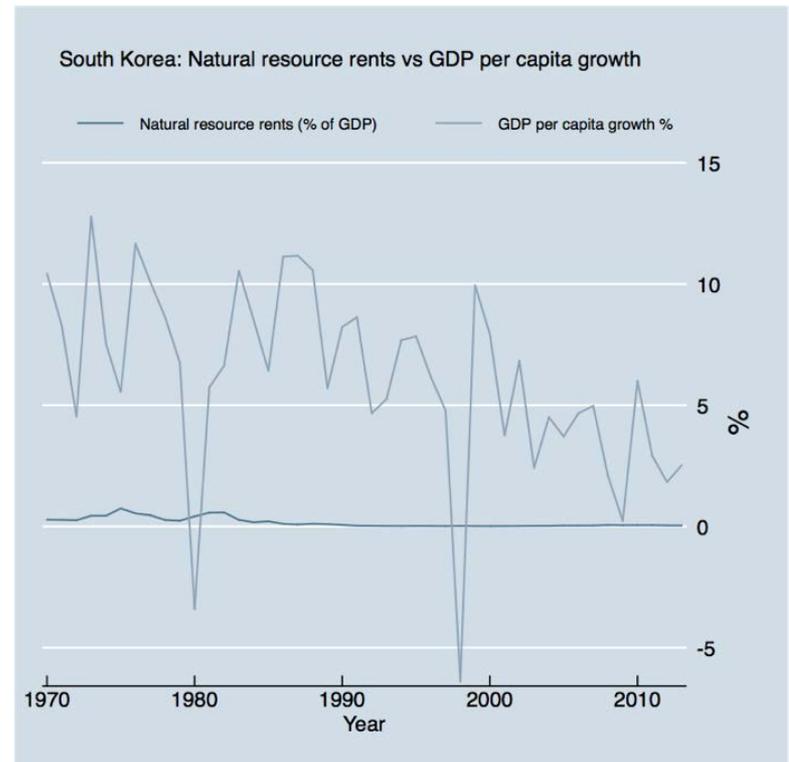
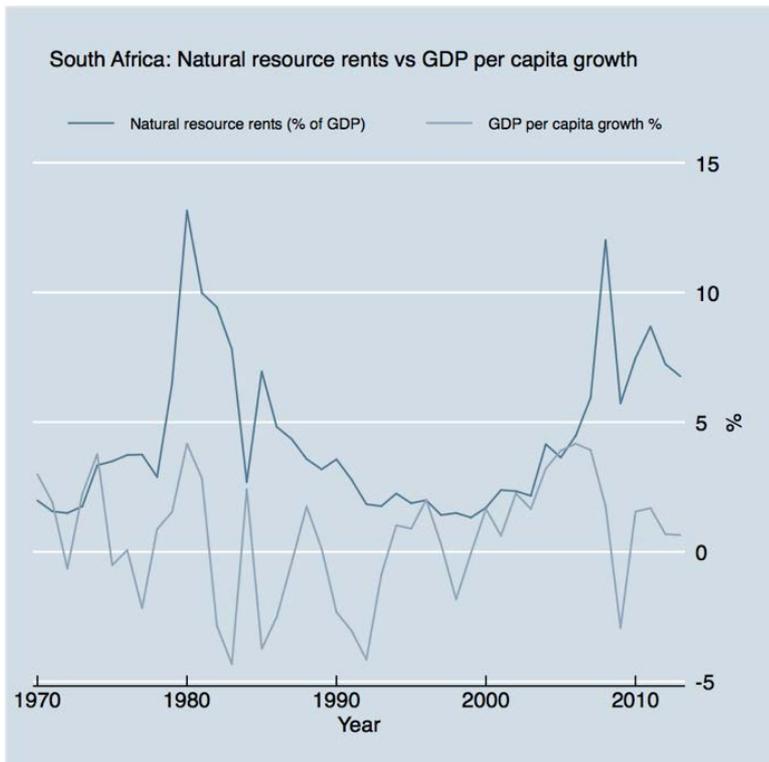


