

The BEEhive empowers the drones not the workers

During a recent debate on BEE, a representative from black business argued that Cosatu's position on BEE is incoherent. In response **Willie Madisha** argued that in the context of the SA transformation, BEE was never in question, but rather the way it is being introduced.



Cosatu has always recognised that the working class has faced a double battle - for economic liberation from capitalist exploitation and for the liberation of Africans, in particular, and blacks, in general, from national oppression and apartheid. The national question has always been inseparable from the class question.

That is why the principle of black economic empowerment has never been in question. Redistributing wealth to all previously disadvantaged communities and individuals, including blacks, women and people with disabilities has to be an integral part of South Africa's transformation. There is no way our national democratic revolution can be completed without transforming the massive racial imbalance in the distribution of wealth and power, which we inherited

from our racist past.

The 1994 democratic elections of course marked a turning point in our struggle against racism. Since then, we have put in place a constitution and many laws, which enshrine the principle of non-racialism. The Broad-based Economic Empowerment Act is supposed to empower the people economically. Are these laws really changing South Africa into a non-racial society where the distribution of rewards is based purely on merit rather than race? The answer has to be a decisive NO.

As my good friend and comrade, Blade Nzimande, said recently: 'What has passed for black economic empowerment over the last decade has been essentially the accommodation of an elite. There has been nothing broad-based about it. And there has

been little that is transformational about it. It has been about changing some of the leading agents of the existing system, leaving intact the entire system itself, a system that generates and reproduces inequality in our country. Racialised capitalism persists.'

To measure the success of BEE it is worth recalling that the Black Economic Empowerment Commission recommended in 2000 that the following quotas, among others, be introduced:

- 30% of productive land should be in black hands.
- Black equity participation in each sector of the economy should be increased to at least 25%.
- Black people should hold at least 25% of the shares of companies listed on the JSE.
- At least 40% of non-executive and executive directors of companies listed on the JSE should be black.
- At least 50% of state-owned enterprises and government procurement should go to black companies.
- At least 30% of the private sector should comprise black-owned companies.
- At least 40% of senior and executive management in private sector companies (with more than 50 employees) should be black.

However, the BusinessMap Foundation noted in its 2004 BEE report that while the market capitalisation of black-controlled companies listed on the JSE Securities Exchange increased by 32% (from R44bn to R58bn in 2003) black control of total market capitalisation on the JSE remained at a pathetic 3%, a mere one-tenth of the target figure. The number of black-controlled companies listed on the JSE Securities Exchange actually dropped from 22 to 21 during 2003 - less than the 38 in August 1999. We can see the same problem in the

implementation (or, more honestly, non-implementation) of the Employment Equity Act, which is supposed to ensure that all employers train and promote workers so that the demographics of the workplace reflect the racial and gender composition of the country.

It is the same story when we look more broadly at the wealth and lifestyles of the different races. While Africans make up 76% of the population, their share of income amounts to only 29% of the total. Poverty and inequality persists in every aspect of society and in terms of the provision of basic services. All this produced a society of two nations - one powerful, wealthy and white, the other powerless, poor and black.

It is true of course that so long as we live in a capitalist society, there will be those who get rich while others remain poor. We cannot however, tolerate a situation that a tiny number of individuals enrich themselves many times over, while the overwhelming majority gain absolutely nothing, or become even poorer. We cannot accept that in the name of BEE a new black elite can simply replace the old white one. How can we justify Patrice Motsepe being worth R3,3bn and Tokyo Sexwale R1,5bn, when so many of our people are in dire poverty?

If empowerment is to mean anything, it must improve the lives of all black people. First of all it must create jobs. There is nothing more disempowering than unemployment. One of the reasons why Cosatu was so opposed to Telkom's so-called 'empowerment' deal was that this was a company, that has been savagely retrenching workers for years. It has been raising its tariffs for local calls and cutting off services to thousands of its poorest customers. In return, a handful of people stand to make a fortune from buying shares and getting a cut of the R6 807bn profit it has just announced (up by 53% over the year!). It would have

been far more empowering for the majority of black people if Telkom had been kept in public hands and run as an affordable, efficient service for all the people.

Other kinds of BEE we want to see are worker and community cooperatives. We also want to do more to harness the economic power of union investment companies by investing the workers' money in similar job-creating, socially useful projects. The Labour Job Creation Trust is a shining example of how workers' money can be used as capital to empower other workers with jobs and enrich the lives of communities. Its most recent collaboration with the Department of Water Affairs and

Forestry to speed up and improve the delivery of fresh water and sanitation to poor communities is a splendid example.

Yes, we want to see broad-based black economic empowerment. But it must be for all the people, not just a lucky few who have won the equivalent of the lotto jackpot, while their fellow citizens languish in poverty.

Madisha is the president of Cosatu and the SA Democratic Teachers Union. This is an edited version of a paper he presented during a debate on BEE organised by the Edge Institute, Swap and the Harold Wolpe Memorial Trust on 8 June, 2005.

