seen as part of the assets of the nation and belonging to the government.

Let me just read section 2(b):

"Subject to any right conferred under any provision of this Act, any right in relation to the recognition of prospecting for and the mining and sale or disposal of the exercise of control over any mineral or group of minerals vests notwithstanding rights of ownership of any person in relation to any land in, on or under which any such mineral or group of minerals is found in the state."

This statement basically says that everything under the ground belongs to the state. The Act also says that control over minerals may also be extended to clay, sand, gravel and other similar substances. The Act seems clear that the government also wants to play a role. It makes provision for the possibility of joint ventures and for the appointment of a Mining or a Minerals Board which will consist of both members of government and the private sector. It is also interesting that already in 1985 the Administrator General of South Africa, during the time of the so-called transitional government, made an Attorney General proclamation (AG 31 of 1985), in which the then transitional government entered into an agreement with Rossing Uranium Ltd for the government to obtain shares in Rossing. So already at the time of independence there was movement towards joint ventures between government and the private sector.

The big mining giant in Namibia (also in South Africa), De Beers, also entered into an agreement with the Namibian government in 1994. In terms of this agreement they created what is now known as Namdeb with each party having 50 percent shares. Namdeb's predecessor, Consolidated Diamond Mines, was a wholly owned subsidiary of De Beers until 1949. With this joint venture and the 50 percent share in Namdeb, the Namibian government got more or less 40 percent ownership of the diamond industry in the country.

What is interesting, however, is that the role of the Namibian government is extremely limited. The government participates with de Beers in appointing a Mining or Minerals Board consisting of appointees from the Namibian government who are predominantly from the private sector. So even in terms of the representation of the Namibian government in the Board, it is not government bureaucrats who are appointed – it is people sympathetic to the SWAPO government but not bureaucrats. The government and de Beers are jointly responsible for appointing the Managing Director, usually a Namibian and someone who can be trusted with the policies of the Namibian government, but again not a bureaucrat. For the rest – the administration, the exploration, and all the mining activities – it is left to the experts in the private sector, while the government plays an insignificant role.

It may be that whenever there is a real struggle for power or a disagreement, the Namibian government may use its power in the Board to effect their voice or force Namdeb to move in their direction, but in the last 16 years this has never happened. So it is not clear how to characterise these ventures. They entail participation and government involvement, but obviously not nationalisation in the sense of government taking control of the running of the mining companies and processes. If one takes into account the fact that the diamond industry is the biggest in Namibia, and that 7 percent of government revenue comes from the mining industry which contributes more than 10 percent of GDP, then it is clear that the participation of the government in the mining industry is very limited. What is important is the way in which the government involves itself in the diamond industry.

In 2001, the big uranium company, Namibia Rossing, announced that it would leave Namibia by 2005, and that the uranium fields were more or less exhausted. However, recently Namibia Rossing announced that it would continue to operate in Namibia at least until 2025. Now we have what is

known in Namibia as the new uranium rush, with companies from all over the world, specifically from Canada, Russia and Australia, exploring the uranium fields on the West Coast of Namibia. In order to get a grip on what was going on in the mining industry on the West Coast, the Namibian government created a new company known as Epangelo mining. Apparently in the indigenous Oshavambo language the name means government. Now, unlike the agreement with De Beers which led to the establishment of Namdeb, Epangelo is administered by the government itself, through its own Board with its own Executive Committee, and operates as an independent company. Yet again the government is not really interested in direct involvement in mining. The government is merely establishing new joint ventures with foreign companies already in the country and seeking to mine uranium.

Epangelo has already entered into a number of relationships with companies such as Ariva (a French group). Ariva is deeply involved in the uranium rush at the moment. Another partner is an Indian company that seems to operate on the same basis as the Chinese companies that Arnold Sibanda was speaking about in case of Zimbabwe. The company acts as an independent company but enjoys very strong ties with the Indian government. There is also a Russian company called Atomredmetzoloto which is prospecting in the Kleine Spitzkoppe area, situated east of the uranium mining fields. The Namibian government's company has already entered into a 50 percent joint venture with the Russian company. A number of other companies, including one Russian bank (called Finestor Bank) and Canadian and Australian mining companies have also entered into partnerships with Epangelo. These ventures seem to be slightly different from the arrangement relating to Namdeb, although the outcomes seem to be the same in that these joint ventures are essentially hands-off as far as the administration, exploration and basic mining procedures are concerned. The government company opts for a 50 percent shareholding, which means that it does not control operations but is not under control of its partners either. The ultimate result seems to be akin to "double taxation", where apart from the taxes that they pay to the country, they also pay 50 percent of company earnings to government.

These processes have been criticised in the press as being concealed nationalisation or an oppressive way of forcing foreign investors to pay more than what is expected of them. However, the government has been successful in avoiding controversial

notions such as nationalisation, and is still attracting strong investor interest in Namibia and creating an environment where foreign mining houses are willing to participate in the economy of the country. Clearly the government enjoys a strong position within the mining sector, and the 50 percent share entitles it to intervene if anything goes against its interests. In terms of the new joint ventures the government does not get involved in the appointment of managing directors, although it does get involved in that the appointment of the Namdeb managing director is somebody supported by the Namibian Government.

So the current debate about nationalisation in South Africa seems to suggest that the central issues is not really that different from what is happening in Namibia, in the sense that the ANC Youth League is not rejecting the involvement of private sector partners. The difference seems to be that the Namibian government is deliberately and consciously leaving the responsibility for the actual mining part of the joint ventures in the hands of the mining houses. In the case of South Africa, it would appear that there is a strong feeling that the government should also be involved in the actual running of the mining ventures. This is something that the Namibian government has explicitly said it is not interested in.

In conclusion, it seems to me that the Namibian approach could serve as a good practice case for South Africa, as it is a compromise between nationalisation on the one hand, and (on the other) providing an environment for the private sector and free market enterprise to co-exist, with government merely responsible for licensing and supervising the process, without any direct involvement in the operations. The compromise gives the government some extra income without raising taxation to such an extent where investors are afraid to invest. At the moment this approach seems to be working well in Namibia. The only criticism comes from environmental organisations who believe that whenever the government is involved, the mining inspectors are reluctant to challenge the plans of the mining companies on environmental grounds and on protecting the rights of others to resources (such as access to water). Criticisms have also been levelled on the issue of protection of traditional land rights, especially when mining operations are being licensed on land belonging to traditional authorities without full consultation. What the critics are decrying is that the presence of the government often makes it difficult for these decisions and operations to be challenged by communities.

Nationalisation in Angola by Albertina Delgado (Programme Officer, Open Society Initiative for Southern Africa, Angola)

Since independence Angola has had a lot of industries that stopped production, with proprietors and technicians leaving the country. As a result of this, the government felt it necessary to re-organise the economy, particularly those sectors that had experienced stoppage of production and economic activity. In 1976 the government promulgated a piece of legislation (No. 3 of 1976) to confiscate and nationalise these industries.

The intention of this legislation was to resolve many of the economic problems that Angola was facing, especially in the industrial and manufacturing sectors, and also in the mining and service sectors. There are three basic reasons for the introduction of nationalisation in Angola. The first reason was an attempt to solve some of the problems encountered in those industries that had stopped production after independence. The second reason was that this was a strategy of the ruling party to develop a plan to manage the country's economy. The viability of the plan depended on political leadership regaining control of the country's economy through nationalisation. The third reason for Angola's nationalisation process was because it was necessary for the ruling party to obtain the necessary financial resources through possession of these companies. The assumption was that with possession of these assets would come control of enormous economic and financial resources in the economy.

The process of nationalisation did not affect all companies, nor did it affect all of the capital that was invested in Angola before independence. The nationalisation process only affected companies of Portuguese origin. In other words the nationalisation process affected Portuguese capital only, while non-Portuguese capital remained safe. For instance when the nationalisation process was implemented in 1976, a mining company called Diamong had about 77 percent of Portuguese capital. This capital was nationalised, while the capital from De Beers Consolidated, Morgan Trust Company and Swiss Bank Corporation was not nationalised, and this was published in an Act of Parliament at the time (Act 61 of 1977).

At the beginning, the government's nationalisation process did not differentiate mining from the man-

ufacturing sector, which was strategic to the country's economy. Only in 1978 did the government treat manufacturing separately, and specific laws were passed to deal distinctly with the oil and diamond sectors. Therefore all the companies nationalised between 1976 and 1978 were treated in the same manner as all manufacturing industries and those in the agricultural sector. These industries were organised into a unified economic sector called UEE. Translated into English this means "State Economic Unities". This was a disastrous decision because it combined several sectors of the economy under one control of the state. When it became clear that this decision could not achieve the level of productivity that Angola had achieved before independence, the government started the process of separating these industries with the promulgation of the laws governing the oil and diamonds industries. Accordingly law 13/R78 of 1978, governing the petroleum industry, and law No. 5 of 1979, designed to govern the mining industry, were introduced. Also, these two pieces of legislation enshrined in Angolan law the fact that all mineral resources were exclusively owned by the Angolan state.

