

Debate on nationalising mines

What is the political context?

Why is the ANC Youth League calling for the nationalisation of the mines? **Aubrey Matshiqi** gives the historical background to this call and analyses the nature of the debate, the meaning of Julius Malema in this controversy, and the fracturing of the stark contrast between left and right as expressed in the Polokwane coalition.

At a function organised by the African National Congress Youth League (ANCYL) in 2006 to celebrate its 62nd anniversary, the then secretary-general of the ruling party and current deputy president of the country, Kgalema Motlanthe, spoke of the need to tackle developmental challenges such as the imperative of free compulsory education. In his speech, he spoke about setting up vehicles through which such developmental challenges would be financed. According to Motlanthe, a state mining company would have to be established with the aim of ensuring that dreams such as free and compulsory education become a reality.

Two years later, the ANCYL adopted a resolution at its national conference which called for the nationalisation of mines and other key sectors of the economy. When ANCYL president, Julius Malema, talks about the nationalisation of mines, he is implementing a conference resolution and is, therefore, not speaking in his personal capacity.

Lest we forget, former president Nelson Mandela also spoke of nationalisation as one of the policy pillars of the ANC when he was released from prison in 1990. It is now 20 years since Madiba was freed

and 55 years since the Freedom Charter was adopted by the Congress of the People in Kliptown. According to the Freedom Charter, 'The national wealth of our country, the heritage of all South Africans, shall be restored to the people; the mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole; all other industry and trade shall be controlled to assist the well-being of the people; all people shall have equal rights to trade where they choose, to manufacture and to enter all trades, crafts and professions.' It is for this reason that the nationalisation of mines is but one aspect of the broad thrust of the ANCYL resolution on nationalisation.

In its discussion document on the nationalisation of mines, the ANCYL argues that 55 years of the Freedom Charter and the centenary celebrations of the ANC in 2012 'should serve to give practical meaning and coherent actualisation of the Freedom Charter, which has since its adoption, inspired hope for [the] majority of the people of South Africa.' The call by the Youth League for the ANC to adopt a resolution on the nationalisation of mines at its national general council (NGC) in September this year, and at its

national conference in 2012 has, as expected, generated a lot of heat and controversy.

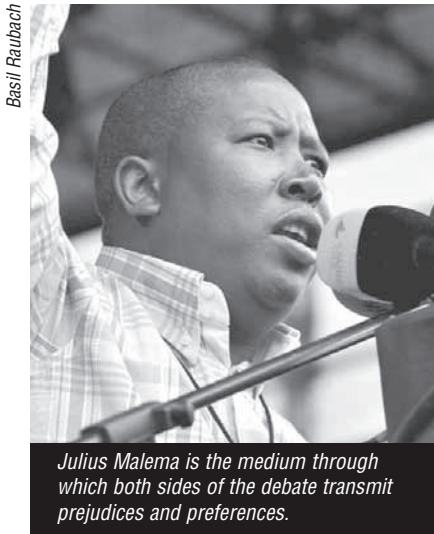
This article seeks to focus attention only on the political context in which the debate is taking place. The focus is, therefore, on the historical context; nature of the controversy; meaning of Julius Malema and fracturing of the Polokwane coalition.

WHAT IS NATIONALISATION?

But, first things first. What kind of animal is nationalisation?

In the simplest of terms, nationalisation occurs when industries or private assets (the means of production) are taken into public ownership by a national government or state on behalf of, and for the benefit of the people or a particular class. Well, in theory, that is how things are supposed to work.

Were this to happen in South Africa, both the mineral wealth beneath the soil and private mining companies would fall under the ownership of the state for your benefit and mine. In other words, the provision of public goods such as education, health and housing would in part, or completely be financed from the proceeds of nationalisation. However, there are different ways in which these developmental goals can be achieved.



Basil Raubach

Julius Malema is the medium through which both sides of the debate transmit prejudices and preferences.

One option is to rely on the markets with the state playing no part in the economy. For the majority of people on the planet, the market has not been as benevolent as its supporters claim. On the other hand, those who idealise the market argue, with some justification, that the state has not always been successful in marrying the policy of nationalisation to the successful delivery of public goods. In the beginning, as was the case in Zimbabwe and the Soviet Union, nationalisation seemed to work but was later undermined by objective factors, inefficiency and subjective weaknesses and interests.

