Opinion Piece Nationalisation-Wealth Distribution and Inequality by John Capel Bench Marks Foundation-Executive Director

Amartya Sen won the noble prize in economics for his finding that if one group of peoples income rises faster than the national income another groups of peoples income will decline. This seemingly obvious finding flies in the face of the trickle-down theory. This theory maintains that as one group of people's income rises that this income will trickle down to the rest of society. This has also been the dominant theory promoted by the IMF and the World Bank over the last 20 to 30 years.

We are also told that it is human nature to be selfish and greedy, as if this is inherent in all of us. What is inherent is our self-preservation that should not be equated with self-greed. Somehow we are supposed to believe that greed in the form of competition to attain wealth drives economic development. But do we ever question this 'common wisdom'? Philosophers have long grappled with what is human nature. Human nature is also a product of the economic system and the structural nature of society. Our beliefs, our thinking and logic are all determined by the material circumstances we live in. It could be argued that high levels of rampant crime are also a product of the structural nature of the economy. Thus we have a society of haves and have not's that are evident at our traffic intersections, the shanty towns and the hordes of unemployed around us.

With the European industrialisation of the 19^{th} century and the wide displacement of people from their livelihoods, forced into selling their labour, many social forces arose, combatting what was then already seen as a system of extreme exploitation. Extended to Africa under colonialism, this system continues to perpetuate itself. A famous American Indian Chief when first coming into contact with European colonisers, observed that they are always searching for something, wanting more and more 'material goods.'

Marx in trying to understand the nature of society and economics and inequality, probably made the most profound moral judgement when he said, "each according to ability and each according to need" as a way towards economic progress and a more sustainable society. The growing divide between the 1% and the 99% as the Wall Street movement calls them, is evenly more evident in South Africa and in Africa. In mining areas these distortions of inequalities are highly evident, whether it is low wages, subcontracted workers with even fewer rights and benefits, or impacted communities. Workers end up living in informal settlements, leading to overcrowding, the spread of HIV and AIDS, whilst women who have been displaced by mining end up as sex workers. Women are the most impacted group in mining losing their rural existence, their value as life givers, dignity and way of life. Health impacts such as water contamination, air pollution, land use, all end up perpetuating inequality. Inequality is not just about wages, but access to health, to an environment free of toxicity and the right to pursue one's own economic interests.

When it comes to mining and investment, this cannot be done at the expense of others groups interests. This is a fundamental human right. It is not up for debate. But this is rarely respected by both governments and corporations in the pursuance of mineral wealth. The belief that investment can only be good no matter the cost on other forms of economic activity needs debating. Mining it would seem if the true costs were internalised onto the balance sheet of companies would show how mining impacts on the environment, communities and agricultural land.

The Alternative Mining Indaba met for three days to deliberate on these concerns. Issues like nationalisation were debated, ecological debt, the African Mining Vision adopted by the AU and Ecological damage that is perpetuating violence against nature and livelihood resources of peoples.

It was noted that the 'Official Mining Indaba' 2012 had a glaring lack of attention paid to vital elements such as environmental degradation, deepening of poverty, quality of life and concentrating instead on the reckless pursuit of profit at any cost. Corporate Social Responsibility (CSR) and Corporate Social Investment (CSI) hardly feature in the official conference, which confirms our view that much of CSR is green washing.

The Alternative Mining Indaba in debating the issue of nationalisation reflected on Africa's experience with socialism and capitalism and Bishop Munga from Tanzania said he not know what was worse as under nationalisation state elites benefited and the same happens under market forces. The delegates concurred that the issue was how wealth is distributed. They further called for a sustainable system of production and a more equitable system for the distribution of the economic benefits of production; Participation of those most affected by the activities of corporations in the decision-making processes of companies; and for the preservation and protection of the environment for present and future generations. But the real issue is about ownership and control and how mining brings holistic development and to African countries. The chairperson of the Bench Marks Foundation, Bishop Jo Seoka has repeatedly emphasised the church position that economic life begin with communities.

The Alternative Mining Indaba concluded that the focus of African governments was on attracting investment and putting the cart before the horse. Rather they said that firstly we need to articulate national policies which among others define how foreign direct investment can contribute to achieving the policy purpose of benefiting communities and national economies at large.

Delegates noted that the State under liberal economic policies was driven by international forces to create an enabling investment environment where the market would allocate resources. This model of economic development was not working in Africa and has in fact contributed to Africa's impoverishment and backwardness in pursuing industrialisation. This model dictates that each country should find it niche and focus on developing this. But for Africa this means resource extraction without beneficiation. To give an example, diamond mining in Botswana has a short life span left, yet most of the beneficiation is done in Antwerp, Israel and elsewhere, where the true value of diamonds is realised. The Bench Marks Foundation study on De Beers Debswana operations called this a marriage of inconvenience as the Botswana state would benefit in the short-term, but in the long-term no future development would take place.

What continually came up at the Alternative Mining Indaba was the limited capacity of Tax Revenue Authorities to monitor, collect and enforce tax laws and the inability of governments to negotiate contracts that could result in maximising the benefits of mining while not promoting ethical/responsible investment. Of concern to civil society was the legalisation of capital flight through the provision of high incentives, protection of transnational companies, tax avoidance, evasion and transfer pricing. Transfer prising occurs when minerals extracted are not recorded in the host country but transferred on to offshore companies where the benefits are realised.

Compounding Africa's development are these international rating agencies that dictate to governments their economic role, enabling investment and removing barriers. In South Africa it is said wages are too high. In the mining industry, the average wage is about R3000 a month. Measured against the Bench Marks Principles for Global Corporate Responsibility, benchmarks for measuring business performance, this is considered a subsistence wage, close to a marginal existence. Perhaps these rating agencies would give us higher grades if they were aware of all the coal mining plants operating in Mpumalanga without water licenses and the weak regulatory power not only in South Africa with its good laws, but on the continent to hold corporations accountable.

Without proper regulation mineral producing countries end up receiving less revenue for development and dealing with poverty. Many research studies on African mining raise this issue and tax avoidance and tax concessions, whereby the real benefits of mining are not realised in the host country.

The Alternative Mining Indaba calls for the enactment of existing legislation and the harmonisation of the legislative framework across Africa to ensure more evenly developed economies. It also notes that in many African countries mining policies are fragmented and inconsistent, and are not harmonised across countries or the continent. There is a need for policy standardisation and alignment at the Regional and continental levels. Governments should stop subsidising and giving concession to mining companies at expense of the development of local entrepreneurs and livelihoods of others. African governments must utilise mining tax revenues to diversify their economies, build infrastructure, and invest in social and economic development and prevent social and environmental degradation of the mining regions

On the basis of the forgoing, we issue a clarion call on all governments, Parliaments and leaders to live up to their mandated roles by speaking out and acting on behalf of the ultimate beneficiaries i.e. local communities affected by mining including forestry, citizens and the people of the land.

Thus the Alternative Indaba made up of civil society groups, NGO's, faith based groups and community organisations act as the conscience of society to promote a culture of service to humanity and not individualism and rampant profiteering at a cost to people and the natural environment.

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The Foundation is a faith based NGO owned by the churches and chaired by the Rt. Rev Dr Jo Seoka and researches CSR within a developmental framework examining policy versus practice of MNC.