As part of these two pieces of legislation, the government created two state-owned companies, one (Sonangol) in the petroleum industry, and another (Endiama) in the diamond mining industry. These two companies were responsible for giving concessions and receiving royalties and taxes on behalf of the state, and were responsible for passing on tax and other revenues to the government. They had also decided that the two laws would not be adequate for dealing with international exploration companies that came with their own workers, which was not benefiting Angolans in terms of employment.

As a result of this, the government promulgated a law (Act No. 20/82) in 1982, in terms of which all international companies were obligated by law to train Angolan technicians. That meant that all the foreign companies not only had to provide training to local workers, but also had to reduce the proportion of their workforce coming from outside of the country in order to increase the workforce within Angola. The law also obliged all Angolan citizens who had benefitted from the

training provided by these international companies to sign contracts stating the amount of time spent working for these companies.

Even after the passing of this legislation, Angola was not able to ensure that sufficient numbers of Angolan citizens benefitted from foreign mining companies operating in Angola. As a result the government adopted the policy of indigenisation, or Angolanisation, of the mining sector. In terms of this process, the government created three regimes of participation in 2003. One was called the regime of exclusiveness, which meant that in these areas the mines could only be owned and operated by Angolan nationals. The second regime was created to enable limited or partial competition. This was essentially a regime that allowed for private sector involvement to enable the sectors concerned to benefit from private sector capital and know-how. Also this regime allowed for joint ventures between Angolan companies and foreign companies. The third regime that was established was a competitive regime so that competition in those sectors that needed intensive capital investment and high levels of expertise were ensured of high levels of productivity. This high-competition regime was almost exclusively dominated by foreign and international companies, especially in the exploration of new areas of production, including research and development.

Again, after this law was passed and the changes were introduced, the government still felt that this was not enabling it to achieve its key policy and political objectives. Therefore the government introduced another law in 2002. This law forced all the mining companies exploring in Angola to contract local nationals in the area of exploration. This new law appeared to achieve some positive effects, because it extended beyond the mining sector to other sectors. The government forced companies to prioritise people who were born in Angola and had Angolan nationality. This was enforced in other sectors such as banking and manufacturing. Now almost all companies operating in Angola are obliged by to recruit Angolan nationals in their workforce as a prerequisite for operating in Angola. This applies to all sectors, including the oil industry.

Despite these legislative and other policy changes, it is still the case that the people who are more likely to benefit from the nationalisation of the mining industry are those with university levels of education. In Angola, only about 3 percent of the population has attained university education, which restricts broad-based access to the mining sector.

In terms of the benefits accruing from the nationalisation of the mines in Angola, firstly the legislative framework created by the government increased control of mining sector. The government now has legal power over this sector. This means that the government can force international companies to do what it wants. Another benefit was that there has been a significant increase in the number of Angolans involved in mining as well as other sectors of the economy compared to the 1980s. From 1990 to 2009 these numbers have gone up significantly.

Together with the benefits of the nationalisation process in Angola, there have been downsides. One of them is that once it became clear that the levels of productivity last achieved before independence could not be reached, the government invested only in the mining sector; it made more concessions and issued more licences for exploration of oil and minerals, to the exclusion of other sectors of the economy. That meant that the manufacturing, agricultural and other sectors were neglected and their productivity declined considerably. These sectors have never been able to achieve the levels of productivity achieved prior to independence. The country lacked an effective plan to utilise the resources from the oil and diamond revenues to develop the declining economic sectors. Many of the state-owned industries became unproductive and could not provide the revenue the state needed to revive other sectors in the economy.

These difficulties have led the government to start re-privatising all the companies that had been nationalised. As in the case of Zimbabwe, the people who benefitted from the new privatisation process are mainly the generals, their families and politicians from the ruling party. Many of these people did not have or would not have had the necessary financial resources to purchase these industries or engage in the activities associated with these industries. It was only in 2008 that the government was able to build a state bank to support development projects, especially projects in the agricultural sector. The bank obtains its funds from the oil revenue. Even there, access to the bank funds is not open to everyone. In most cases, the people who have access to credit are the same politically connected families and individuals connected to those in power.

Another downside of the nationalisation process in Angola was that the state had the monopoly over information. In terms of the two laws referred to

above, there is a provision that does not allow international companies to publish the royalties that they are obliged to pay to the government. This is not good for purposes of promoting transparency and good governance in the Angolan economy. The process of nationalisation of industries has provided the government with sufficient legal and economic power, as well as control over the mining sector, which could be utilised to put pressure on the foreign mining companies to do more in providing social services to poor communities. However, the government is not using this greater economic and legal power over key sectors of the economy to ensure greater social upliftment of the poor. These companies are paying huge amounts of money in taxes to the government which could be used to provide social services to the poor. However the companies do not have control over how the government spends the money.

Discussion

Aubrey Matshiqi: The question is around the alternative. If we agree that over the last fifteen to twenty years we have been unable to institute processes of redress and we have the gaps in income growing, yet recently we have had a complete failure of capitalism and of the financial system of capitalism, but we cannot go to nationalisation because nationalisation has failed, where do we go? I am grappling with that. How do we then leap over the impasse?

Claude Kabemba: Dr Simutanyi, thank you for your presentation. I just thought that you would focus on why nationalisation in Zambia failed. I think that would have given us a clear picture because as you know Chile, Zambia and the DRC were the biggest producers of copper, and you will also know that Chile today continues to have a state-owned company that produces copper and sells it, and very profitably. I think the question of leadership is critical and needs to be raised.

Secondly, there has been a lack of investment in terms of improving technology and other similarly important things. You will also know that Norway has state-owned companies which operate as private companies and compete strongly on the market, not only in Norway but internationally. These companies are the best run oil companies in the world. I think that this is important. On the debate about privatisation in Africa, this was World Bank and IMF-driven, and it also caused serious weaknesses and crisis in those countries.

After many of these countries privatised, with the stripping of assets that happened for the benefit of investors due to these mining companies in Zambia having been bought at very cheap prices, the price of copper went up. The Zambian state is therefore losing on taxes and royalties. Regarding the World Bank and the IMF and their advice to our governments on matters of policies, this is something we need to start challenging.

Response from the panellist, Neo Simutanyi: On the first question regarding the alternatives, I would like to make it clear that there is nothing wrong with nationalisation. I think if the impression I have created is that nationalisation is bad, then let me correct it. Nationalisation and its goals of promoting development, bringing in technology, and localising the economies of these countries – these objectives are laudable. As Claude was saying, where the political elites have had a national interest in promoting these entities as business entities that are supposed to make money for the government, it has succeeded. There are successful state enterprises today in France, the UK, Japan and even in the United States. They still have the post office, which is very efficient. The banks in Netherlands are state-owned and efficient. So nationalisation per se is not a bad idea. However we need to look at the context in which we are discussing nationalisation. The context that we are looking at includes a leadership lacking in capacity to use state enterprises for public good.

In the case of Zambia, there were many, many reasons why nationalisation failed. One of them was the economic situation itself that contributed to the collapse of state enterprises. It was also partly the result of the international economic environment. There's nothing you can do about that. But when the economic environment changed, the Zambian economic policies did not change. They did not reorient these state enterprises to make them competitive. Instead they used them as cash cows and they became an extension of the public service. The people appointed in these entities were politically appointed, without proper qualifications. They were party loyalists. There were consequences from this. For instance there was no foreign exchange, no competition, as the economy was state controlled. All these things combined to make the state sector fail.

The World Bank is important as a factor, because it dictated what should happen. But also, there were other international factors, especially the demand for copper. Those factors did play a role

and affected the way the state enterprises were run, and at some stage there was no realisation that this is failing and something has to be done about it. These entities were allowed to run at a loss until some of them could not even be privatised, they had to be closed down due to liabilities.

So the poor performance of state enterprises, in the case of Zambia, serves as good reason for privatisation. If the state cannot run them, then definitely they should be privatised and given to people who can put money into them. Many of the mining companies in Zambia had very little money, and the government used them to finance political projects. This happened not only in Zambia. There are other places where political factors have played a big role, as part of patronage. In other countries, there are cases where there is no interference, and state enterprises were allowed to operate profitably. For instance in Ethiopia you have Ethiopian Airlines. Under Mengistu, who was a Marxist, the politicians never tampered with its autonomy and its efficiency, and it has continued to operate. However Zambian Airways was closed down because all the employees would travel free of charge, while civil servants travelled at half price. In the end it was not possible to sustain these enterprises. These pressures occur especially where you have governments that have to respond to popular demands to satisfy people with things such as employment, even where it is not necessary.

So the idea of state ownership itself is not necessarily a bad idea, but the context in which this debate is being discussed is important, especially in South Africa, where you have a certain type of dominance of a particular class. I heard today that there are class forces in favour of change. This needs to unravel in order to reveal the strength of this class that wants change. If this class was strong, then they would have had a very well developed social democratic agenda even as early as 1995. However up to now I understand you don't have a free educational programme in South Africa. Neither is there free health care, and yet this country is the richest country on the continent.