In South Africa, there are two main reasons why some constituencies are opposed to the nationalisation of mines.

First, they believe that the state is inherently inefficient despite the fact that private capital had to be rescued by the taxpayer in Europe and the United States. Second, others fear that those who seek to capture the ANC and the state in pursuit of narrow political and economic agendas may want to use the state and the proceeds of nationalisation as their private piggy banks. This is why opposition to the

ANCYL has come from the left, right and the centre.

HISTORICAL CONTEXT

During the Cold War, the global balance of forces was defined by the tensions between the US and the Soviet Union. Many liberation movements sought to implement different variants of the Soviet Marxist-Leninist model when they won freedom from colonial oppressors.

Despite the fact that the ANC has never seen its historical mission in terms of the transition to a socialist order, its ideological content was influenced by the relationship between the Soviets and the South African Communist Party. It is partly for this reason that, for a long time, nationalisation was seen as one of the solutions to the developmental challenges that would face a post-apartheid society.

With the collapse of the Soviet Union and its satellites, and the ascendance of neo-liberal capitalism, such ideological preferences lost their currency. This change in the global balance of forces, forced liberation movements such as the ANC to abandon policies such as the nationalisation of mines.

Some, however, have argued that the retreat of the state from nationalisation policies showed a failure to maximise opportunities to nationalise within the constraints that were imposed by the globalisation of neo-liberal policies in the 1990s. It is in terms of the collapse of the Soviet Union and of socialism that the ANC government has explained its opposition to nationalisation.

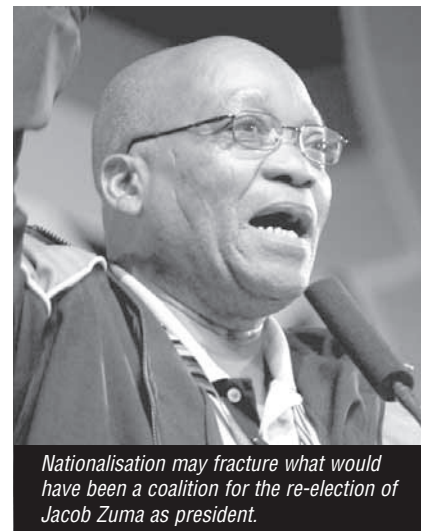
For its part, the Youth League seems intent on having an impact on ANC policy because its reputation seems to revolve around the narrow role of kingmakers in ANC leadership battles. Also, it

seems the push for nationalisation is part of generational shifts in the ruling party. The current leadership of the Youth League sees itself as a government of the future that will bring to life the dreams contained in the Freedom Charter.

NATURE OF CONTROVERSY

Unfortunately, in the period since Polokwane (ANC 2007 Congress where Jacob Zuma supporters trumped Thabo Mbeki), political events tend to be seen through the lens of political and leadership battles in the ruling party and the tripartite alliance. There are those who suspect that the Youth League's appetite for the nationalisation of mines has nothing to do with the stomachs of ordinary citizens. It is argued that sections of the ANCYL leadership are acting on behalf of the entrenched political and economic interests of mining moguls with political connections. In other words, some leaders of the Youth League are trying to rescue people who have been financing their personal and political appetites.

The logic of this allegation suggests that BEE as an instrument of accumulation is approaching a dead-end and this calls for the creation of new revenue streams by the state. If



Jerome Delay/AP

Nationalisation may fracture what would have been a coalition for the re-election of Jacob Zuma as president.

these elements capture the ANC and the state, it will be possible for them to shift ANC policy towards nationalisation.

Whether these allegations are true or not is not the issue. The issue is that sometimes people take positions in such policy debates with the aim of advancing or thwarting certain political agendas. In the process, elements from the left and the right might find themselves colluding in pursuit of a common political goal.

MEANING OF MALEMA

It is not surprising that many in the media and the markets have been blaming Malema and lampooning him because of the call for the nationalisation of mines. In many cases, there is lack of awareness that the Youth League passed a resolution on nationalisation at its chaotic 2008 national conference.

