

Institution: SOAS
Unit of Assessment: 24B Anthropology and Development Studies: Development Studies
Title of case study: Reforming Understanding of the South African Economy through Its Characterisation as a Minerals-Energy Complex (Ben Fine)
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Professor Ben Fine's scholarship has demonstrated how networks of capital organised within and around mining and energy have exercised decisive influence over the character and trajectory of the South African economy. Although extending beyond analysis of these sectors, central to his research has been the notion that South Africa incorporates a minerals-energy complex. This notion, and the insights it provides, has been enthusiastically taken up by government departments, including the South African Department of Trade and Industry, by trade unions, political parties, intellectuals and commentators such that it has influenced policy debate, policy in practice and entered popular discourse.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>Fine took his doctorate in economics at the LSE, holding a professorship at Birkbeck, University of London, before joining SOAS in 1992. His extensive work covers the broad traditions of heterodox economics, with particular contributions to the history of economic thought, development, economics imperialism, consumption and social capital, in each of which he is an internationally acknowledged scholar. What follows, however, focuses on research from 1997 on the specific conditions of the South African economy, for which he first coined the term Minerals-Energy Complex (MEC) in 1988.</p> <p>Then, Fine was already part of a small team invited to join the Department of Economic Policy of the African National Congress (ANC) to formulate economic policy for the anticipated post-Apartheid period. This led him to posit the existence of the MEC. Fine's research collaborator in the early 1990s on the ESRC-funded project to develop the notion of the MEC, Zavareh Rustomjee, was subsequently appointed Director-General of South Africa's Department of Trade and Industry in 1994. In the years that followed, he and Fine co-authored what is now recognised as a seminal contribution to South African economics, <i>South Africa's Political Economy: From Minerals-Energy Complex to Industrialisation</i> (1997). Although not immediately influential across South Africa, with a change in government in 2007 the MEC has increasingly entered into policy dialogue and formulation, gaining resonance in wider culture.</p> <p>What distinguished this approach was the resolute focus on South Africa's distinctive economic realities, shaped by historical, geographical and political circumstance, power relations perpetuated and enforced by Apartheid and the abundance of certain natural resources. How these factors blended to produce certain types of partnerships between state and private capital and the disproportionate emphasis on the development of a select number of activities around mining and energy were key themes of the book. This contrasted with the then widespread advocacy of South Africa as having failed in import-substituting industrialisation, especially for consumer goods.</p> <p>Fine's research on the MEC emphasised the key role played by its core and related sectors such as mining, steel and electricity and the shifting influence of economic and political interests, as well as corresponding impacts on development path. Both historically and currently, Fine's research investigates instances and patterns of continuity and change associated with the MEC. For example, he examines the growth of large-scale Afrikaner capital during Apartheid and its dominance over small-scale counterparts, and ultimate incorporation with large-scale mining capital.</p> <p>For the post-Apartheid period, Fine emphasizes the globalisation and financialisation of conglomerate capital, and the incorporation of a new black elite through these and other processes</p>

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whilst core MEC sectors remain crucial to the economy. The role of (illegal) capital flight, as much as 20% of GDP, has been highlighted, as has its impact on the levels and efficacy of domestic investment and correspondingly severe constraints on macroeconomic performance and policy. Critiques of the recent government, New Growth Path and National Development Plan have been influential, in observing the failure to address the continuing role of the MEC.

3. References to the research (indicative maximum of six references)

- a. with Z. Rustomjee. *South Africa's Political Economy: From Minerals-Energy Complex to Industrialisation*. London and Johannesburg: Hurst and Wits University Press, 1997.
- b. "Can South Africa Be a Developmental State?" In *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges*, edited by Omano Edigheji, 169-82. Cape Town: Human Sciences Research Council Press, 2010.
- c. "Submission to the COSATU Panel of Economists on 'The Final Recommendations of the International Panel on Growth' (The Harvard Panel)." *Transformation* 69 (2009): 5-30, and "A Rejoinder to 'A Response to Fine's 'Harvard Group Shores up Shoddy Governance'": 66-79.
- d. with S. Ashman and S. Newman. "Amnesty International?: The Nature, Scale and Impact of Capital Flight from South Africa." *Journal of Southern African Studies* 37/1 (2011): 7-25.
- e. "Chronicle of a Developmental Transformation Foretold: South Africa's National Development Plan in Hindsight", *Transformation* 78 (2012): 115-32.
- f. "Industrial Policy and South Africa: A Strategic View." *NIEP Occasional Paper Series 5*, Johannesburg: National Institute for Economic Policy, 1997.

Output a was submitted to the RAE 2001 (Geography)

4. Details of the impact (indicative maximum 750 words)

Jacob Zuma's election in 2007 signalled a new openness towards economic policies. Fine's MEC work was acknowledged in government and beyond amongst those seeking alternatives to neo-liberal approaches that had failed to improve the majority's situation. Consequently, Fine has had a profound impact on government and trade union policymaking, shaping approaches of other organisations, including the Competition Commission of South Africa. It has informed development training programmes including the APORDE (African Programme on Rethinking Development Economics) programme financed by the South African Department of Trade and Industry, and attended by over 200 public sector and civil society representatives.