Llanley Simpson: I would like to know about the before and after of the nationalisation process in Angola. What is the difference in terms of the indicators for economic growth? For example, how did nationalisation affect the balance of payments? How did it affect the standard economic indicators that measure a country's growth? How did it affect the quality of life of ordinary citizens? Was there any impact in terms of disparities

between the rich and the poor in terms of the gini coefficient prior to and after independence? Was there any illegal mining or movement towards small-scale mining? Was there a greater or lesser exploitation of women and children in mining, both before and after nationalisation?

Judith Taylor (Earthlife Africa): What has been the effect of controlling the pollution created by the mines in these ventures, both in Namibia and Zimbabwe? I know there is a big problem in Zimbabwe. I am not sure about Namibia and Angola. Has pollution increased, is water being badly affected by this, and is agriculture also being affected? I know that this is happening here in South Africa and our mines are not nationalised. The remediation required in South Africa runs into billions of Rands and that is my major reason for being opposed to nationalisation of South African mines.

Strike Thokoane (Azanian People's Organisation): My question is for the panellist from Zimbabwe. What other forms of redress were being contemplated in terms of making sure that those things that could not be negotiated at the Lancaster House negotiations, like land, are given consideration? In Zimbabwe you had those who owned farms, not one farm but up to five farms, from the days of colonisation. And one farm in Zimbabwe is a huge patch of land. Then there was this problem of the land grabs. Was there any other way of effecting redressing and making sure that the people who do not own land are able to get their land back?

Response from panellist, Nico Horn: Regarding the issue of pollution, I have two books for you based on research done by the Legal Assistance Centre. They show that things are getting worse the more the government is involved. As I said, one of the problems is the protection of water rights in a very dry country like Namibia. The people on the ground feel that it is more difficult to challenge the decisions of the mining commissioner as far as water and environmental sustainability are concerned. These issues are often ignored since the government became involved. So the impact on the environment seems to be getting worse with the involvement of the government.

Response from panellist, Arnold Sibanda: With respect to pollution, yes, Zimbabwe is a disastrous case. I cannot say that it is worse with mining because in any case, much of the mining has collapsed. However before the collapse there was

recklessness. Poisonous substances from the mines around Bulawayo had flowed into the rivers and the situation has become bad. I think this has stopped, but the damage has already been done to the rivers and the water.

I can say the same thing about a number of manufacturing enterprises. They became lax as they usually do not bother about things that would increase their costs in terms of environmental care. Dumping was being done anywhere, even in residential areas, especially the high density townships, but also in low density areas. This is still happening even today. There have been attempts to clean up and tighten up the laws in this regard. There are very good environmental controls, infrastructure and institutions, including legislation in place, but no one enforces these regulations and laws any more. This applies to other sectors such as the collapsed health sector, education and others.

We had hoped that things would change with the advent of the inclusive government. However no one is sure now because of the political crisis in Zimbabwe. We do not know if the inclusive government currently in place is going to collapse because they have reached a deadlock again.

In terms of redress, remember that at Lancaster House independence negotiations it was decided that land could only be redistributed according to the willing buyer/willing seller principle. What happened in the first two decades was that they tried to use that model, but only marginal land was obtained through this approach. Some of the prime land they obtained went to the chiefs and the elites. For the general population, only marginal land was made available, and the process was slow. However the government could get land if it demonstrated that it wanted it for public purposes. Often they did get prime land for the people at the top, prior to the land grabs. When the land grabs started, there was no law to deal with this. New laws were promulgated by the president overnight to formalise the land grabs. There was no institution, as it were, to see to the fair and legal distribution of the land, which resulted in people engaging in land grabs and land invasions.

The process of willing seller/willing buyer, although it was orderly, was very difficult to implement, because the government had to match the funds which they asked from the donors to buy land, and the government could not raise the money. In cases where the money was raised, it was not distributed to the needy. The process was

also misused by the elite. The conditions were therefore ripe for the land grabs that we witnessed. The willing seller/willing buyer approach was very expensive. This led to the donors turning away from the willing seller/willing buyer process and refusing to provide funds due to the abuse. As a result, dissatisfaction grew in rural and urban areas, which in turn forced the government to resort to more and more repressive measures as people started calling for land reform and redress in the urban sector. This eroded the social base of the state, causing it to become more and more repressive. So the opportunity for redress came during the constitution-building process, when the government lost the vote and resorted to violence and encouraged the land grabs we witnessed in 2000.

Response from panellist, Albertina Delgado: to answer the first question about comparisons before and after independence. Before independence about 17 percent of Angola exports were manufactured agricultural products. Angola had a strong position in the exploration of coffee. However after independence, this stopped. Only exploration in oil and diamonds remained after independence, and constituted the entire volume of Angolan exports. Also, before the independence about 67 percent of GDP was came from agriculture and manufacturing. The mining sector contributed about 20– 25 percent of GDP. After independence though, this changed significantly. For example between 1976 and 1989 almost the entire budget of government came from the mining and oil sectors only. Between 1990 and 2001, the contribution of the mining and oil sectors to GDP declined to about 18 percent. Between 2002 and 2010 the government budget is completely dependent on revenues from the non-oil industries – about 70 percent. The revenues that come from the oil sector have been decreasing, and the non-oil sector has been rising.

The agricultural sector is not allowed to be competitive on the international market, and therefore we are importing the sort of products that we were exporting before independence. So many sectors in Angola have failed to achieve the level of productivity and growth that we had achieved before the independence.

Regarding the quality of life of the people of Angola, this has decreased. Even if we do achieve greater economic growth, it will not achieve much by way of social development. In Angola only about 32 percent of the population has access to

good water and 35 percent has access to health care services. These figures can be found on the world development indicators or the African development indicators, and these almost entirely apply to Luanda, a place where there have been major development projects. People in Luanda live on less than \$2 per day. Just to give you an example, as part of a project of the Open Society Initiative for Southern Africa, I have travelled to Lunda Norte last year, an area where major exploration for diamonds takes place. The city had no major projects or building construction work going on. I visited a local hospital where conditions were really bad, and the levels of poverty are extremely high in this town. There was only one secondary school, in extremely poor condition. There is no development or any sort of social upliftment in the area.

So these are the social and economic conditions that exist in Angola despite the resources and economic activities that are currently taking place in the country. We have achieved significant levels of economic growth since the end of the war, and after 2002, up to today. So it cannot be justified that people continue to live like this. Economic growth in Angola has not led to social development for ordinary people.

Regarding the question of illegal mining, I also observed in Lunda Norte that children worked in the mines rather than attending school. Parents allowed their children to work in the mines rather than attend school. In most cases these children helped earn income of their families. Similarly, there are women also working under poor conditions of employment. The government tried to introduce a new law only last year in an attempt to regulate illegal mining, but the law has not yet been approved. The law is seeking to improve working conditions in the mining sector and encourage workers to organise themselves into groups to improve conditions in their mining activities.

About the pollution in the environment, yes we have a lot, especially in Cabinda where there is major oil production. In many of the mining cities the soil is no longer fit for agricultural production. In December 2008, OSISA Angola held a conference and someone from Catoca, a diamond mining company in Lunda Norte, addressed the conference. Questions were asked about what the company was going to do with the big holes in the ground resulting from mining. It would appear that the company did not have a plan or strategy to reconstruct the land after mining activities have

been completed. Suggestions were made for government to turn these open mining holes into lakes or public parks because it would not be possible to fill them up and restore them to their original state.

Mandla Sishi: It seems that every route we take seems to lead us to some kind of a cul-de-sac and the impression I get from the discussion here is that we are in a conundrum. We know that much of the world is grappling with what is now going to be the next mechanism for stabilising the capitalist economy. We have just had a crisis and a collapse in 2008/2009, and therefore a search for solutions. In South Africa we had adopted the GEAR strategy – full liberalisation, deregulation and decreasing company taxes. We adopted new liberal policies unflinchingly. We have had our deficit spending up until very recently going up to 7.2 percent but most of the time we had bought into the standards set by the global economic actors. We are searching for the route towards creating space for managing our economies internally and building from the little that we have to industrialise and create jobs. Yet both routes seem to be taking us into a cul-de-sac, based on the discussions that we have had here. So what is the solution? In my view it would seem that the elites, or the people who took over government after liberation, failed to find a way of restructuring the economies from below to ensure that the economies meet the needs of the people who have been oppressed – especially women and children.

People seem to be pushing for greater government involvement, whether Zimbabwe, South Africa or Namibia, but in spite of some of the compromises that are being made between private capital and public capital in terms of arrangements around managing the economy, it seems that we are still not able to find a solution to poverty, whether in Angola or South Africa. Economic growth goes up but this has not improved the situation of ordinary people. The situation in Namibia does not sound any different.