THE POLITICAL ECONOMY OF NATURAL RESOURCES

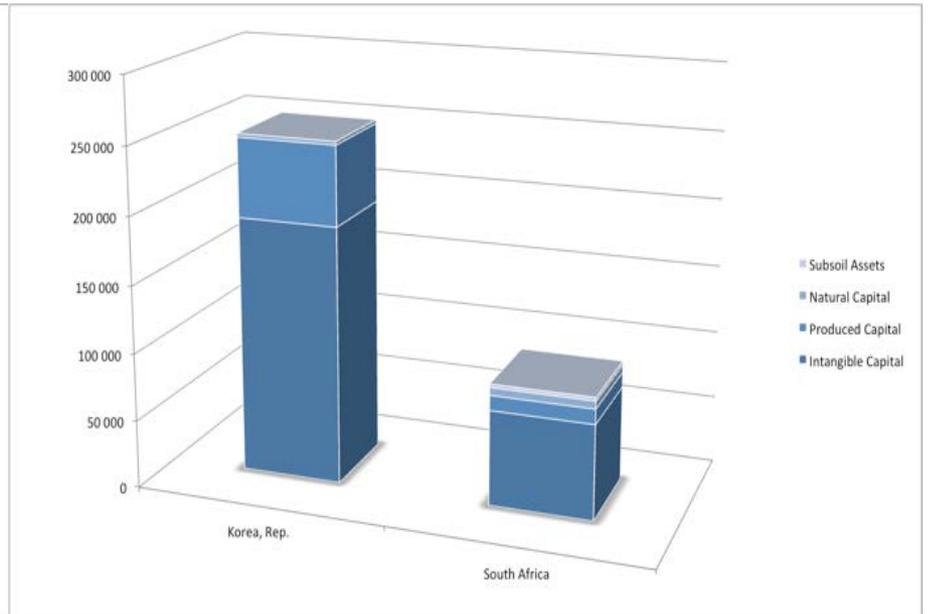
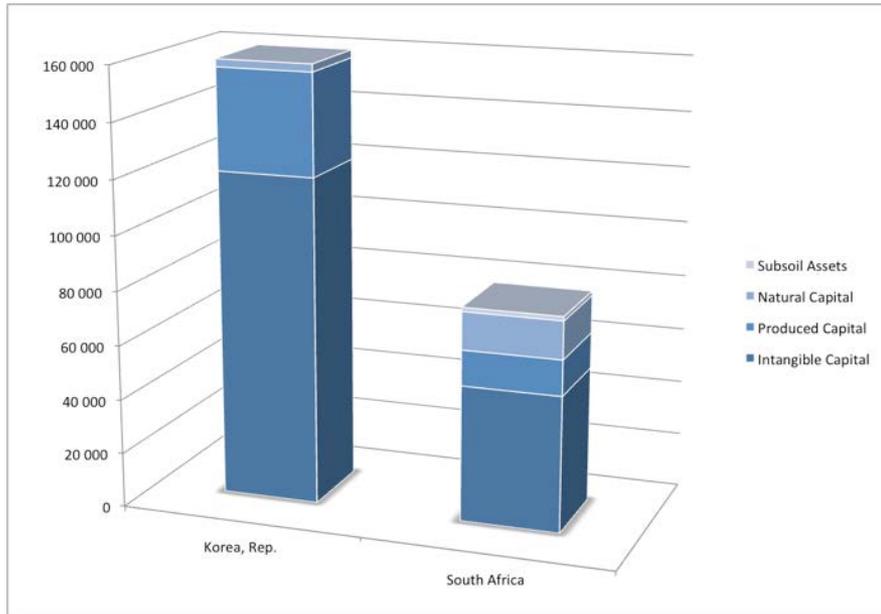
A comparison of South Africa and South Korea

