

# BLACK FACE OF CAPITALISM

Author argues that BEE is likely to blur the boundaries between race and class

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The Human Sciences Research Council has released a fascinating book called *South Africa 2005-2006 State of the Nation*.

Edited by Sakhela Buhlungu, Johan Daniel, Roger Southall and Jessica Lutchman, it is a well-researched, synoptic analysis of how far South Africa's democracy has progressed.

Issues examined include delivery, poverty alleviation and black economic empowerment (BEE).

Chapter seven discusses the BEE debate. Southall looks at the adoption of BEE policies, its successes and failures.

In the introduction, he deals with the tenet upon which an ideal BEE programme should be based. That tenet, he argues, is capitalism, which is accountable to society as a whole, rather than just to shareholders and is critical to corporations' legitimacy after 1994.

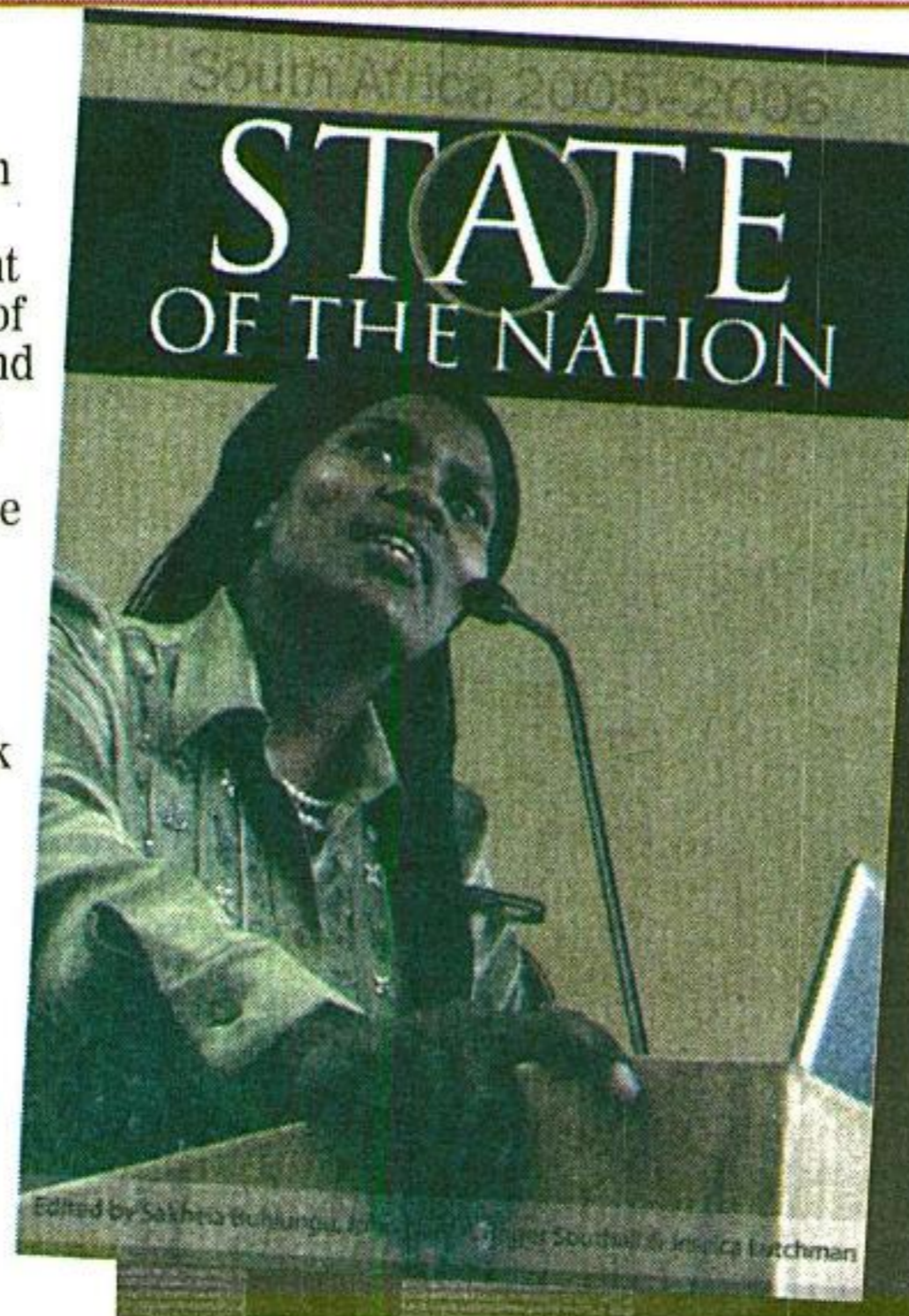
Southall refers to a question

posed by ANC MP Ben Turok in 2002 on the direction of South African capitalism.

Turok warned then that capitalism was "in a grip of the new drive for greed and unbridled acquisitiveness, to which worryingly the present policy and practice of BEE appear to be contributing".

He argued that the situation need not be so, that though the new black capitalists could not be expected to build socialism, "they could spearhead a drive towards a more human capitalism".

They could do so by "eschewing wasteful, conspicuous consumption, they may rather choose to promote investment in townships and rural areas and ensure that their firms' establish skills and build black capacity in partnership



with the government".

Interestingly, Turok's views were echoed by one of the individuals seen as the few

beneficiaries of BEE, Cyril Ramaphosa.

Last year, as head of a government appointed BEE commission, Ramaphosa said the debate represented "a deep yearning for capitalism with a human face. People are saying they expect capitalism, which is more responsive to the needs of the people – a human face with compassion not underpinned by greed. It is possible to achieve compassionate ends from a capitalist system."

Southall argues that there is consensus among the various stakeholders – including the government, opposition and business – that to achieve broad-based BEE, South Africa must move towards a more democratic capitalism.

But he warns that there are major obstacles facing the process. Since 1994 South Africa has moved closer to the unbridled contemporary

capitalism of the West.

"Domestic conglomerates have increasingly unbundled and internationalised local companies investing in the London Stock Exchange; global and local finance capital is increasing dominance over manufacturing, which means money is invested in no-job creating sectors; shareholding is concentrated in the hands of institutional investors, whose fates are determined by managers who are less accountable to shareholders and even the law. It is estimated that 80 percent of fraud cases involving corporate executives do not make it to court, and only 5 percent result in guilty verdicts."

Southall concludes that though BEE would promote a black bourgeoisie, it is more likely to blur the boundaries between race and class "than to propel South African capitalism in a more inclusive, accountable and equalising direction".

Unfortunately, he does not explore the way forward.