Comment (from unidentified participant): Mandla Sishi has addressed some of the points I wanted to make, although there is one thing I still want to raise. From the experiences of some of the African states it is clear how the elite position themselves particularly after independence. The examples of Zimbabwe, Zambia, Angola and other countries speak to the situation that we are faced with in South Africa. If you look at the forms of wealth accumulation that are taking place

in the country, it is mostly the elite who are now emulating the former oppressors, the colonisers, and as Arnold Sibanda has pointed out through experiences in Zimbabwe, you have people who are politically connected who use their positions of political influence to loot the country's wealth and resources.

As Mandla Sishi says, how can we address these problems? I think that there is a strong role for civil society and communities, including the followers or supporters of the political parties, particularly the ruling parties. We need to begin to make the leadership accountable, because it is no use to boast about the richness of the country and its resources when only the few benefit to the detriment of all.

Kimani Ndungu (NALEDI): this is just a general observation. The record of political democracy in Africa has been mostly pathetic, and my thinking is that if we were to allow states or governments to be also in control of economic power then we are toying with a lethal cocktail. We need a counter-vailing force to the state's power, and because in almost all post-colonial countries in Africa we have seen the ruling class as an oppressive class, the necessity of having a power outside that political class becomes all the more important. So I guess the lessons that we can draw from Zambia, Zimbabwe and other countries are quite telling for us in South Africa, and they are a warning that we must take heed of.

Thabo Rapoo: I have two questions for Arnold Sibanda. I was quite fascinated by your presentation and I am trying to grapple with the strategic calculations that went into the introduction of the Indigenisation Act. What was the reasoning behind a racist definition of the notion of "indigenous" person, while at the same time not calling for nationalisation, yet introducing it at a time that you characterised as inappropriate? The strategic considerations seem contradictory. If you introduce a racist definition of indigenisation, I would expect you would call for appropriation of the mines, or at least state ownership of those mines, because you also introduce it at the wrong time that is probably calculated to infuriate the predominantly white ownership of the industry. Even the western countries, from which many companies come, are likely to be infuriated by the introduction of an Act with such a racist definition. So what is the purpose of such a racist definition? What was the ZANU-PF leadership intending to achieve by this?

Secondly, what would have been the consequence had ZANU-PF called for the appropriation of the mines rather than just a 51 percent ownership? Is it possible that ZANU-PF were merely engaging in political posturing or at least holding the possibility of nationalisation alive for a future strategic date? Is this something that they are holding as a remote possibility to explain why they didn't call for it now?

Response from panellist, Nico Horn: It seems that in Namibia we are doing it right in terms of mining. While the government takes the social democratic approach, they are involved and they take their piece of cake, but do not get involved in the actual managing of the process. At the same time our parastatals, like most other countries, are in shambles except for maybe one or two.

The lesson from Namibia is where government is not directly involved in the actual management of industry. In cases where the government is directly involved in the management of state enterprises it has been shambolic. An important lesson therefore seems to be that governments are ill-equipped in managing industry.

Response from panellist, Arnold Sibanda: Firstly, yes it is quite telling and true about how the elite are positioning themselves after independence to accumulate wealth. But I think that one of the most important things we have to do in Africa is to build strong civil society organisations. The biggest fear of regimes that rule is fear of civil society. I disagree with the view that the former national liberation regimes are being threatened by imperialists. There is no such threat of imperialism among former national liberation governments. The threat to the former liberation moments is from their own people, and regimes have resorted to playing on this threat by playing the racial card. This is what ZANU -PF does. So it is a trick by these ruling cliques against their own people. They play that card to mobilise certain sections of their own people. Mugabe plays this card to mobilise other governments, especially former national liberation governments in Southern Africa.

Having said that, I want to emphasise that some of our civil society organisations are not accountable. They have to learn to be accountable, because they are our very strongest hope for democracy in our countries, and for making these regimes accountable to their own people.

On the issue of the strategic calculations around the racist definition of "indigenous", it is difficult some-

times to understand the cleverness of the Zimbabwean ruling clique. Firstly they make pronouncements which they know are going to backfire against them, but they do not care. They are just reckless. One reason I can give you for that is that these are desperate people. They are fearful because of the crimes they have committed in Zimbabwe, the genocidal crimes that Mugabe has committed with his security forces, starting from the mid-1980s up to the time of the 2000 and 2008 elections. These are crimes that could bring Mugabe and his security chiefs before the international court of justice, and they know that if a democratic dispensation comes into being in Zimbabwe they will actually be in trouble. So they will just have to fight to the bitter end, including resorting to the use of the race card, to remain in power.

That definition was introduced well before the advent of the current inclusive government. ZANU-PF wanted to have it in place, hoping to

use it for the election and for mobilising former national liberation governments in Southern Africa. Even here in South Africa, ZANU-PF could quite easily accuse Jacob Zuma of being a sonny boy of the whites. That is why Botswana's President, Ian Khama, is such a hero, because he stands up to Mugabe.

Lastly, I need to emphasise that the ZANU-PF leadership is no longer a monolithic force. While some in the leadership are happy to use that racist definition, others are not, and some were unhappy with the word "expropriation" written into the Act (so it was removed). There are different and contradictory tendencies within the ruling party leadership. The Act is a manifestation of these conflicts within the ruling establishment. Even after the law was passed, its practice has been mellowed because of the conflicts within the establishment, and the force of the opposition partners in the inclusive government.

Perspectives from Political Parties in South Africa

Erik Marais, Democratic Alliance (DA)

Thank you very much for this invitation today. The mining industry undoubtedly forms the foundation of South Africa's economy. In particular it is an important net generator of foreign exchange and a large attraction for foreign investment flows. Repeated calls from politicians and trade unions have recently been made for the government to take ownership of the mines. While the government has continuously downplayed these demands, a public debate has erupted as to the appropriateness of such calls.

South Africa's mining industry has declined overall over the past few years in spite of the global boom. It still remains the fifth biggest mining industry worldwide as measured by the value added to GDP, measuring \$21 billion. This is nine times smaller than the mining industry of China, six times smaller than that of the USA, a third of Australia's mining industry, and it lags behind Brazil's industry. It is still larger than that of Canada, Russia, India and Chile. We are therefore a country with considerable mining abilities when compared to the international norm.

The mining industry has recently survived hardships on various fronts, including difficulties in obtaining mining permits and rights, the effects of bad politics, lack of skilled people, power shortages, procurement shortfalls, and lack of new projects. However, the sector is already experiencing an economic upswing. The mining industry's contribution to the GDP of the country has however shrunk by 32 percent in the first quarter of 2009. More than 50 percent of infrastructure spending is taking place in emerging markets. South Africa as a developing country can ill afford to lose its fair share of infrastructure investment due to a mining policy not conducive to taking maximum advantage of the situation.

While mining accounts for approximately 7 percent of South Africa's GDP, our manufacturing industry is still heavily reliant on the mining industry that it supports. Mining is still one of the country's biggest employers of semi-skilled and skilled employees and a net generator of foreign

exchange. While being one of the few large industries attracting foreign investment and elevating the current account balance in terms of foreign capital inflows, the mining industry has also been a major contributor to Broad-Based Black Economic Empowerment (BBBEE), amounting to approximately 150 billion in BBBEE deals, or 33 percent of the number of such deals done during the past eleven years.

The need for BBBEE has been expressed by the MPRDA as a need to substantially and meaningfully expand opportunities for historically disadvantaged individuals. Investors typically go where risk and reward are best aligned. If the risks outweigh the potential rewards, the country is going to struggle for investment. There is a real opportunity for Africa, but when it comes to a specific investment opportunity, people will still put it through a series of tests. Where there is continuous state ownership with social services and employment benefits built in from the start, there may still be arguments supporting some or other form of nationalisation. But in many instances where national companies have been forced to privatise in terms of the World Bank structural adjustment programmes, the worst of both worlds have also been evident.

The commodity trading pacts of thirty years ago have given way to the rules of the World Trading Organisation. With the likely accession to various international regulations and general agreement on trade in services, calls for nationalisation appear to be merely symbolic gestures. Meanwhile the power of communities to claim sovereignty over what lies beneath the land remains as strong as ever. Regarding countries where some form of nationalisation of mines has occurred, I want to touch briefly on the experiences of two or three. In Venezuela, the government has continued to nationalise companies through 2008 and 2009, with the gold mining and iron production sectors particularly affected. The government of President Chavez has appeared increasingly hostile towards foreign investments as he seeks to assert state control over natural resources. As a result there are few major multinationals both in the energy and non-field mineral sectors.

In Bolivia the assets of Petrobras, a Brazilian company and a symbol of foreign influence over Bolivia's main natural resources, being the second largest natural gas reserves in South America after Venezuela, was nationalised with little noise. The apparent motive for the nationalisation was to recover control over the natural energy resources of Bolivia, ten years after they were privatised. The current nationalisation process was the third undertaken in Bolivia. No mention has been made of the possibility of compensation for the foreign companies which invested around US\$ 3.5 billion in the country since Bolivia's oil and natural gas industry was privatised.