14 OCTOBER, JOHANNESBURG, GOVERNANCE OF AFRICA'S RESOURCES
PROGRAMME (GARP), ROSS HARVEY.

AN UNRESOLVED DEBATE

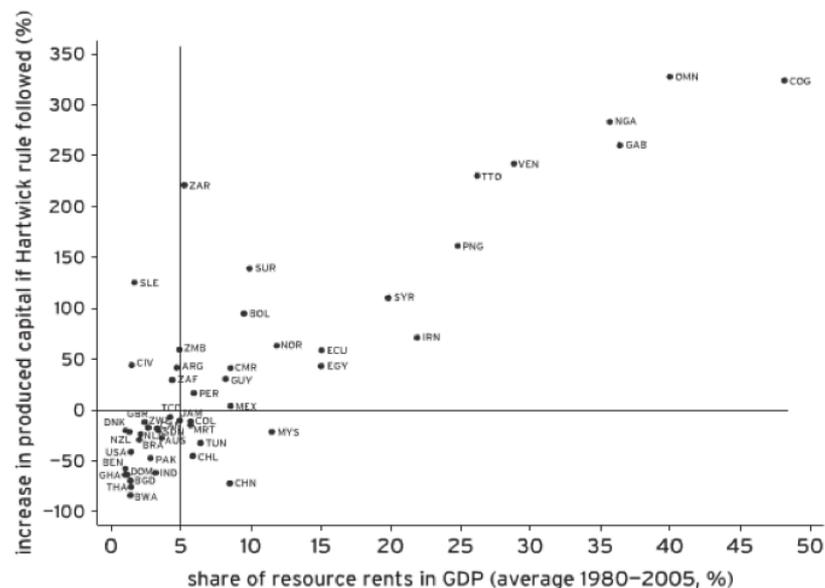


MEASURING DIFFERENT TYPES OF CAPITAL



HISTORICAL BLUNDERS AND LATENT COSTS

FIGURE 1.3
Resource Abundance and Capital Accumulation: Where Has the Hartwick Rule Been Applied?



Source: Authors' calculations based on World Bank data.

Note: Resource abundance is indicated by the share of resource rents in GDP. Capital accumulation shows the increase in produced capital a country could have achieved if it had reinvested all the rent. See World Bank (2006) for further explanation of the approach. Country names per ISO 3166-1 alpha-3.

MINERAL WEALTH'S PERSISTENT IMPORTANCE FOR SOUTH AFRICA

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct contribution of mining to GDP US\$ (millions)	16,661	19,550	22,251	23,816	23,292	31,170	37,850	32,899	28,983
Direct contribution of mining to fixed investment US\$ (millions)	2,632	4,095	5,699	7,107	7,602	8,526	9,488	9,094	8,249
Total primary mineral sales US\$ (millions)	22,485	28,721	31,799	36,675	28,605	41,011	51,101	44,307	39,790
Primary mineral exports as % of total SA exports	22.3	24.3	23.7	25.9	25.5	28.4	30.1	27.2	25
Mining industry direct employment	444,132	456,337	495,150	518,729	491,794	498,906	512,878	524,632	510,099
Mining as % of total non-agricultural formal employment	6.2	5.8	5.9	6.1	6	6.1	6.2	6.2	6

NATURAL RESOURCE WEALTH MANAGEMENT

Minerals Act,
1991

MPRDA, 2002

MPRD-AB,
2008/2013



THE PARADOX OF PLENTY

- Natural resource wealth
- High levels of inequality
- Communal tenure
- BEE-driven oligopoly
- MPRDA-driven rent-seeking
- No natural resource wealth
- Relatively equal
- Private property rights
- Evolution from oligopoly to (slightly) more comp
- Relatively productive rent-seeking

INCLUSIVE DEVELOPMENT OPTIONS FOR SA

- **Replicate – insofar as is plausible – the initial conditions that set SK up well**
- **Eradicate definitional ambiguity and ministerial discretion in all legislation, but especially mining**
- **Stick to one plan (NDP, maybe) rather than a set of contradictory non-plans**

THANK YOU