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The Politics of Extractive Industry Governance in Post-Apartheid South Africa: A Case Study of Platinum Group Metals

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Abstract

This paper examines how political changes affect the management of extractive resources in South Africa. It does this by utilising the “Political Settlement” framework, which considers the roles of politics, power, and institutions in shaping economic and development outcomes. This article applies this approach to South Africa’s political settlement in post-Apartheid South Africa, examining political and economic interests that have impacted the governance of the extractive industry, using the platinum group metals (PGMs) mining sector as a case study. It argues that political and economic elites’ interests have influenced the governance of the extractive industry and the potential for inclusive development, with significant consequences for poor black South Africans. Consequently, South Africa’s political settlement has contributed to the marginalisation of mining communities. The findings show that politics shapes the governance of the extractive industry in South Africa and that the country’s stability is inextricably linked to the governance of its extractive mineral resources.

Keywords: *Minerals-energy complex, Natural resource governance practices, Neo-patrimonialism, Platinum group metals, Political economy, Political settlement*

Introduction

Diamonds, platinum, and gold extraction have dominated South Africa's economic and political development since 1795. Consequently, mineral wealth became essential to the economy of South Africa as it became structurally dependent on mineral resources. Mineral wealth also led to mining, influencing political and economic development. For instance, emerging mining capitalists were the first to promulgate and advocate for racial segregation through the Chamber of Mines (Lipton, 1989). The Minerals-Energy Complex¹ (MEC) was responsible for the South African Native Affairs (SANAC) commission to determine why Africans were not prepared to work on the goldmines (Lipton, 1989). This commission led to the enactment of the 1913 Land Act and the institutionalisation of a highly exploitative migrant labour system for the gold mines. Thus, the relationship between dominant elites, mineral extraction, and the state created a discriminatory and oppressive system against the black majority and highlighted how and why mining became the backbone of minority wealth accumulation during colonial Apartheid. Questions remain on whether new institutional arrangements and governance mechanisms in post-apartheid South Africa were designed to facilitate the redistribution of resources and address the historical inequalities within mining communities. This paper, therefore, attempts to answer some of the questions by analysing how mining communities in Platinum Group Metals (PGMs) have benefited from resources. As part of its commitment, the government, after the end of apartheid, took steps to transform the mining industry, which had been a critical source of wealth for the minority during the Apartheid era. However, 'the new mining legislative regime was moulded in the spirit of the elite compact that advanced the interests of the minority. At the same time, they subjugated the majority of those affected by mining to deeper and more institutionalised forms of exclusion and impoverishment' (Rutledge, Ndebele, Mbangula & Vally,2022). Three

¹ Minerals-energy complex is an economy structurally dependent upon energy intensive growth, driven by mining and minerals beneficiation and reliant upon abundant sources of low-cost coal for 96 per cent of its electricity. (see Fine and Rustomjee, 1996).

key historical themes help to explain why South Africa's mineral wealth endowment has not resulted in better economic development outcomes. Firstly, the political and economic system from 1890 to 1994 was ineffective, served the interests of a small white minority, and excluded the black majority from its benefits. Secondly, the collapse of Apartheid and the negotiation process led to 'new political and economic alliances between old white minority political and economic elites and the new black political and economic elites' (Rutledge et al., 2022). For instance, Mckinley states that the mining sector became 'the centrepiece of the ANC's Black Economic Empowerment programme (BEE)' (Mckinley, 2017: 64). Post-apartheid South Africa has witnessed little to no transfer of mineral wealth to benefit the historically disadvantaged communities, which has seen the exclusion of mining community interests. Thirdly, historically, the state in South Africa has always been central to class formation. From the Marxist perspective, state formation represents the interests of the capitalist class, and policies enacted reflect the interests of this class. The reform or lack of changes to the mining industry reveals that the new mining laws and regulations have been designed to primarily benefit the interests of the minority while causing further marginalisation and poverty for most of those affected by mining (Rutledge et al., 2022).

