

Workers and communities put the emerging bourgeoisie in their place

Broad-based black economic empowerment (BEE) got a push in the right direction when the Food and Allied Workers Union (Fawu) stopped an empowerment deal because it was mainly enriching a few black faces – many of whom were the usual empowerment suspects. **Tony Ehrenreich** describes the much talked about KVV empowerment deal in which the union won the workers, through an alliance with ‘the community’, a controlling share in the empowerment consortium.

It would seem that for the newly over-empowered there is no such thing as enough. They happily let their credentials give respectability to white capital and distorted ownership patterns in the economy, if it leads to their further enrichment. Somebody should remind them that BEE was meant to be about greater equity in ownership and the promotion of social justice, not the creation of a new elite.

The intention of the architects of the KVV deal was to give 14 business people the biggest share of a 25% empowerment stake in the company in a way that would also give them control of the BEE stake. The union operating in the company, Fawu, stopped this and negotiated a new deal that saw workers own 27% of the BEE stake. This, together with the 25% stake held by the community and the commitment to a voting pool, saw workers and communities own and control the empowerment stake. Gone forever are the days that workers and communities are given some token share to justify the term broad-based empowerment.

What happened? The right that business (black business) thought they had to majority ownership and control was blocked by the union. This is a landmark victory and sets an important precedent for how workers and communities manage empowerment deals. Workers and communities must insist that they own and control the majority share in empowerment ventures. Funding cannot and should not be a stumbling block. Often it is public funds, such as those obtained through the Industrial Development

Corporation (IDC) and the Public Investment Commission (PIC), that are used to make the deals possible. Should public funds not be used to promote social justice and greater social cohesion rather than just the enrichment of a few?

The imperatives of broad-based black economic empowerment should be, in the view of Cosatu, mainly concerned with the following:

Including previously marginalised sectors of the communities in the mainstream of the economy.

Contribute to creating greater equality and advancing social justice – an objective that is best served by reducing the increasing levels of inequality in our society.

The most publicised consequence of BEE thus far, has been the over-enrichment of a few. This inclusion of the new black elite in companies is an attempt to legitimise the unequal ownership structure of the economy by taking a noble instrument and essentially misusing it. It is scandalous that these black faces are letting themselves be used to continue the white domination of the economy.



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THE KWV CASE

We believe there is a place for business people in this venture, especially those who have a historical link to this industry. There is no way that we will ever endorse a situation where 14 individuals benefit more than the thousands of working families that have built up the industry through their blood, sweat and tears. In many respects the question at stake – as was the case in the KWV deal – is the principle of who must be the key beneficiaries in BEE. In this case the union won and so too did workers and the community.

This BEE deal will set a precedent. Many farmers are watching closely to inform their own BEE plans. There are many future opportunities that if handled on morally defensible grounds, will create an equitable industry we can all be proud of.

We must work toward greater spread of these deals. KWV is a company that had a bit of a dubious past, doing the right thing. The Minister of Agriculture was supportive in the sense that her intentions also were to promote greater equity. The parties are happy that this deal sets the scene for the future of KWV and the future of the industry.

BUSINESS AND UNIONS

The relationship with the business sector in the industry is important for us and we would like this deal to assist us in strengthening these relationships. Business people outside the industry are not going to be allowed to jump on the bandwagon and enrich themselves. The success or failure of deals has not been dependent on who

formed part of the deal. Workers are able to take informed decisions about their future and do not need ex-comrades who they empowered, to behave in a paternalistic way towards them.

We also have an added responsibility to enhance the principle of participative democracy premised on social dialogue. President Thabo Mbeki's call for a contract with the people and amongst the people is not optional. There were business people (during the KWV negotiations) who raised the question of a fight with the unions. They were reducing the debate to a level that is inappropriate to say the least, and would have brought us to a position where there would have been no winners. Besides, our position was morally defensible; their position was nothing but greed.

CONCLUSION

We have set the trend of relations for generations to come. Workers can now look to these processes to improve their lives on farms. But what must be clear is that this is only the beginning. Land ownership is the next fundamental battle. The added commitment of the parties to addressing the issue of land reform is important. While shares in the companies such as KWV are important, the central question is land and access to it.

What should be the trend in the future? Workers and communities will know that they can now fight to gain at least 50% of a significant empowerment stake. Business must accept that they will have to give a significant stake and the moguls should get no more than 25%. Through such an approach, BEE will be broad-based and not only enrich a few. We are now urging workers in all sectors and companies to go back and revisit every empowerment deal, to ensure that they are the main beneficiaries. There are no holy cows. Just because you have a comrade in your deal does not mean it is promoting social justice. The test must be: is it empowerment or enrichment? The latter will not be tolerated. The land and the wealth must also belong to those who work on it and produce it.

LB

Ehrenreich is Cosatu's Western Cape regional secretary.