

THE FALL OF A GIANT: THE STORY OF THE DISINTEGRATION OF THE SOUTH AFRICAN MINING INDUSTRY

by Dr I. Robinson

ABOUT THE BOOK

Whatever happened to our mining industry?

In 1994 the South African mining industry was a world leader; in 2020 it had descended into a state of both anarchy and paralysis. This book tells the story of the disintegration of the South African mining industry over a period of more than a quarter of a century since the ANC's accession to power. In 1994 the ANC inherited a flourishing mining industry. However, despite its world class status, the mining industry which the white government bequeathed to the ANC was incompatible with the Freedom Charter (1955) due to the concentration of wealth in white hands.

Thus, the inheritance of the mining industry represented a "poisoned chalice" to the ANC. It was politically and morally obliged to make changes to the industry in order to remedy the injustices of the past.

Not only was the South African mining industry in 1994, predominantly based on five domestically domiciled mining houses, incompatible with the ANC's principles and policies, it was also incompatible with the new world economic order of globalization. London institutional investors placed pressure on the mining houses to unbundle their non-mining assets and focus exclusively on their core business, mining. The new ANC government allowed South Africa's two largest mining houses to transfer their primary listings and head offices to London. Thereafter, predictably, their international interests prevailed over any vestige of loyalty to their previous homeland.

This left an investment vacuum in the South African mining industry. However, instead of seeking to attract foreign investment to replace the loss of developmental capacity through the demise of the domestic houses, the ANC focused on widening the ownership of the industry through its policy of Black Economic Empowerment (BEE) thereby imposing onerous conditions on potential foreign investors.

The ANC mining policy was finally imposed through the Minerals and Petroleum Resources Development Act (MPRDA) which was promulgated in 2004 and which vested the ownership of mineral resources in the state thereby replacing the previous system of private ownership.

Although based on the noble principle of sharing the wealth created by the mining industry among all the people, the implementation of these policies degenerated through maladministration and corruption leading to chaos and a decline in investment.

In addition the mining industry has been forced to operate within an extremely difficult and hostile environment resulting from the government's incapacity to provide the basic services of reliable power, rail transport and port facilities, and the protection of legal rights and personal safety of mining companies and their employees.

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The Southern African Institute of Mining and Metallurgy
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