This article traces the development of natural resource governance practices in South Africa from 1994, the end of the apartheid regime, when the country became independent under President Nelson Mandela, right through to the end of President Zuma's term in 2017. Some of the questions addressed in this article are: What effects have the post-apartheid political settlements had on the governance of extractive industries in South Africa? How do extractive resource governance practices affect political changes in South Africa? The paper argues that the ruling party's elite interests have shaped South Africa's postcolonial extractive resource governance institutions, allowing the influence of the liberation movement's political culture and values to influence resource redistribution. Political culture entails a set of values, beliefs, attitudes, and sentiments that give order and meaning to a political process (Sithole, 2022). It provides underlying assumptions and rules that govern behaviour in a political system. During the liberation wars, specific values, beliefs, attitudes, and values emerged from the liberation movements, notably rooted in the struggle for independence. For instance, in the pursuit of independence, the war of liberation was fought to restore justice and dignity to the historically disadvantaged.

Therefore, true liberation would only be achieved if resources were returned to their rightful owners. However, core elements of the liberation movement's beliefs and attitudes have undermined their ability to pursue equitable redistribution of resources. How does this article contribute to the body of literature on the governance of South Africa's extractive resources, including works by Mnanwa, 2019; Ndlovu, 2013; Elbra, 2013 and Murombo, (2013) among others? These studies did not use the political settlement framework to analyse natural resource governance practices in South Africa. The governance of South Africa's extractive industry via a political settlement framework is being examined for the first time in this article. The framework for political settlements understands that the nature of inter-elite relationships primarily shapes the underlying conditions for development and primarily how 'elites use the power at their disposal to shape policy reforms and institutional changes' (Khan, 2010; Hickey, 2013). In particular, the paper examines the governance of natural resources through the political settlements lens to understand how political settlements affect the potential for sustainable and meaningful development in mining communities. By doing so, it analyses the effects of political settlements on the governance of extractive resources in South Africa.

The article proceeds as follows: Firstly, the paper describes the conceptual framework for understanding natural resource governance in South Africa. Secondly, the paper gives a history of natural resource extraction in the country. After that, the article analyses the history of political settlements in South Africa by identifying specific periods of political settlements, beginning with the: MEC, from 1910-1948, and the National Party period, from 1948-1994. The emphasis is on how each political settlement affected the governance of extractive resources and the stability thereof. Finally, the article offers a summary of conclusions. The argument is based on a combination of a literature review, an analysis of press and other grey material, discussion workshops, and, above all, a series of interviews in South Africa. Five purposive interviews² were conducted with researchers and academics focusing on natural resource governance.

² The interviews were part of the author's fieldwork, which received ethical clearance from the Faculty of Humanities at the University of Johannesburg.

Conceptual framework

Institutions in a polity serve different purposes, including the redistributive role that ensures all resources are appropriately shared. At the same time, the quality of these institutions is a significant factor in their development. Acemoglu and Robinson (2012) posit that countries' political institutions fall into one of two categories: inclusive or extractive. Inclusive institutions lead to prosperity, while the elite uses extractive institutions to amass wealth at the expense of the general population. Institutionalist perspectives hold that the root cause of economic development in poorer countries lies in their institutional structure (North, 2005). It has been observed that the 'same formal rules and constitutions can produce different outcomes depending on the society in which they are implemented' (North, 1990: 36). The "political settlements approach" argues that macroeconomic performance can be predicted by studying macro-politics and macro-institutional performance and that a comprehensive understanding of politics, power, and institutional forms is required to explain how the same institutional forms can produce vastly different economic and developmental outcomes (Khan, 2010; Frederiksen, 2019).

Khan describes 'a political settlement as a combination of power and institutions that is both mutually acceptable and able to endure in terms of economic and political viability' (Khan, 2010: 4). This definition emphasises that political settlements are politically determined and highlights key concepts such as settlement, compatibility, and sustainability that are crucial to understanding the rest of the review.