In the case of Nigeria, in 1970, after obtaining independence, the government decided to nationalise all mines. Nationalisation however did not have the desired effect, and production levels plummeted. Since the return to democracy in 1999 there has been a renewed commitment to attracting private investment to the mining sector as a means of stimulating economic growth. With the Mineral and Mining Act of 2007, Nigeria's government aimed to restore confidence in the mining industry which has historically been plagued by corruption and excessive bureaucracy.

In Zambia, recent calls by a cross-section of society have emanated that government should intervene in the affairs of the mines which are closing by taking charge of them. It was noted that should government go ahead and take over the operation of these mines other developmental projects would suffer, as money would be expected to be channelled to the management of these mines.

In Asia, particularly in the case of India under the Coal Mines Nationalisation Act of 1973, coal mining was mostly reserved for the public sector. By an amendment to the Act in 1976, two exceptions to the policy were introduced. Firstly, captive mining by private companies engaged in production of iron and steel, and secondly, sub-leasing for coal mining to private parities into isolated small pockets not amenable to economic development and not requiring rail transport.

The current legislative framework in South Africa entails the Minerals and Petroleum Resources Development Act (MPRDA), Act 28 of 2002, which came into operation on the 1st April 2004. The Act effectively removed the ownership of mineral rights from its previous owners and vested it in the state on behalf of the nation. Such stripping of vested ownership and the rights of holders

has, among others, been referred to as the nationalisation of privately owned mining rights. While various court cases are pending against government, notice has been served in terms of the Institute of Legal Proceedings against Government Act (ILPA). Government has at all times maintained that the MPRDA did not lead to the expropriation of mineral rights and that if in fact it did, such previous owners and holders of mineral rights could not prove that they had suffered financial loss. However, the Northern Gauteng High Court has recently ruled that the loss of mineral rights could be classified as expropriation and that the owners of mineral rights had to be compensated in terms of the law dealing with expropriation rated assets.

The views of the former governor of the Reserve Bank, Tito Mboweni, and those of the chief executive officer of the Chamber of Mines, opposing the nationalisation of mines, are a matter of public discourse. In addition to the deputy president and the minister of mineral resources, no fewer than three ANC leaders have recently stated that nationalisation of the mines would not take place. Deputy President Kgalema Motlanthe, Minister Susan Shabangu, Deputy Minister Derek Hanekom, ANC Secretary General Gwede Mantashe and ANC Treasurer Mathews Phosa have all publicly opposed calls for nationalisation. This is in contrast to the ANC Youth League and various other individuals who are on record calling for the nationalisation of mines.

Following a briefing by the Department of Minerals and Energy and the Chamber of Mines in respect of illegal mining activities during 2008, some of the members of the committee were of the view that disused mines should be nationalised as a solution to illegal mining. This notion creates further impetus for calls for the nationalisation of the mines, as disused mines are not economic to mine by big mining companies due to the high associated financial costs. The closing of mining activities especially in communities which have historically been heavily dependent on mining for a living has led to community members engaging in illegal mining to earn an income. With no overhead costs to their activities, illegal miners are not subjected to the same crippling costs that make the remaining reserves unprofitable for legal mining companies.

The South African Cabinet took a decision in 2009, shortly after public calls for the nationalisation of the mines were heard in South Africa, to

suspend the disposal of state-owned mining assets to allow the minister of mineral resources adequate time to finalise an audit of mining interests held directly or indirectly by the state. Possible reasons relating to the suspension of the disposal of state-owned mining assets appears to be an attempt to reassure the state mining company, the African Exploration Mining and Finance Corporation (AEMFC), which was registered in 1944. The notion that a state-owned mine would also participate in the private mining sector was recently discussed in various forums, such as the Parliamentary Portfolio Committee and the Mining Indaba which was hosted by the Department of Mineral Resources. Allegations of an exclusionary practice relating to the non-adherence or the awarding of exemptions to state-owned companies by excluding compliance with certain sections of the MPRDA were made.

These exemptions could lead to state institutions having an unfair advantage compared to private companies in complying with the MPRDA. In particular these exclusions relate to Sections 106, 16, 20 and 22 of the above Act which in turn deal with financial considerations. In addition it was confirmed by the Department of Mineral Resources in a reply to a question during the sitting of the portfolio committee that an investigation into the mining regulatory environment pertaining to the suspension of mining assets has been mandated. As part of the reply it was indicated that a report will soon be submitted to the Cabinet, suggesting that major announcements could be made by the department and Cabinet in this respect. According to Mr Rocha, the former Deputy Director-General of the Department of Mineral Resources, a state-owned mining company has already begun to build an asset base. A dormant state-owned mining company registered in 1944 would be used for this new venture which would bring together all state mining interests such as those held by the Industrial Development Corporation and Elecor.

The labour movements view the creation of a state mining company as crucial, not only as a provider of jobs and a driver of transformation in an industry that it believes has resisted change, but also as a source of funds for the state to use in addressing social needs. Mr Rocha also believes that unless inequalities and deprivation are addressed, sporadic uprisings against poor service delivery would become coordinated in a serious revolution against the state which would make the events in Zimbabwe look like a Sunday picnic. He noted that investments did not dry up in war torn

Angola or strife-torn Zimbabwe where the rule of law has collapsed. If those investors want to go, he said and I quote: "Please let them take their decision but they will leave our mineral resources here and we will develop them." Rocha dismissed as a scare tactic industry claims of transformation chasing away foreign investors. He indicated that nationalisation had to be retained as an option in case the state-owned mining company was not successful. Shortly before the elections in April 2009 the Department of Mineral Resources, unilaterally and without consultation with the mining industry, issued a Code of Good Practice applicable to the mining industry. The ANC Freedom Charter states that the mineral wealth beneath the soil, the banks and monopoly capital should be transferred to the ownership of the people as a whole. Although the Freedom Charter does not specifically refer to the production capacity of mineral resources below the soil, it should also be stated that the Freedom Charter can never be promoted to the level of a national policy, especially in the light of the fact that the Constitution is the supreme law of the land.

In conclusion, the Constitution is to be regarded as a supreme social pact concluded between all citizens and binding on all of us who live and do business in South Africa. Nationalisation is unaffordable, untimely and frankly unnecessary, and has already undermined market stability. With so many jobs in our mining sector at stake, it is downright irresponsible to talk about placing this key sector of the economy in the hands of government bureaucrats.

Abraham Napo, Pan Africanist Congress (PAC)

Firstly let me thank the organisers heartily for this debate, primarily because we are in a situation where majoritarianism is ruling the country. Even an idiot could shout a slogan and it would be taken seriously if that idiot comes from the party with two-thirds majority. Some of us who come from political parties that did not perform so well in the elections are being reduced to the status of nonentities, even when we have policy ideas that could help this country. So I appreciate this debate because it gives us an opportunity to highlight some of these issues in a fair manner.

Nationalisation as an aspect of an economic system is not foreign to us. We know it and we know its problems. We do not support the idea of

nationalising the mines, particularly with regard to state involvement in the operation of mines. We as PAC are still of the view that land must belong to the state. Therefore we would agree with the proposal to nationalise the land because it has all these national resources in it.

We did mention this earlier when Kader Asmal was the Minister of Water Affairs and he nationalised water rights. We said it was not enough. He should have driven the whole government to nationalise the land, not just the water which is part of the land. We also said the same thing when Penuel Maduna was the Minister of Minerals and Energy and nationalised mineral rights. Fortunately or unfortunately there was no publicity for our calls, but in essence the minerals belong to the state and we supported that. Now when we suddenly want to nationalise the mines, which operate according to licences issued by the state, it raises the question, why issue these companies with licences to mine and then try to nationalise them? It is no use nationalising the machinery and the investment that they put in, when the government should have gone into joint mining ventures in order to also invest in these assets. So we do not subscribe to the view to nationalise the mines. However we are of the view that the land must belong to the state, and the right to exploit minerals should be allocated with caution.

We believe this debate should be about how we use the national resources to the benefit of the people. The failure of the nationalised resources like mining came as a result of the corruption which has infiltrated the state. Even the issuing of concessions to the mining houses is riddled with corrupt practices. If nationalisation of the mines takes place, it should be those mines that came into being through corrupt practices.

The PAC stands for a redistributive economic system. A redistributive economic system should be a system where the ownership of mining process should be shared equitably amongst the community, the government, entrepreneurs and investors. These groups should be part of any mining process from inception. Presently communities are decrying these processes because they have been left out. The present system only allows entrepreneurs and investors to mine, and we are saying that the process is not right. We believe that in a redistributive economy we will issue concessions in a cautious manner. When issuing concessions to mine gold, we need to make sure that the gold is processed in the country and benefits the country. We believe that the exportation of raw material

should be banned. Presently our gold is being exported in its raw form to markets in London and elsewhere. We want to see the export of finished gold products from this country so that the community can benefit.

The same applies to other minerals, such as platinum. Concessions given for the mining of platinum should be made with a condition that platinum must be processed in the country and be beneficial for the country. Only surplus raw platinum should be exported, and only to a limited number of countries, because the stockpiling of our platinum in London is undesirable.

