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The Mineral-Energy Complex, MEC and Comparative Industrialisation Working Group

Panel 1: Locating the MEC

The heart of the MEC: Specifying the centralised structures and mechanisms of ownership and control in South African gold mines: 1960-2010.

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Abstract:

This article begins to specify the character and mechanisms of the centralised corporate structure on the South African gold mines. (The findings reported emerged from practical research initiated to establish liability for the forthcoming legal class action against over 30 gold mining companies for causing silicosis in the workforce). The research confirms the control by six (seven before 1980) mining finance houses which, until the 1990s, dominated the South African gold mining industry and which further, via conglomeration, overwhelmingly also dominated the private sector. One key aspect of this control was that it frequently did not depend on *ownership* in any familiar sense. The mining houses were seldom or never majority owners, with shareholding as low as 10% or even less. Each gold mine was rather under the control of a single mining house. Such control was substantial and typically maintained over decades through various formal and informal mechanisms. We conjecture that it was effectively *complete*. In the 1990s a new generation of large, gold-focused companies emerged and gained sole ownership of the majority of gold mines. The old mining finance houses either ceased to exist or were radically restructured. Ownership changes in South Africa since the 1990s have, however, not been confined to gold mining. While the SA economy remains highly oligopolistic and direct control by foreign investors in some key companies has massively increased, the economy is no longer controlled by a handful of conglomerates in the manner of the 1980s and before. Decentralised foreign control extends to other branches of mining, to other MEC industries and indeed to the whole of the economy. The question arises as to the reasons for the eventual change of the mining house control system. To be sure, the broader global picture aside, the timing of these shifts and some of their key features will need to be viewed as being shaped by South African-specific factors, notably racial politics and economic policy following the democratic transition.