Frederiksen notes that a political settlement implies a resolution to violence that often sees parties agree and *settle*³ (Frederiksen, 2010: 2). North argues that institutions and politics play a significant role in providing incentives for individuals and groups to be peaceful (North, 2007: 3). Thus, they argue that the world is divided into three social orders: limited access orders, hunter/gatherer societies, and open access orders. In a limited-access order, economic and political freedom are restricted. In contrast, in an open access order, there is the opportunity for free and fair competition in both the economic and political spheres. Limited access orders are considered society's 'natural state', where a small group of ruling elites, the politicians, control and distribute

³ Emphasis in original.

benefits among themselves. For example, political leaders may give government contracts to members of their own group to maintain their power and discourage any potential violent conflicts (North et al. 2009: 30).

According to Frederiksen, the negative consequences of violence for elite groups outweigh any potential benefits, leading to a resolution or "settlement" being reached (Frederiksen, 2019: 2). The fundamental principle of all limited access orders is to control the economy to generate profits, maintain stability, and avoid violence (North, 2007). In contrast, open access orders achieve similar outcomes by promoting open economic and political competition, large formal economies that generate substantial profits, and impersonal institutions that divide these profits in a manner that has been agreed upon. Therefore, political settlements are typically stable, reflecting the distribution of power and rents within a society without large-scale, widespread conflict. Equally, where conflict becomes apparent, it highlights the instability of the political settlement.

Furthermore, Kahn acknowledges the above and argues that 'if powerful groups are not getting an acceptable distribution of benefits from an institutional structure, they will strive to change it' (Khan, 2010: 4). Therefore, the key to achieving stability lies in the compatibility of the distribution of power and profits. Conflict often emerges when institutions do not distribute rents based on the broader distribution of power. If groups excluded from power have sufficient holding power, they can weaken the enforceability of institutions by challenging, obstructing, and opposing the rules. For a political settlement to be sustained, there needs to be compatibility between the distribution of power, rent distribution, and institutional structure. According to Laws and Leftwich (2012: 3), 'compatibility is horizontal and vertical, and it should reflect the balance of intra-elite competition and enable the vertical distribution of rents to sustain patron-client relationships.' Many political agreements may lean towards more authoritarian or competitive clientelist systems. In competitive clientelist modes, Hinfelaar and Achberger (2017: 24) note that 'political elites compete for control of the country's political and economic resources through periodic elections in which the strongest political group takes power, rather than through repression of opponents or violent conflict.' Political elites can thereby sustain coalitions through rent distribution.

Lastly, Kahn (2010: 4) points out that for political settlements to be lasting, institutions must reach the basic level of economic productivity

and political stability necessary to maintain the existing societies. Similarly, Frederiksen (2019: 2) notes that political settlements can be somewhat effective, even if they may appear so to outsiders. The author also emphasises that dysfunctional institutions continue to exist because they are essential to preserving political settlements. Institutions promote political stability, prevent conflicts, and sustain elite dominance.

The political settlement approach asserts that political settlements significantly impact how natural resources are extracted and how the rents from those resources are shared or distributed. Equally, actors involved in natural resource extraction operate at subnational, national, and transnational scales, with significant interactions among these levels. Bebbington et al. (2018: 204) note: ‘natural resource politics in Bolivia, Ghana, Peru, and Zambia have suggested that these politics are best understood not just in terms of the interests of different parties negotiating resource use and control, but also in terms of the very nature of the resource itself and of ideas about that resource.’

Similarly, the political and economic salience of extractive resources in South Africa is reflected in contextual factors such as the nature of the resources mined and where they are found. The latter concerns specific geographic, socio-economic, political, and historical contexts where the resources are found (Sithole, 2022: 111). South Africa has experienced periods of instability that were inextricably linked to the governance of its natural resources. In South Africa, gold and PGMs play a pivotal role in employment, as shown in figure 1.1 below. The question of control and management of mineral wealth in postcolonial South Africa cannot be understated due to the salience of the mineral’s energy complex. Similarly, gold and platinum play an essential role in growing the economy. As such, instability in this industry has historically shown that it has the potential to disrupt the political and economic systems of South Africa (Ndlovu, 2013).