We also believe that in a redistributive economic system the bulk of the profit from mining processes will be ploughed back into agriculture. This will be in line with the fact that land will be a national asset and that land will be allocated to people who can use it productively, not those for whom land will be merely a social status symbol. If those allocated the land fail to use it, then they should lose it and it must revert to the state so that the state can reallocate it to people who are productive. Income from the mining profits will be used to develop the land and agriculture. In that way you can promote processing, manufacturing and beneficiation because of a pool of money from the mining sector.

Through the mining processes we must also promote small- and medium-scale mining, not just large-scale mining. We are not averse to the participation of government in mining as such but we are opposed to government taking over existing mines. The government should start its own mines. This debate started in the 1990s when organised black business convened a conference at the Wild Coast where we thoroughly debated this question and opted for a mixed economic system as opposed to nationalisation. At the time, the ANC had just been unbanned and had come back home with their policy to nationalise the banks and the mines. It was through this conference that they were persuaded to abandon this idea and to look into the possibility of a mixed economy where the state can be involved with the private sector. I am not familiar with the situation in Namibia but based on Professor Horn's presentation I am happy with how Namibia is handling its involvement in the mining industry and I would wish that we have a similar approach here in South Africa. The communities that we have been talking about today are getting increasingly agitated against the present process of mining from which they are totally excluded.

In conclusion, we are opposed to wholesale mining in the country. Mining should be carried out sparingly, because these natural resources are not only for us who live today. They are also for the benefit of future generations. We are also opposed to the idea of nationalisation in its present form as proposed by the ANC Youth League, in favour of a redistributive economy which will lead us to social economy.

Strike Thokoane, Azanian People's Organisation (AZAPO)

The big problem that we have as a people is a society that is not balanced. It is a society where you have a few people being very rich, and the majority of the people being poor and getting poorer every day. Now if this is what we had anticipated or thought was going to happen I am sure many of us would not have sacrificed our families and our futures to get our country liberated. We left our university studies midway and some of our leaders like Steve Biko died because they genuinely believed that this was a cause to die for. As time passes it is becoming clear that our people are merely voting once every five years in order to get only food parcels, while things continue as usual without any improvement to their social conditions. Voting has nothing to do with improving their health facilities or the education of their children.

On the issue of nationalisation, we debated this many years ago when we were involved in the struggle and some of us went outside the country and lived for many years there. We met comrades from Zimbabwe, Angola, Namibia, Mozambique, Tanzania and so on, and the main topic of debate was nationalisation. We also talked about the idea of a one-party state. None of us ever thought that when we eventually gain our independence and freedom, our people would find themselves poorer than they were before. However the debate went beyond just nationalisation of the mines to touch on other issues like land and all the resources beneath it, the sea around it and the air above it. We believed that these should also belong to the state, which would use them to improve and develop its people. However we also believed that before nationalisation we had to prepare society for that eventuality because if society was not prepared then it would misuse these resources.

At the present juncture in South Africa we still have those who oppressed among us and the situation remains as it was before we gained our free-

dom. When you move around the beautiful city of Cape Town (and everywhere else) it becomes very clear that the property and the beauty that you see around us is not owned by the people, and neither is it owned by the state. It still is in the hands of the people who owned much of the wealth in the country before 1994. After 1994 our brothers were in a hurry to occupy offices not only in South Africa. In Africa and everywhere else our brothers were in a hurry to wear suits and occupy offices, forgetting completely to negotiate about a fair economic system. When we raised these issues with our brothers in government in 1994/95, we were told that it was too soon to talk about the transfer of economic power or transforming the economy of the country. However, at an individual level they were quick to do it for themselves.

It is necessary for us to debate the transfer of economic power so that the majority of the people can develop or benefit from this. Nationalisation of the mines may be one way to do this. But there should be a short-term and a long-term programme. That is why in our manifesto for the 2009 elections we said that in the short-term we must tax those who own huge chunks of land, so that they will eventually have to give it up and sell it to the state. For now the situation is such that we need to avoid a wholesale approach to nationalisation, and need to work strategically towards this eventuality in the long-term. Another option is to introduce some form of taxation on those who own the mines, while encouraging the state to enter into partnerships with existing mining companies in order to develop capacity to drive the process that will lead towards nationalisation in the long-term. All this needs to be accompanied by mass education. If we provide proper education, we will be able to take this country forward.

The situation of land grabs in Zimbabwe, whether by the elite or people who were involved in the armed struggle, over time and when things have levelled and the economy is up and running, the grandchildren of these land grabbers in Zimbabwe will own land and the other resources. In time our grandchildren here in South Africa will want to know what we did when Mugabe was giving land to his people. They will no longer be debating issues of law or the manner and methods of doing it. The fact is that the grandchildren of Zimbabwean land grabbers will own land, and our grandchildren in South Africa will not.

However, we are suspicious of the idea of nationalisation as advanced by the ANC Youth

League. My suspicion is that the ANC Youth League just wants to use their numbers to address the situation of unequal distribution of economic wealth in the country by taking ownership of the mines for themselves. I do not think that they are doing this for the people, and I do not even think that the debate within the Youth League has been taken down to grassroots communities. It is merely a debate within the elite of the Youth League, and many of them are being used by elites within the ruling party to get these resources.

In conclusion, we still believe in socialism as a long-term solution, despite the collapse of the socialist Eastern Bloc. We believe that it is an option that we must work very hard for.

Margaret Arnolds, African People's Convention (APC)

I think my presentation is going to differ slightly from those that have been presented before me. I will stick to the position of the APC as far as nationalisation is concerned. We have heard four presentations from four of our neighbouring countries already, informing us why nationalisation has failed. We have also listened to the governing party's Youth League rallying support for nationalisation. We have also heard Aubrey Matshiqi's presentation yesterday about commentators and analysts, and their influence. We have already heard what the other political parties have said in their presentations today.

One of the APC's guiding principles is socialism. The APC strives for the establishment and maintenance of an Africanist socialist democracy. To the APC, socialism is characterised by economic justice and social solidarity, informed by appropriate material conditions and the potential and capacity of our country to meet the interests and aspirations of the people. Socialism seeks to ensure that there is as much an equal share in the wealth of the country as possible; an end to the over-concentration of the wealth in the hands of a few, at the expense of the majority. It is a socio-economic system in which property and the distribution of wealth are subject to control by the community.

The AZAPO speaker referred to the fact that when the people that struggled for liberation eventually took power, they had no plan in place for restructuring the economy. All the representa-

tions that we have heard from the neighbouring countries pointed out that the failure of nationalisation was due to poor leadership, greed, political appointments, and lack of commitment to improving the lives of the people that are supposed to be served. It appears that the leaders who come to power believe that they do not have to account to anybody. They are a law unto themselves, account to themselves and monitor themselves. In such a situation corruption will thrive.

We in the APC believe that we need to start breeding and grooming a new type of leadership that is there to serve the people, and not expect the people to serve them.

As far as nationalisation is concerned, the APC does not have a specific policy in place as yet. We are still drafting our policies in this regard. As a party, we agree with and support the idea of nationalisation. However it should be done with a plan that will ensure that this is done in the right way. We need to do this in a strategic manner. We therefore agree with the speaker from AZAPO who stressed that without planning ahead we will not get this right. We need to plan ahead and ensure that the majority of the people share in the wealth of the country, and not just the chosen few.

The APC strives towards a popular democracy where the masses have a direct say in all matters that affect their lives. So we need to debate the issue of nationalisation extensively, ensuring that the people on the ground are involved in this debate. We disagree with the approach of the Youth League which says that no matter what, nationalisation will happen on their own terms.

Discussion

Kimani Ndungu: I would like to pose two questions and make a comment. To the DA, I was waiting very eagerly to hear you talk about the deracialisation of the economy, particularly of the mining sector. Whereas there is a case to be made that nationalisation as advanced by the Youth League may not be what we need as a country, there is a more urgent call to deracialise the economy. For instance, who owns the biggest mining companies in the country, whether it is Anglo American, Anglo-Goldfields, Lonmin or BHP Billiton? What is the DA's policy around that?

To the PAC, I did not quite get what your position is in relation to the nationalisation issue. I thought

I detected that the PAC is happy with the status quo, as long as we can have a bit more beneficiation, as long as we can redistribute ownership, although I am not sure with what methods. In your presentation it came out as maintaining what is already there, but how does that advance the process of the transformation of the mining economy?

Lastly, I would like to make a comment on what AZAPO said. It is very interesting to hear you say in your closing remarks that perhaps ten or twenty years from now, a Zimbabwean child will own land and a South African black child will probably not, and the question will not be the means, it will be a legal fact. Now if you think back, you will know that back in 1652 when Van Riebeeck set up his station in Cape Town, the methods used might have been debatable, but 350 years later it was a legal fact that a white minority regime was in power. So what warning are we getting from this? Why are we not learning from the Zimbabwean experience so that it may not happen here? You know in the 1980s, Mugabe was the darling of the west, but ten years later when he decided that he had to forcefully transform land ownership for his own purposes, things changed.

