

# Black Economic Empowerment What's in it for labour and the poor?

section within the ANC. It has been argued that those who pushed the BEE debate were not necessarily rooted in any form of struggle. It was seen, an ANC member says, as an opportunity for those who had an agenda of enrichment to push this debate. It was a similar grouping of people who came up with the concept of a 'patriotic bourgeoisie'.

Some within the alliance would argue that concepts such as BEE and in fact affirmative action are not concepts that form part of an African but rather African-American tradition, which was about a black minority struggle. Those who support this view believe these concepts have become weakened – in terms of their effectiveness – as different social actors give them different interpretations, depending on their agenda. When a concept becomes like that, it is weakened and unable to intervene effectively in society, Leslie Dikeni, senior researcher at the Centre for Policy Studies, argues. Therefore, he says, 'we need to get rid of them'.

Those who oppose this position argue, 'what is the alternative?' Dikeni says 'We need to develop something that is theoretically grounded in the South African reality. We must not be afraid and shy to say that we do not have a solution.' A government official agrees, 'If a definition becomes so broad to mean all things to all people, what does it then ultimately achieve?'

The concept of BEE was referred to

in the Reconstruction and Development Programme (RDP). The RDP states that its central objective is to deracialise business ownership and control completely through focused policies of BEE. 'These policies must aim to make it easier for black people to gain access to capital for business development.' By 1997, a decision was taken at a Black Management Forum conference to set up a BEE Commission (BEECom) so that 'black people should direct and take charge of a new vision for BEE, a process that, until then, had been conceptualised, controlled and driven by the private sector.' (BEECom Report) At the time, the parties acknowledged that government and black business had failed to give leadership and a vision for BEE.

The BEECom Report acknowledged that there had been a tendency to define BEE in narrow terms and equate it with the development of a black capitalist class. 'The consequence has been an inadequate response to the limited inclusion of black people in economic activities. The growth of the black middle class and the black business strata since 1994 has been far from spectacular.' The BEE report argued for a 'people-centred' strategy, which would seek to promote new opportunities 'for and increase the levels of participation of black people in the ownership, management and control of economic activities'. Hence the scope of BEE was broadened to

include almost everything: 'job creation, rural development, urban renewal, poverty alleviation, land ownership, specific measures to empower black women, skills and management development, education, meaningful ownership and access to finance for households and for the purpose of conducting business.'

The inherent tensions around whether BEE should be defined narrowly or more broadly spilled over into government when the dti was attempting to draft a policy position. Despite all the talk, government still remains without a policy (a document was supposed to have been discussed in Cabinet on 9 October 2002). A government official explains that there had been some confusion within government as to what it really wanted. It believed the BEECom report was pushing a narrow agenda when government in fact wanted a broad definition, but was itself promoting a narrow approach. When was the last time anyone spoke seriously about what is happening around procurement and affirmative action? The BEE debate has become more dominant and who is taking affirmative action seriously? Or what about the department responsible for procurement? Is there sufficient capacity at a tender level in government to ensure procurement promotes BEE (including the use of small, medium and micro enterprises – SMMEs)?

## **There is a view within Cosatu that the race card is being used to mobilise around the notion of a black patriotic bourgeoisie.**

In the case of affirmative action, perhaps there is no need to talk about it anymore because legislation is in place to ensure government and the private sector transforms their workplaces. The Department of Labour is soon expected to release its second employment equity report, which should provide some pointers as to the status of implementation. Organised labour is a critical part of the success of this. The question is, with all other concerns of unions, to what extent is labour exercising its right to be involved in employment equity plans and setting up forums etc.

The view that BEE should be defined more broadly was taken up at the recent ANC policy conference. The adoption of resolutions, which sought to ensure that benefits are shared across society and not just enjoyed by a few, was hailed by the media as a shift away from individual BEE to broad-based community involvement. BEE was seen as an 'integrated and coherent socioeconomic process located in the context of the country's national transformation programme, the RDP'.

Although Cosatu initially supported a broad definition of BEE, there is some concern that this now provides no guidelines in relation to government and black capital and ensuring that trade-offs are managed.

Cosatu's Neva Makgetla says: 'The broad definition looks progressive but it fails to address various issues that may arise. For example, black capitals' involvement in privatised assets, where this could lead to higher costs for consumers as well as issues around outsourcing.'

### **How does labour view BEE?**

Although Cosatu has adopted a number of resolutions around BEE, there still appears to be a sense of

unease around this issue with the result that it has not been sufficiently interrogated. The sense of unease around issues such as the black elite came to the fore during the Alliance Summit in April 2002. Some discussion took place around the concept of a 'black bourgeoisie' with the ANC arguing that it was in fact a 'patriotic bourgeoisie'. It is understood that Cosatu became uncomfortable with this concept and questioned whether this grouping could play a progressive role. This discussion was taken forward to Cosatu's political school where a view emerged that 'a capitalist is a capitalist'.

Fedusa on the other hand, views a larger black middle class as being essential for sustainable economic growth and political stability. The validity and merit of black economic empowerment and its goals should however not only empower a small wealthy black elite. The purpose of this empowerment is after all largely to correct economic inequality and not create another facet thereof.

A union official says Cosatu supports black ownership but there is concern around having a black elite. How do you ensure the one without the other? He says unions have an interest in changing ownership patterns in the economy. However, the adoption of a view that 'a capitalist is a capitalist' does not take this position forward in any way. Labour, he explains, has not taken advantage of BEE and has failed to enter into any type of engagement with black business. NUM general secretary Gwede Mantashe explores these issues in an interview with the *Labour Bulletin*, see p24.