Share of mineral value

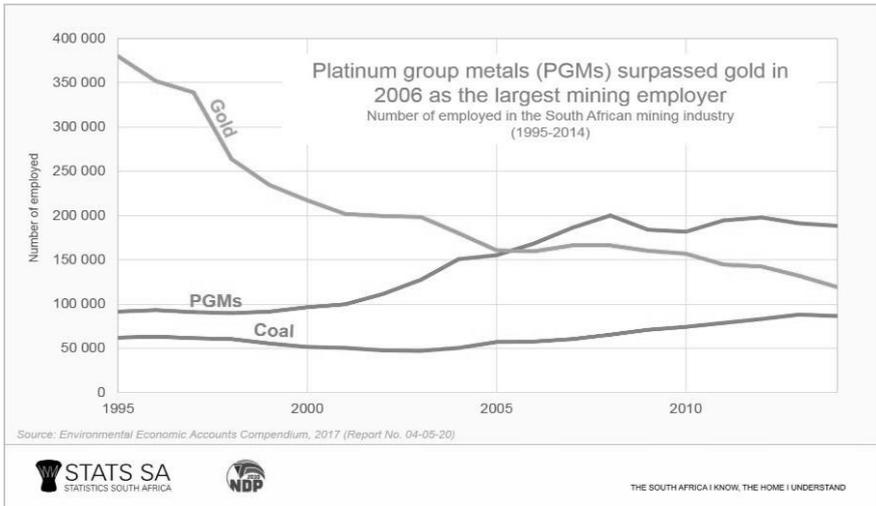


Figure 1.1: Share of mineral value (Source: Statistics SA)⁴

A study by Botlhale (2022: 1), titled *Political Settlements Analysis of Natural Resource Governance in Botswana*, concluded that positive-sum or win-win ‘political settlements produced inclusive resource exploitation, resulting in economic growth and development and a rise in citizen welfare.’ A common thread that runs through the study mentioned above suggests political settlements have broad implications in that state formation, growth, and development are inextricably linked to natural resource governance in resource-rich South Africa and broader resource-rich sub-Saharan African countries. Given that South Africa’s mineral assets are seen as a resource to improve the lives of all South Africans, and access and ownership of mineral resources are explicitly cited in the African National Congress (ANC’s) 1955 Freedom Charter⁵, this corroborates the centrality of MEC to post-liberation government policy. The implication is that natural resource governance in South Africa affects the country’s stability, as will be illustrated by the case study. PGMs contribute to the economy of South Africa, jobs, GDP, and a social safety net for South Africans and the government. Therefore, by using

⁴Statistics South Africa, Mining a brief history (April. 3, 2017), <https://www.statssa.gov.za/?p=9720>.

⁵African National Congress, The Freedom Charter (Kliptown South Africa, 1955), <http://www.anc.org.za/show.php?id=72>.

the political settlement framework, this article addresses the politics of extractive industry governance and explains why inclusive development remains elusive. It identifies challenges impeding inclusive development and proposes strategies for sustainable outcomes within the extractive industry governance framework.

A History of Natural Resource Extraction in South Africa

According to Ndlovu (2013: 56), the interests of capital have always been at the heart of state formation in Africa. Since 1795, the weight of the economic activity of the MEC has led to its dominance in South Africa's political economy. Studies on the colonisation of Africa show that in the late 19th century, the competition to discover and control sources of raw materials, including mineral resources, was a significant factor in the European colonisation and partitioning of Africa (Magubane, 1996; African Union, 2011; Dumett, 2009; Makambe, 1994; Nyoka, 2016; Mcquade, 2019). Mcquade (2019) further argues that the exploitation of natural resources in Africa traces its origins to early colonialism. Murombedzi (2016) notes that 'the colonial state in Africa was established to control labour, capital, and resources for external European purposes.' The expansion and growing wealth of European countries and their industrialisation were made possible because of natural resource extraction (Collier 2010). This made the extractive sector dominant in determining political developments and processes not only on the global stage but also within states, as will be discussed concerning the role of the colonial state in mining. The colonial construct of mining is the starting point for understanding natural resource governance practices in Africa's extractive sector. According to Dumett (2009), from 1870 to 1935, most foreign private capital invested in Africa was directed towards mining. A significant amount of colonial public investment was also allocated towards developing mining industries (Dumett, 2009). For example, he states that South Africa received a large amount of investment and re-investment, primarily from the profits of its diamond and gold mines. This resulted in the expansion and transformation of South Africa's economy and the country's emergence as a racially segregated and dominant economy in Southern Africa, with other economies in the region being affected by this (African Union, 2011). Fine and Rustomjee (1996: 5) argue that the prominence of mining in the economy hindered early 'attempts to diversify the South African economy away from its core mining and