Arnold Sibanda: My question is general, intended for all the representatives of political parties, but also to others in South Africa. Looking at the press, I find interesting things about the National Empowerment Fund headed by Philisiwe Buthelezi. When I look at what is being said in the press about this fund, it is quite impressive. What are the prospects of building a culture of entrepreneurship through this fund? Yesterday when Neo Simutanyi was presenting, a question struck me: is there something about Africa's culture that prevents us from industrialising? If you look at the Indians, there is an industrialising elite. If you look at the Chinese, in their own way, they have industrialised. We may not like the model but the Chinese are serious state capitalists. If you look at the so-called Asian Tigers, the culture of their social classes is different from what we see across Africa, South Africa included. What is it about the African?

Thabo Rapoo: I just wanted to pose a challenge to the four representatives from the political parties. Clearly there is a consensus that something needs to be done with the mines in South Africa. Yesterday the ANC Youth League stated their own solution, that the mines need to be nationalised. To the four political party repre-

sentatives with us today, if your party were elected to power in the next election and you were appointed the minister of mineral resources, what would you do with the mining sector in South Africa within the first five years of being in power? What would you do to sort out the problem?

Llanley Simpson: Thanks to the representatives of parties for an interesting polemic. Whether or not the mines should be nationalised is neither here nor there. The key question is the structure of the global economy. How do you handle it in such a way that you can allow beneficiation to occur? To beneficiate gold, firstly our ores are non-viable and the depth at which you have to put people down to get those ores will result in deaths. So the beneficiation of gold is extremely problematic.

Secondly, your skills base for that is very weak. The development of the required high-end skills in engineering and science is necessary for these industries to occur. How do you plan to create a beneficiation relation for the mining sector that addresses the needs of the market? The market for gold products happens to be in Europe.

Judith Taylor: My specific concern is that the regulation of our current mines is so badly impaired. We are sitting with a situation where we are likely to lose all of our potable water and agricultural land in the North West, Gauteng, Limpopo and Mpumalanga. Can we afford to even look at nationalisation when we are not regulating the mines, and we are not getting remediation for the old mining structure?

This country is in a critical situation with acid mine drainage, continuing bad mining practices on our gold and uranium mines and on our coal mines. We cannot afford nationalisation, we need remediation and we need to force it out of the mining companies.

Abraham Napo: We are very clear that the present debate is clouding the situation, and because of this we reject it as the PAC. How do we engage in a debate about nationalisation with someone who comes from a group that is widely privatising parastatals? We are saying that the minerals should have been included as part of the land ownership issue. The land must be owned by the state which should decide who will be allocated land. With our policy of redistribution, we will look at the policies and plans of mining companies to determine if they com-

ply with the regulations relating to mineral rights. The mining companies will be required, within five years, to show their ownership structure, reflecting the management and involvement of local communities. Also with regard to processing, the companies will have to show how communities and government are involved. Then the issue of beneficiation for communities will also be addressed.

I am trying to answer the question about how we benefit because of the structure of the global economy, the market for gold, the costs involved and the skills base. We are saying that the people who are presently benefiting gold need to be based in South Africa and not in Switzerland or England. The president of the country addressed this issue positively when he was in London recently. Addressing the business community in London, he said that they need to change their culture of investing in Africa. They must invest in Africa to mine and benefit in South Africa.

Response from panellist, Erik Marais: I want to start with the question from the lady. Firstly I want to make the following statement that we received applications for prospecting rights in Cape Town recently, in the wine farming areas that are highly productive. We subsequently received reports that the same areas had been prospected for tin previously and that mining can no longer be carried out economically in these areas. So the applications have been withdrawn.

What is important is that the Department as well the Standing Committees on Mining, Agriculture, Water and Environmental Affairs must work together because, the whole problem of mining has broader spill-over effects that impact on the work of the three departments. As you know, you need water for mining and the Department of Environmental Affairs has to issue the necessary permits.

As far as beneficiation is concerned, it must be relooked at and restructured. Coming to what the gentleman said about ownership, just as an example Raymond Ackerman of Pick 'n Pay, has actually transferred shares to employees within Pick 'n Pay, and this is the way it could be done in the mining industry as well.

The record of managing public enterprises or parastatals in South Africa is not a good one. That is why we do not support the idea of the state directly managing the mines. It would be better

for people with the necessary specialist skills to manage the mines, and broaden the ownership widely to involve more people.

On the issue of exporting gold and other minerals, the problem we sit with is that the labour cost in manufacturing is cheaper in countries like China and India. That is why South Africa exports major quantities of iron through Saldanha-Sishen to other countries. We do not manufacture here because the costs are too high, and this eventually has an impact on the price of the end product.

Response from panellist, Strike Thokoane: To suggest that if I have a car and I cannot drive then I cannot own the car is wrong, because I can still own the car and get someone else to drive it. If the state owns the mines, then the state can go out and enter into partnerships with people who manage and operate the mines. The problem of pollution of the environment and other impacts will get worse if the mines are nationalised.

The primary question that must be addressed is how do we make sure that our people benefit? This brings me to the issue about reports in the press regarding the National Empowerment Fund. Our experience is that you have to be a loyal card-carrying member and be close to the ruling party in order for you to benefit from these funds. When you are outside, you do not benefit. Even at local municipality levels, to get a simple job like sweeping the streets, you have to produce a card to show that you are a member of the ruling party, and that culture has actually permeated through all areas of life in our society. It is also the case with the Black Economic Empowerment policy, whereby all the beneficiaries and the recipients of assistance are close to the ruling party. That is why we suspect the Youth League's hidden agenda in their proposed nationalisation of the mines. It is very narrow and is geared towards amassing all the resources.

Some of our business people who are members of our organisation are lying low, as they do not want to be seen to be identified as AZAPO members. However they do come out at night and strategise with us. We do understand this situation because there are real fears. There is a new culture of fear among some of the business people who do not want to appear to be opposed to the ruling party, because the consequences for their businesses could be devastating. Just to give you an example, when COPE was formed, the

party got a white businesswoman to join them as second Vice President. I suspect that her businesses started to suffer. So she resigned from COPE, but that was not enough. She had to join the ANC.

As AZAPO we support nationalisation as a matter of principle. Others also do this because if you say something else, you could be misconstrued with severe consequences. We know that if nationalisation is implemented, the ruling party will use these resources against us and buy people off. So we support it as a matter of principle, but we also believe we need to work towards getting rid of corruption in the process.

The question about if we are elected into power, what will we do about the mining sector? Obviously the first thing is to pass legislation that will ensure that the people benefit. This legislation will enable us to intervene on behalf of our people, but without disrupting the running of the mines. This must be coupled with education and skills development.

Response from panellist, Margaret Arnolds: I do believe that all of us are wary of the reason why the ANC Youth League wants to nationalise the mines, but if it does eventually happen, so be it. I believe that as the APC, if we come to power and I become the minister, first of all we will need to educate our people and develop their skills. We know that there is a severe shortage of skills among our people, and this is also evident in all government departments. Government officials are usually appointed to their positions because of their political affiliations. As the APC we believe that people do not have to be politically affiliated to us. If they have the necessary skills, then they should be placed in the right positions and the right jobs. I believe that education and skills development will be the biggest priorities.

Llanley Simpson: Firstly I would like to say to AZAPO that we certainly miss former Minister of Science and Technology, Mosibudi Mangena, at the department. He was a comrade in the true sense of word and he is sorely missed.

The issue I wanted to raise in relation to economic transformation is one of accountability and oversight of state mining companies. If this is what the political party wants to do, how do you maintain oversight so that that you prevent the looting of resources, so that the benefits of the rents and the royalties coming from those companies actually benefit everybody in the country? How do you

structurally and institutionally ensure that proper governance regulations are in place?

Mandla Sishi: I would like to make a comment. I agree with the deputy president of AZAPO that nationalisation is a progressive idea, and I support it critically because of the reasons that most of you comrades have mentioned, particularly the nature of the interests within the ANC Youth League. The most critical omission by the Youth League is the failure to root the issue of nationalisation inside the mass struggle. Rooting it within the mass struggle would ensure that we deal with challenges like mass education. Therefore we need to build on this, avoiding the shortcomings of the proposal as currently stated by the ANC Youth League. I feel that the PAC, AZAPO and the APC should be proactive and expose the opportunistic cover that is engulfing this idea of nationalisation that we want to support and promote. They should propose a national conference that will involve all sections of society to discuss the issue.

The second issue is a criticism to all the comrades who have spoken on the issue of nationalisation, saying that it should be linked to a transitional strategy towards a different society. It should not be conceived as some kind of social democratic manoeuvring inside the capitalist system, as this will only draw a few more concessions from capitalism for the people to benefit only in the short-term. The beneficiation that we have been talking about should be linked to a long-term strategy, in which people will emerge as the owners of the economy and the wealth, and this cannot be done in a way that seeks to accumulate small concessions from inside capitalism. It can only happen by linking it to a strategy of eking out reforms from capitalism, and linking them to a coherent strategy towards achieving socialism.

