

Mantashe bangs the race drum again

By [David Christianson](#)

13 Nov 2019

Minerals and energy minister Gwede Mantashe has been at it again, claiming to be addressing 'racial inequality' while once again undermining the tattered mechanisms of wealth creation in South Africa. His justification, as always, is the illusive and never-resolved idea of 'transformation'.



David Christianson

Mantashe has promised to introduce legislation to regulate the petroleum industry. "The Bill will recognise the importance of transformation of the country and will provide for the active participation of black people," he said in Parliament. At one level, the minister appears to be addressing the regulatory gap left by his withdrawal of the amendment to the Minerals and Petroleum Development Act last year.

But, in the big picture, he is simply promising more race-based legislation which will undoubtedly have the same chilling effect on investment in oil and gas as it has had in mining. The minister wants the legislation to give him the power to enact a BEE charter for the sector. But that was disastrous for mining.

The outcome, as PwC point out in the 2019 edition of SA Mine, is there has been no substantial capital expenditure in large-scale new (mining) projects for years. Mantashe's blindness to the impact of the charter he has inflicted on the industry looks likely to lead him to repeating the folly.

'Transformation' is the rationale behind the Mining Charter which came into effect in March this year. Speaking at Unisa in June, Mantashe said: "The Mining Charter (is) ... part of the broader South African transformation agenda."

But what exactly is this broader agenda? No-one knows, which is why this vaguely formulated concept continues to sow so much uncertainty in the economy.

Mantashe doesn't really know either. At Unisa, he spoke of the exclusion of the black majority from any meaningful role in the economy, thus implying that the role of 'transformation' was to address what was without doubt apartheid's greatest sin. The Charter, he asserted was simply an element of this broader amorphous process of redress. But at the Johannesburg Mining Indaba in October, he said something a bit different. "One of the mistakes we make in talking about broad-based black economic empowerment is making as if it is a social programme that will benefit everyone ... the programme is about creating black capitalists."

So, it's not about access to the economy for all black people then, just a tiny rentier fragment of that designated group.

Arbitrary numbers

One result of this perpetually wandering definition is the arbitrariness of the numbers Mantashe has imposed on the mining industry. Why does he now insist on a 30% equity target for BEE when most of his predecessors were happy with the industry's own chosen target of 26%? This has never been explained. The same arbitrariness is characteristic of the numbers he wants for other activities such as local procurement, supplier development and the percentages allocated to female and youth company owners. It seems that if you don't specify what you mean by 'transformation', you can pick any numbers you like.

But the far more important outcome is an economy that limps at a growth rate below that at which the population has grown. Does Mantashe really not see that investors avoid the jurisdiction because its regulation is arbitrary, racially partisan and dysfunctional?

In his Unisa speech, Mantashe tried to emphasise the need for 'transformation' by speaking about his personal experience. He recounted how throughout his employment in mining – first at Western Deep Levels in 1975, then at Prieska Copper, then at Matla Coal and finally with the National Union of Mineworkers – less educated white miners were privileged by the racial skills bar in the industry.

But Mantashe's account of his own career somehow misses the main point. He has been employed throughout his adult life. He received a salary, has opportunities to study and enjoyed the personal fulfilment that comes with a successful career. But in South Africa, half the 16- to 34-year-old age cohort are not employed. For those without matric certificates, the figure is over 60%.

These young people, the truly disadvantaged, are overwhelmingly black. Their numbers have grown steadily for over 20 years. They will continue to be excluded in ever growing numbers so long as Mantashe and his comrades continue to impose their arbitrary quota requirements on what would otherwise be thriving industries. To pretend that this is a way of "providing for the active participation of black people" is simply hypocritical cant.

ABOUT THE AUTHOR

David Christianson was commissioned to write this article by the [<https://irr.org.za/> Institute of Race Relations], a liberal think tank that promotes political and economic freedom