extractive industry base and to develop a sustainable industrial sector.’ In the 1950s, Anglo-American Corporation and the National Government formed a partnership that saw Harry Oppenheimer offer an Afrikaner Economic Empowerment (AEE) deal to the Afrikaner business sector (Fine and Rustomjee, 1996). The emphasis is on the reciprocal relationship between the corporate sector and national governments. This relationship also saw the promulgation of racial segregation legislation that influenced policies that guaranteed the supply of cheap labour. All this explains that the relationship between the state and capital in Africa is closely intertwined, with private business interests historically central to the formation of modern states in the region (Ndlovu, 2013: 56). This is a testament to the economic power mining interests wielded. This economic power played a critical role in initiating political developments that led to the end of Apartheid.

Grant et al. (2015: 3) acknowledge that, from this historical analysis, the predominant view of natural resource governance ‘held the state actors as the primary actors of natural resource governance practices.’ It then becomes imperative to understand how the colonial construct of mining influenced the development of the colonial state, highlighting its nature and role in the development of natural resource governance practices and the laws that governed it. Makambe (1994: 81) acknowledges that ‘the colonial state assisted settler capital in its struggle against labour, which saw mining capital benefiting considerably from the state’s cheap labour policies.’ The colonial state had political control over resources and represented the interests of settler capitalists and colonial metropolitan countries. The above illustrates that the South African state and capital is closely intertwined, with private business interests historically central to their formation.

A History of Political Settlements in South Africa

The structure of South Africa’s economy and the history of the balance of power between the political and economic forces have been well documented from as early as the Dutch East India Company, or Vereenigde Oost-Indische Compagnie (VOC)—1652-1795; the British colonial period—1795-1910; the mineral energy complex – from 1910-1948; the MEC and National Party period—from 1948-1994. Throughout its history, capitalism has been a part of a dual system in which the political authority, represented by the state, whether democratically elected or not, is the political side and capitalism is the

economic side, represented by Corporates/Business interests (Kondlo, 2015: 2). Capitalists always benefit, and since 1652, various capitalist corporations have aligned themselves with different political regimes that have governed South Africa (Magubane, 1996; Terreblanche, 2012). Notably, regard less of the political regime in power, capitalists have always benefited from the state. Thus, subsequent political settlements in South Africa have seen capitalists benefit. Holcombe argues that in most instances, political and economic sides have been known to cooperate for their mutual benefit at the expense of the masses (Holcombe, 2015: 41). Therefore, practices that benefit the political and economic sides of the state remained, mutually benefitting these actors and ensuring the state's continued stability. This article argues that this has been the case with every subsequent political settlement in South Africa, as the system has been extractive and not inclusive. What is extractive to natural resources is not just the actors per se but the system that actors take advantage of, knowingly or unknowingly. Another critical point is that corporate interests have managed to influence government policies and laws. From 1652 to 1994, the corporate side was always more powerful than the state. As a result, corruption and illegal business practices have been part and parcel of South Africa's political and economic history. To demonstrate this, the Dutch East India Company was notorious for dishonourable business practices and large-scale corruption, of which senior and junior officers were regularly guilty. Kindleberger (1996) describes the Dutch East India Company as the most corrupt corporation in the history of the world, which ultimately, he argues, was the leading cause behind its demise. Similarly, Friedman (2021: 52) concurs that significant corruption marked this early phase of colonial rule. Two main issues emerge from the historical analysis of South Africa's political economy, which are relevant to this study. Firstly, one can argue that elite cohesion always existed between political and economic interests, often resulting in elitist construction and co-optation in governance. One can characterise this system as insiders and outsiders, with insiders constituting the white minority and outsiders the black majority. Secondly, the roots of path dependence in South Africa are older than the establishment of Apartheid. Indeed, elite cohesion has meant that corporation have always been able to exert influence over state policies and legislation. Apart from this, one can note that understanding the development and realities of post-apartheid South Africa is best understood by illustrating how pre-1994 governance patterns and behaviours result from path-dependent development. In

the discussion section, this article demonstrates how this found expression through the creation of natural resource governance institutions and practices. The relationship cultivated between the old economic and new political elites is integral to the functioning and preservation of this capitalist system. Therefore, to understand why the post-apartheid state sided with capital during the Marikana massacre, it is essential to understand the political settlement.