Makhi Ndabeni: My point is related to the comments that have been made by some of the comrades, particularly the remarks from Strike Thokoane. We do need chaos to bring about change, and there is chaos already. What the elites are doing in terms of the looting of the resources, particularly in the parastatals, is chaos on its own. We need now chaos from below in order to address these issues.

As was pointed out yesterday, for any change to take place you need your own vehicle, and the masses out there have been deceived in a number of ways. It will only be when civil society plays a leading role, without fear, and when the support-

ers of the organisations, particularly the ruling party, begin to assert themselves and make their leaders accountable that we will see change. We can no longer trust the elite. We have seen the examples recently, particularly in the build-up to Polokwane, as Aubrey Matshiqi's analysis of the composition of the groupings that ousted the former president of the country indicates. At a particular time you have people with different interests coming together to pursue a common goal, but after that the class differences begin to crystallise, which is what is taking place now.

In the labour movement, when you ask the workers about their opinions regarding the current debates, many of them are unable to give their own opinions apart from what their leaders are saying. The people out there in our communities are being deceived by the elites. But there is an answer. What we need to do is to educate the masses on the ground. Civil society should stop treating government officials with kid gloves in order to secure funding. We need to begin to challenge the elites. Otherwise gatherings like this one will merely be talk-shops where nothing concrete is ever done.

Closing Remarks

Claude Kabemba (Director, SARW)

I am happy that we have managed to discuss something that is current and that raises some fear in the market. Certainly our neighbouring countries are following the debate in South Africa with keen interest, given that the South African economy is the biggest in the region and on the continent. South African capital, especially in the mining sector, is operating across borders to invest in other countries. So the debate in this country is being watched closely, and that is why we felt it necessary to hold this debate today.

We invited many people to this conference and some of them could not come for various reasons, including, in some cases, fear of being seen to be participating in this debate and talking about some of the sensitive and controversial issues involved.

I believe that the economy is a manifestation of politics. The management of the economy does many times reflect the nature of politics in the country. That linkage was reflected in the debate of the past two days. The debate has reflected quite clearly the link between nationalisation debate and the politics of the country. Also three tendencies emerged from the debate since yesterday. We have heard from people who support nationalisation, those who do not support nationalisation, and from those who fall in between who think that for them for nationalisation to be successful we need to have some conditions in place first. The first group thinks that nationalisation will be a panacea for the social problems of the country. Those who oppose nationalisation argue that the state is inherently too weak to be able to manage the mining sector.

What has happened in our neighbouring countries, especially the experiences that we have heard about, demonstrates that nationalisation is not an easy option. It calls for sober and pro-poor political leadership that understands that it is there to serve the people. There is need for an administration that is capable to manage the sector. There is also need for skilled people to manage state companies. More importantly it will need an honest and accountable leadership.

From what we have heard as experiences of nationalisation in countries from the region, it is necessary that we build on these observations and apply the lessons in South Africa. In general resources management across the continent present the same management weaknesses which can play against nationalisation. I will touch on only four of these weaknesses.

The first weakness is the problem of asymmetric information. Asymmetry of information speaks to the fact that as owners of resources, we do not have enough information to enter into negotiations with multinational companies, to ensure that we negotiate on the basis of adequate and accurate information about our resources. In most of our countries multinationals have more and better information than the state. I believe that to some extent this is also the case in South Africa. So, investment in geological survey is important and critical.

Secondly, we have the problem of asymmetric balance of power. This speaks to the capacity of multinationals to threaten states, especially when a state wants to take decisive action in the direction of resolving real social questions. This is even more so when such action threatens to impact negatively on the benefits of these multinationals. Reform of the extractive industries will need decisive leadership.

Thirdly, we have the problem of asymmetry of agent. This is where the people we elected to run the business of government turn into corrupt leaders who are concerned with maximising their privileges and personal interests rather than the national interest. The asymmetry of agent is the most fundamental problem that we face across the continent, and it needs to be fought with the force of organised masses. Any new approach to extractive industries will have to fight corruption and nepotism and embrace transparency and accountability.

Finally, we have the problem of asymmetric revenue sharing. This touches on the issue of transparency in the way we manage our revenues, even the little we collect from the mining industry in terms of taxes and royalties. In this country the system is relatively clear and transparent, and people do have access to information from state institutions. However the question we need to ask is

this, are the mining companies paying what they should be paying? There are many ways in which companies can evade paying maximum tax. This can happen in their declaration of the stock they produce, or the selling of their stock cheaply to offshore companies. Companies are also able to create subsidiaries which sell the resources at cheaper rates in order to pay less tax while selling at much higher rates in the international markets.

Nationalisation in other parts of the continent where it was tried failed because of corrupt leaders, nepotism, lack of managerial skills and poor revenue management. For nationalisation to be a viable option, we need a compelling case to be made in this country. South Africa is one of the countries on the continent which have managed relatively well its resources. South Africa has been able to invest in the building of modern cities. Obviously, a great number of our people still live in poverty and are not benefiting from the extraction of these resources. In most cases, it is around the areas where mining activity is taking place that we have acute poverty. We need to start interrogating our capacity to manage our resources and distribute benefits. The question becomes is nationalisation the only option available to South Africa? Why is the current approach not satisfactory? Is it possible for example to adjust mining tax regime to ensure that government collect more revenue than it is doing now? Is it possible to adjust our corporate social responsibility to ensure that companies provide the social support they promised to communities?

Before we make any decisions around nationalisation, we need to look the current situation and ask the question why it is not working and what can we do to adjust it? What are the weaknesses in the current system? How can we improve it in a way that enables us to maximise revenues? Right now the debate is mainly focussing on ways of transforming the tax base. Can we find other options—for example a public—private partnership like in Botswana and Namibia or can we create state mining companies—instead of nationalisation? I am in favour of the South African government creating its own state mines which will compete with existing private mining companies. South Africa is the only country where there is still some level of stability and order in the mining industry. Still as we investigate other options we must ensure that we preserve that stability and order. Any system that is adopted will need greater transparency and accountability in the way we manage our resources, as well as looking into the need to reform our tax system.

The biggest challenge to Africa's extractive industries is that the continent continues to remain the reservoir of cheap raw materials. Most Africa's raw materials continue to be exported without any value addition. So, South Africa needs to look into the legislation passed in terms of value addition or beneficiation, as well as ownership mechanisms. Currently, there is the issue of BEE or the 26 percent share ownership. However a system of decentralisation with some benefits in terms of revenues going to communities where mining takes place might be worth looking into. We need to explore the option of making a percentage of the revenue available to invest in those communities. It is also important that we educate communities around the mining areas, and build their skills to enable them to take part in the management of these resources. Perhaps community ownership of some shares in these companies will enable them to sit in the Boards of these companies, and to understand what is happening with these minerals. In South Africa, some of these ideas are beginning to be explored.

We also need to legislate corporate social responsibility. Many mining companies still consider corporate social responsibility to be a matter of philanthropic action. We should consider making corporate social responsibility part of our developmental and economic policy agenda, to ensure that, for instance, when a company wants to build a road, it is not just building a road but it is also empowering communities. If a company is contracted to install water pipes, we should ensure that this is done in a way that serves the majority of people in the community concerned. In this way we will ensure that in carrying out their work, companies are made to serve the interests of communities directly.

We also maybe need to look into how companies close down. When some of these companies decide to close down, this is often done in ways that are harmful to local communities, such as leaving behind serious environmental problems. In many cases, the funds that these companies provide to deal with environmental damage is not enough to pay for the damage they cause. In many cases it is too late for the damage to be repaired, or the responsibility is left for the government to handle. So it is important to also investigate the environmental impacts of these companies and ensure that they are made to provide the necessary resources.

In conclusion, I believe that the debate on nationalisation is an important one not necessarily because mines need to be nationalised. It provides an opportunity for South African citizens to be

involved in finding solution to many challenges that extractive industries is facing in this country.

Thabo Rapoo (Executive Director, CPS)

Once again let me express my gratitude to all the speakers who came and led us in discussions since yesterday. In particular, I would like to thank our guests from Angola, Zambia, Zimbabwe and Namibia. We enjoyed having you here and we have learned a lot from your experiences. We are grateful.

My gratitude is also directed to our speakers from the South African political parties that participated in the conference today. Unfortunately we did not have all the key parties, including the one that matters a great deal – the ruling party. Maybe that is the

arrogance of power. We had some of our opposition parties with us today and, who knows, maybe one or two of them might become governing parties in the future, and might also not attend these kinds of debates once in power. Perhaps this comes with being in office – perhaps once you are in office there is no need for debate until you are out of office or in opposition. Nonetheless we are grateful to everyone who participated in this conference.

In conclusion, I would like also to thank the Southern Africa Resource Watch (SARW) for making available the resources needed to convene this conference. We are grateful for this, and we hope that this kind of partnership continues in the future. I would also like to thank Naomi Moloisane from CPS and Moratua Thoke from SARW for the administrative support to this conference.

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