This is worsened by the fact that some of the opinions are based on prejudice instead of a reading of the ANCYL's discussion document. Others cannot support anything that comes out of Malema's mouth. Undoubtedly, Malema has become a spectacle whose behaviour is both divisive and offensive to some. Unfortunately, some wish to silence him instead of defeating him through reason and logic. Malema has become a medium through which both sides in this debate seek to transmit their prejudices and preferences.

FRACTURING OF POLOKWANE COALITION

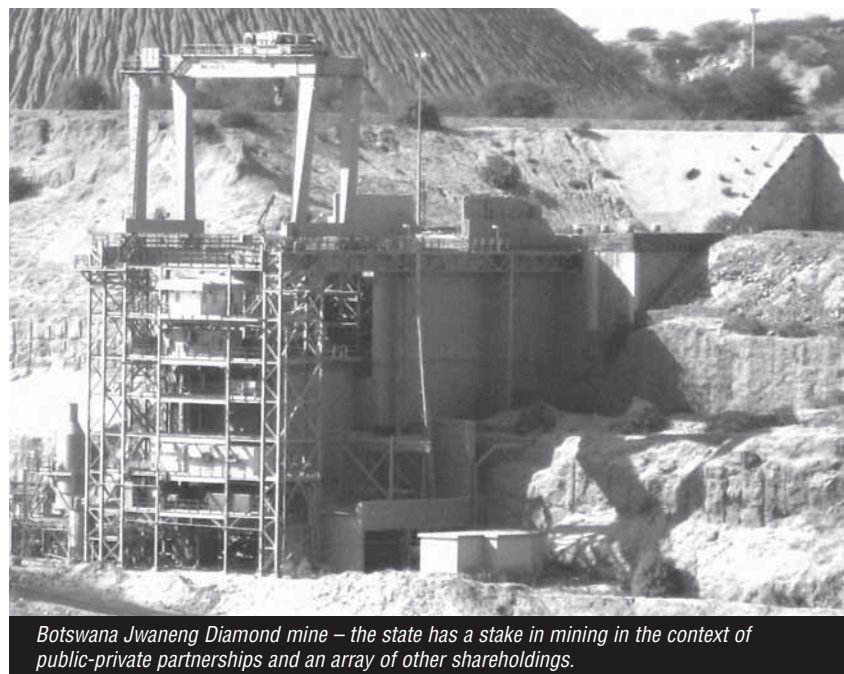
There have been attempts to explain disagreements over the nationalisation of mines in terms of tensions between the left and the right, nationalists and communists or 'tenderpreneurs' and anti-corruption crusaders. According to this narrative, one side is evil and the other is as pure as the driven snow.

All of this results in gross oversimplification since, in the post-

Polokwane period, cleavages are happening along many fault-lines. What is worse, is that some of the political players may find themselves on the same side with regard to one fault-line but on different sides with regard to another. This is why characterising policy differences over nationalisation in terms of the stark contrast between left and right, or communist and nationalist is not very helpful.

for the ANC to unite around a resolution on the nationalisation of mines, the Youth League should consider a mix of models. Neither the wholesale nationalisation of mines nor the unfettered market will do. While it is not a given that state mining companies will fail, state capacity in post-apartheid South Africa remains a sore point.

Because a mixed economy coincides with the policy



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Botswana Jwaneng Diamond mine – the state has a stake in mining in the context of public-private partnerships and an array of other shareholdings.

Furthermore, the complex nature of the internal cleavages within the alliance and the ANC should sensitise the Youth League to the fact that its approach to the nationalisation debate may alienate potential allies in other political battles. This means that nationalisation may fracture what otherwise would have been a coalition for the re-election of Jacob Zuma as ANC president.

What is important is that the developmental needs of our country need more than one response. Since it will be difficult

preferences of the ruling party, there is enough space for us to learn from the example of countries such as Botswana. Here the state continues to have a stake in mining in the context of public-private ventures, private mining entities and an array of shareholding and taxation mechanisms. LB

Aubrey Matshiqi is senior research associate at the Centre for Policy Studies (CPS). This article is based on a presentation in March 2010 at a CPS seminar on the nationalisation of mines