Extractive Industry Governance and the National Political Settlement

In South Africa, exclusion, inequality, and poverty are pervasive issues that impact most of the population. On the other hand, these problems are not experienced by parliamentarians, government ministers, or other high-ranking political figures. This article argues that the liberation movement's political culture values were infused with postcolonial extractive resource governance practices. Undoubtedly, between 1652 and 1994, the political and economic system served the interests of a small white population and deliberately excluded the black majority from its benefits. While the collapse of the Apartheid regime would usher in a new political settlement, new alliances were formed between the previously dominant white minority political and economic elite and the rising black political and economic elite. However, this led to a significant widening of the divide between the privileged elite and the marginalised and poor population. Even in 1994, those already struggling were trapped in a cycle of poverty that both perpetuated and intensified their economic hardship.

In light of the inequalities that existed, the state undertook to reform its mining landscape, which had been the backbone of minority wealth accumulation from the British colonial period (1795-1910) the MEC from 1910-1948; the mineral energy complex and the National Party period (1948-1994). It is essential to acknowledge that South Africa's economy is structurally dependent on energy-intensive growth driven by mining and mineral beneficiation. Therefore, any attempt to transform the economy and address poverty, inequality, and unemployment would equally depend on the transformation of this sector. The ANC's policy paper (2012), Maximising the Developmental Impact of the People's Mineral Assets: State Intervention in the Minerals Sector 2012, corroborates the political and economic salience of extractive resources to post-liberation government policy. However, this article notes that

the newly established mining laws were crafted to prioritise the interests of a select group of elites while worsening the exclusion and poverty experienced by the majority of those affected by the mining industry. One researcher (interview with researcher, September 4, 2021) noted as follows: 'It is noteworthy that the 1998 White Paper, a 93-page document, only mentions the impact of mining on communities once, and the document's attention to this issue is limited to that one instance. A platform should be created for communities impacted by mining to express their views.'

As a result, mining-affected communities have been exposed to deeper and more institutionalised forms of exclusion and impoverishment, as illustrated in this paper.

In addition, enacting the Mineral and Petroleum Resources Development Act 2002 (MPRDA) gave power to the state in managing natural resources, where the centrality of the state in managing resources was emphasised. The state was regarded as the custodian of the country's mineral wealth. Notably, this was important for advancing the agenda of transformation and the restoration of justice and dignity for the historically disadvantaged. Thus, it was integral for the post-liberation governments to wield state power. Nonetheless, specific individuals within society have covertly and overtly gained control of the state machinery to further their material interests. Literature on state capture acknowledges that countries in transition are more susceptible to state capture, where ruling elites can influence policy formation to their advantage (Hellman et al., 2003; Meirotti & Grant, 2018: 30).

Despite post-apartheid mining legislation, mining communities continue to experience exploitation. The South African Human Rights Commission's (SAHRC) 2008 report on mining-affected communities made recommendations regarding legislation in the following areas: consultations with communities concerning granting mining rights. The recommendation acknowledges the importance of an inclusive consultative process that ensures good mineral governance, such as transparency, accountability, and participation (see figure 1.2 below). Other critical indicators include gender equity to ensure that no individual is discriminated against. For instance, 'women in mining communities are still forced to compensate for the industry's unequal wealth distribution in terms of the unrecognised reproductive labour of women' (Rutledge et al., 2022).