There is a view within Cosatu that the race card is being used to mobilise around the BEE agenda as evident in the notion of a black patriotic bourgeoisie.

The notion of BEE represents the ideology of an absent class because we do not have something that is a black bourgeoisie,' a union official explains. There is scepticism both within Cosatu and amongst left thinkers around these concepts such as patriotic bourgeoisie and whether the use of nationalist rhetoric is forwarding an enrichment agenda. 'Why should the ANC be pre-occupied with creating black millionaires? Will they form part of a movement to ensure redistribution? They will be progressive to the extent that they will fight against white capital. Their transformation agenda will be limited to themselves and not to broader society,' an official says. The major thrust should be how the state is used to transform the economy. Instead, he argues, 'we are increasingly becoming a capitalist democracy, which raises the question: who is the constituency that government wants to appease?'

A government official says black business wants to continually show the ANC that it is a patriotic bourgeoisie, whatever that means. In the same vein elements in government will not take black business seriously unless they see themselves as being the patriotic bourgeoisie. Does this mean you must be committed to a nationalist agenda? Is the consolidation of the national democratic revolution predicated on consolidating a black bourgeoisie that will build a nationhood project? A bigger issue amongst left thinkers and within Cosatu is whether the so-called black elite is using African nationalism to forward their own agenda and whether BEE and issues around race are being used to hide the class debate. This issue will be taken up in the next edition.

### **Will BEE generate wealth for all?**

A former trade unionist says that as


 agenda as evident in the

the ANC is a multi-class movement, class contradictions will come to the fore from time to time. Prior to the ANC policy conference there was some concern as to whether the ANC was prepared to deal with real transformation issues such as poverty and inequality – baring in mind the 'broad church' concept with differing interests battling to assert their dominance.

There is, however, a view that the desire to establish a black elite has superseded the notion of addressing broad issues around poverty. The ANC has now emerged from its national policy conference reaffirming a 'pro-poor' agenda, with the BEE being positioned as a broad-based intervention. BEE is now increasingly being referred to as socioeconomic empowerment not purely black economic empowerment. An ANC official questions, however, whether the concept was even intended to form part of a strategy to address the poor. Can BEE realistically help the poor?

#### **Mining charter and minerals bill**

In the absence of clear government policy on BEE, Minister of Minerals and Energy Affairs Phumzile Mlambo-Ngcuka went ahead and ensured that stakeholders in the petroleum industry participated in the drafting of a charter to ensure black participation. This provides for the transfer of ownership of at least 25% of petroleum industry assets to historically disadvantaged South Africans within ten years. The mining process got slightly derailed following the leaking of a draft document to the media, which looked at ensuring that 51% of mining interests should be in black hands.

Mlambo-Ngcuka has effectively set the parameters for government's approach to empowerment in the absence of the dti coming up with a

timeous position. Her approach is effectively one of voluntarism, which is in line with the view of some ministers who do not necessarily support quotas or a prescriptive approach to empowerment. The energy and petroleum charter does not provide any sanction if the agreed upon targets are not met. The mining charter is similar in that sense.

Following harsh reactions from both the markets and mining bosses, the president intervened in the discussions on the draft mining charter. A consultative process followed which emerged with a final document endorsed by Cabinet on 9 October 2002. The charter provides for: a 26% ownership of mining industry assets by historically-disadvantaged South Africans within ten years and 15% within five years.

The industry agrees to assist HDSA companies in securing finance to fund participation to an amount of R100bn within the first five years.

Ownership in the mining industry is however only one area of empowerment. The charter also focuses on the need to ensure that mining brings greater benefits to those employed in the industry and those people affected by mining operations.

The recent strike at ERPM gold mine over the use of contract labour points to potential conflict which could emerge if empowerment companies attempt to cut costs by employing contract labour or fail to comply with labour standards. The ERPM incident has raised questions as to whether labour is paying a price for empowerment.

The leaked draft mining charter emerged after the dust had barely settled following the protracted and at times acrimonious negotiations on the Minerals and Petroleum Resources Development Bill. The bill gives effect

to the principle contained in a memorandum attached to it that there is international acceptance that states have sovereignty over all their mineral and petroleum resources. It is also stated that the bill will promote equitable access to mineral and petroleum resources for all South Africans. Ownership of mineral rights raised concerns within the established mining industry. The industry feared that existing rights would be endangered with such a transfer of ownership and could negatively affect long-term planning and the securing of finance.

Timothy Bruinders argues (see p25) that the industry's reaction is rather strange as it operated under a regime, during apartheid, when they had no rights to precious metals such as gold, platinum etc. The Chamber argues that the new legislation is not quite a reversal back to the old legislation (pre-1991) as parties had common law mineral rights, which have now been extinguished.

The new legislation attempts to expand opportunities for historically disadvantaged people to enter the industry and benefit from mineral exploitation. Bruinders, in his article, questions the transformative nature of the new legislation and the charter and the extent to which communities in surrounding mining areas and labour will benefit.

#### **Conclusion**

SA remains an unequal society. The key question is: to what extent will BEE remain an instrument for a small emerging black middle class. Attempts are being made to address concerns that measures designed to address poverty are being marginalised in the face of BEE. To this end BEE has now become a concept like all others – meaning all things to all people.