The centrality of the MEC to current government policy is corroborated by the ANC's policy discussion paper, "Maximising the Developmental Impact of the People's Mineral Assets: State Intervention in the Minerals Sector" of March 2012 (1, below). It discusses the MEC at length, describing it as "the core of our economy" and a common denominator in virtually all aspects of life in South Africa with the potential radically to improve the lives of many:

"The MEC has had a great influence on all aspects of our society: social, political and economic. It has to some extent shaped where we live, what we do, whether or not we have jobs and what kind of jobs. However, if governed and directed within the context of a Democratic Development State, as proposed by the ANC's Polokwane National Conference resolution, it can also be the basis for the industrialisation of our country, job creation, poverty eradication, and a significant improvement in the lives of all of our people."

Minister of Public Enterprises, Malusi Gigaba, refers to "The minerals-energy complex on which our economy has historically been built." (2) Deputy Minister of Public Works, Jeremy Cronin, also confirms the fundamental importance and utility of Fine and Rustomjee's 1997 book to current

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government thinking (3):

“It remains the standard reference for understanding how the mining revolution in the late-19th century in South Africa shaped (and continues to shape) a structurally distorted growth path. The key thesis is now generally accepted in public policy-making in SA, as can be attested to by the local currency of the acronym “MEC”, coined by the authors to refer to South Africa’s “Minerals-Energy Complex”.... I have found ... Fine’s papers and research central to understanding our current challenges.”

The National Union of Metalworkers of South Africa (NUMSA) and the Congress of South African Trade Unions (COSATU) acknowledge Fine’s research on the MEC as crucial to their understanding of the dynamics of the South African economy and their approaches to policymaking. Irvin Jim, the Numsa General Secretary confirms (4):

“Many agree with ... Fine’s characterization of South Africa’s system of accumulation and economy as dominated and conditioned by the 'Minerals/Energy/Complex'. This characterisation has had a profound impact on NUMSA in its work of understanding South Africa and formulating policies.”

Neil Coleman, Strategies Co-ordinator in the COSATU Secretariat says he and his colleagues deeply value Fine’s work on the MEC as well as his continual assistance with that organisation’s progressive panel of economists (5). Direct engagement with labour unions in South Africa extends to Fine’s provision of articles and other content to the websites, bulletins and magazines of both NUMSA and COSATU. For example, in 2011 he contributed “New Growth Path for Old?” to *The Shopsteward*, the bi-monthly produced by COSATU, with a circulation of 23,000, discussing the evolution of the MEC and its relationship to post-Apartheid financialisation (6).

Simon Roberts of the Competition Commission of South Africa said that his organisation’s success in uncovering multi-layer cartels in industries such as the steel industry at work in the South African Economy since 2007, “drew heavily on work done by ... Fine.” (7)

The Minister of Trade and Industry confirmed the importance of Fine’s regular contributions to its research and capacity building programmes and particularly its annual APORDE (8). Established in 2007, this two-week event explores alternatives to mainstream thinking on development issues, combining training and high-level seminars attended by policy-makers, NGO and civil society representatives and trade unionists. Fine’s distinctive contributions rely to a significant extent on his integration of the MEC into discussions and themes of various kinds, eg presenting in 2010 on “Changing Perspectives on Development Economics” and “Industrial Policy,” which together both drew upon general principles and their application to the South African MEC.

And, unsurprisingly, the centrality of the MEC has been increasingly prominent in South African discussion of the environment so that The South African Civil Society Information Service finds it necessary to explain it as a “keyword”. (9)

5. Sources to corroborate the impact (indicative maximum of 10 references)

1. Maximising the Developmental Impact of the People’s Mineral Assets: State Intervention in the Minerals Sector (SIMS). ANC Policy Discussion Document March 2012. (Discussion of the MEC on pp 5 and 6) <http://www.anc.org.za/docs/discus/2012/sims.pdf> [Most recently accessed 18.11.13].

2. South African Minister of Public Enterprises, Malusi Gigaba, refers to “The minerals-energy complex on which our economy has historically been built”:
<http://www.polity.org.za/article/sa-gigaba-address-by-the-minister-of-public-enterprises-at-the-swazilink-media-launch-and-sod-turning-ceremony-johannesburg-12012012-2012-01-12>

[Most recently accessed 18.11.13].

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3. Testimonial: Jeremy Cronin, Deputy Minister of Public Works, Deputy Ministry of Public Works, Republic of South Africa
4. Testimonial: Irvin Jim, NUMSA General Secretary, National Union of Metalworkers of South Africa
5. Testimonial: Neil Coleman, Strategies Co-ordinator in the COSATU Secretariat, Congress of South African Trade Unions
6. Ben Fine, "New Growth Path for Old?" in the official magazine of the Congress of South African Trade Unions, *The Shopsteward* Volume 20, No.4 Aug/September 2011, pp16-24.
<http://www.cosatu.org.za/docs/shopsteward/2011/aug-sept.pdf> [Most recently accessed 18.11.13].
7. Testimonial: Simon Roberts, Chief Economist, Competition Commission, South Africa
8. Testimonial: Dr Rob Davies, MP, Minister of Trade and Industry, Republic of South Africa
9. The centrality of the MEC has been increasingly prominent in South African discussion of the environment so that The South African Civil Society Information Service finds it necessary to explain it as a "keyword": <http://www.sacsis.org.za/s/stories.php?iKeyword=707>
[Most recently accessed 18.11.13].