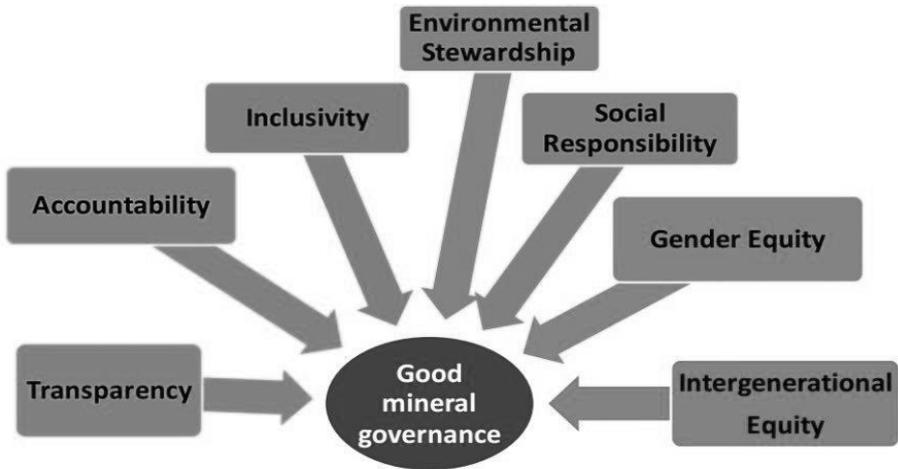


Figure 1.2: *Good mineral governance Framework* (source: Ushie, 2017: 8)

Political Settlements, the State, and Extractive Industry Governance: The Marikana Crisis 2012

This section attempts to answer the following questions: what effect have the post-apartheid political settlements had on the governance of extractive industry in South Africa? How do extractive industry governance practices affect political changes in South Africa? Many studies have attempted to explain ‘why the Marikana massacre happened’ (Ndlovu, 2013; Higginbottom, 2018). Consensus exists that the conflict was not an isolated incident and should be understood in the context of the broader post-apartheid order, the industrial relations regime, and the colonial power matrix (Quijano, 2000). This article argues that the income distribution from natural resources has always been vertically ordered per the local manifestations of the hierarchies shaped by the specific political settlement. Ultimately, the post-1994 political settlement protected the status quo at the expense of redistributing resources to historically disadvantaged Africans.

Firstly, it is clear from the preceding sections that South Africa established non-inclusive political settlements post-1994. This was possible for two reasons. The presence of the colonial governments ensured that the liberation movements stepped into and continued the institutional cultures of their predecessors. As a result, extractive resource governance practices and institutional developments in the

governance of extractive resources became partly dependent. Such conditions enabled the political and economic elites to cooperate for mutual benefit. Secondly, the liberation movement's political culture values became infused with postcolonial extractive resource governance practices. Notably, natural resource governance practices have ensured continuity in institutional practices that marginalised the interests of mining-affected communities. From the above, one can conclude that the Marikana massacre did not occur as an isolated incident but was reflective of the elite compact and power relations that have characterised the broader post-apartheid political settlement and the industrial relations regime.

Because of path dependence, this allowed the co-optation of interests between the new political elite and the old economic elite of London Minerals (Lonmin). For example, the labour dispute witnessed the state (political elites) and capital (business) on the same side against labour/striking workers. This was possible because of the cooperation between the state and businesses for mutual benefit. As a result, mining companies have exploited black workers and drained South Africa's tax base through immoral profit-shifting and illicit financial flow mechanisms. This reflected South Africa's political economy since 1652, when the state and business cooperated for mutual benefit. Ndlovu (2013: 48) states: ...the manner in which the police force, as a state representative, behaved during the Marikana massacre is similar to how the police force treated colonised subjects during both the colonial and the apartheid eras.

In addition, the liberation movement's political culture emphasises the need for political transformation, social transformation, and economic empowerment through control over extractive resources. Because the state is seen as a vehicle for advancing these interests, its capture led to political elites benefitting from mineral resources at the expense of the mining-affected communities. The involvement of politically exposed persons (PEP) in mining has meant that mining-affected communities' interests can easily be undermined. The ownership of shares in mining companies by politically exposed persons (PEPs) can negatively impact transparency, accountability, and participation. For instance, then-deputy Vice President Cyril Ramaphosa, who held a non-executive director position at Lonmin mine, used his political influence to influence the state police's handling of a labour dispute, which he characterised as a criminal act (Head 2018). Notably, the political-apartheid political settlement has relied on

its mineral wealth to generate revenue and redirect it towards social and economic development. 46% of South Africa's population is on social grants (Staff Writer, 2022). There are more people on social grants than there are employed. PGMs contribute close to 50% of the South African resource bracket, meaning that the government earns taxes that contribute to these social programmes (Neiteler, 2021). Therefore, the political settlement has resulted in the state controlling natural resources to address social and economic issues. In addition, the political settlement ensured the capture of the state in order to effect their transformation agenda. Fredericks and De Jager (2022) recognise that the capture of the state by the Zuma/Gupta alliance was not an isolated event but rather the outcome of a governance approach based on the National Democratic Revolution (NDR) theory. To support this, they point to the ANC's policy document, "Maximising the Developmental Impact of the People's Mineral Assets: State Intervention in the Minerals Sector", which states that the nation's mineral resources are intended to improve the lives of all citizens (ANC, 2012). Notably, state intervention in the mineral sector will generate rents for social and economic development. Given societal issues such as poverty, one can conclude that the political settlement's stability relies on how the government has been able to use extractive resources for the benefit of mining-affected communities.

Secondly, the salience of extractive resource governance practices in South Africa has meant that the ANC government must carefully balance the needs of mining-affected communities and business interests. Failure to navigate this reality can have dire consequences for the ANC and result in it losing political power. Arguably, the Marikana massacre and its aftermath gave birth to the EFF. During this strike, striking workers organised themselves, and Julius Malema addressed them. Julius Malema was quoted saying, 'the mines must be expropriated from the multinational corporations and be used as critical drivers towards industrialisation in our country for the benefit of all' (Nemakonde, 2017: internet). This illustrates that the Marikana crisis of 2012 not only undermined ANC's dominance and legitimacy as the party that brought independence, especially in mining-affected communities, but extractive resource governance practices have the potential to chart a new political path for South Africa.

From the above, the paper attempted to use the 'political settlement' approach to examine the effect of political changes on extractive resource governance in South Africa. The nature of the political

settlement post-1994 has led to the ruling party's elite interests shaping South Africa's postcolonial extractive resources governance institutions, allowing the influence of the liberation movement's political culture values to influence resource redistribution. Also, it has led to continuities in the governance of extractive resources that have seen mining-affected communities being exploited. Elbra (2013: 550) concludes that, 'many of South Africa's citizens are yet to benefit from their country's natural resource wealth – and in the cases of those directly affected by mine violence or poor working conditions, they have in fact been harmed.'

The post-apartheid political settlement has also faced challenges in the governance of extractive resources in South Africa. There have been concerns about corruption, lack of transparency, and inadequate consultation with affected communities, particularly concerning the allocation of mining licences and the distribution of benefits from resource extraction. One can argue that minerals make South Africa, minerals maintain South Africa, and political settlement stability is inextricably linked to the governance of its extractive resources. All in all, politics shapes extractive resource governance in South Africa.

Conclusion

In order to prevent a repeat of the massacre that happened in August 2012, it is crucial to understand that as long as an elitist political settlement is present in South Africa, such tragedies will remain inevitable. This is mainly because the political settlement affects exclusion, inequality, and poverty as it determines decisions about how natural resources are extracted and how rents from extractive resource extraction are distributed. Effective and sustainable resource governance can contribute to the stability of a country by promoting economic development, reducing poverty, and supporting social and political inclusion. On the other hand, poor governance of extractive resources can have negative consequences for stability, including economic inequality, social unrest, and conflict. The structure of the political settlement will perpetuate inequality in the governance of extractive resources, which will always exploit mining-affected communities. Conflict in mining-affected communities will be an unavoidable reaction unbearable conditions induced. Therefore, an inclusive political settlement will be able to address the structural problem of inequality. In the context of exploitation in the mining sector, it is essential to engage

with the nationalisation discourse to assess the potential to create inclusive rather than extractive institutions.

Disclosure statement

No potential conflict of interest was reported by the author.

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