

Black Economic Empowerment

- Developing a Workers' Perspective

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The issue of Black Economic Empowerment (BEE) has featured prominently in recent years in Zimbabwe, Namibia and South Africa. Having achieved political independence, these countries were confronted with the monumental challenge of transforming a colonial economy that was controlled by a white settler minority and transnational corporations (TNCs - also known as multinationals) based in Europe or the USA. In the absence of socialist policies of redistribution and nationalisation of productive assets, the young independent states in Southern Africa had to look at other means of ensuring a more equitable distribution of wealth and ownership over productive resources. Black Economic Empowerment programmes and trade union investments were two measures taken to redress some of the apartheid legacies. This paper aims to highlight some of the critical issues that the labour movement has to confront if it wants to ensure that the benefits of Black Economic Empowerment will not be limited to a small business elite but also become meaningful for workers - the trade unions' constituency.

The first major public event on BEE involving Namibian trade unions took place in 2002, when the Namibia Chamber of Commerce and Industry (NCCI) and the National Union of Namibian Workers (NUNW) jointly hosted a seminar on the topic. The preparations for and the outlook of the conference were, however, largely shaped by the interests of the business sector and it became clear that the labour movement needs to develop its own policy position regarding BEE to the benefit of workers. It is hoped that this discussion paper can contribute to the development of such a policy.

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The basic question

There can be no doubt about the need to transform the colonial economic structures of Southern Africa to ensure a more equitable distribution of wealth and to spread the ownership of productive resources like land, mineral and fishing resources and industries. In Namibia, land ownership is still highly skewed in favour of a relatively small number of white farmers and their families. Commercial farmland is usually owned by individuals while the fishing and mining industries are owned and controlled by foreign-based TNCs. Likewise, the financial services sector and parts of the hospitality industry are controlled by TNCs.

In the years before independence, the NUNW strongly advocated for policies of redistribution after the achievement of independence. This was supposed to include the redistribution of land and at least a partial nationalisation of industries such as mining and fishing. However, with the adoption of Namibia's independence constitution (which enshrined ownership rights) and the policy of 'mixed economy' (which essentially meant a capitalist market economy) the labour movement's aspirations were not met. Instead, trade unions had to adapt to a new role as one of the 'social partners' - alongside capital and labour. The fundamental question thus was: under such conditions, how can unions ensure a better life for their members and contribute towards the creation of a more equitable society to benefit Namibia's impoverished majority. In other words, how can unions as social movements contribute towards building a society characterised by the absence of poverty and socio-economic inequality. At a practical and theoretical level, trade unions have to decide what role the state, the labour movement and policies like BEE should play in building an equitable society.

Black Economic Empowerment

Statistics about socio-economic indicators along racial lines reveal continued inequalities in all spheres of life. This ranges from access to social services like education and health, to housing, income and ownership of productive resources. The legacies of a long history of racialised capitalism in Namibia and South Africa are clearly visible.

There are, however, differences between the interests of black workers and those of black businesses. Drawing on the South African experiences, Naidoo points out that a racial definition such as Black Economic Empowerment "creates space for upward mobility of an already affluent black bourgeoisie or middle-class. A misguided definition allows capable vested interests to secure benefits for themselves, in the process sidelining those who really need empowerment". Black empowerment groups like Cyril Ramaphosa's NAIL, for example, adopted the same hierarchical pyramid structure of power (power concentrated in a small group at the top) that was used by a handful of white families to gain control over the South African economy during apartheid.

The fundamental issue regarding the BEE debate is the question who is supposed

to benefit and to what extent society is supposed to be transformed. From a trade union perspective, the challenge is how to ensure that Black Economic Empowerment does not just benefit a new black elite or consolidate a black middle class. Instead BEE must de-racialise the economy and lead to redress and redistribution on a large scale.

Lessons from South Africa

Some South African experiences might be helpful in shaping BEE from a workers' perspective. In 1997, a Black Management Forum conference decided to set up a BEE Commission. This Commission investigated BEE initiatives in South Africa and reported that "there had been a tendency to define BEE in narrow terms and equate it with the development of a black capitalist class" (SALB 2002). The report argued for a "people-centred" strategy with a broad scope for BEE including: job creation, rural development, urban renewal, poverty alleviation, measures to empower black women, education, access to finance for black households and businesses etc. In other words, the report argued that BEE should be defined broadly to ensure that a large number of people benefit instead of only a small business elite.

South Africa's main trade union federation COSATU pointed out that the broad definition looked progressive but that issues like the involvement of black capital in privatisation and outsourcing also needed to be addressed to ensure that (black) workers do not pay the price for BEE. COSATU wants to change ownership patterns in the economy but questions the nationalist rhetoric of creating a black "patriotic' bourgeoisie" which might just be a cover for an enrichment agenda of a small elite. COSATU has warned that black millionaires will only be progressive to the extent that they will fight white capital but "their transformation agenda will be limited to themselves and not to broader society". Instead COSATU argues that "the major thrust should be how the state is used to transform the economy" (SALB 2002). These arguments point to the danger of BEE hiding the class contradictions between the interests of black business and black labour and COSATU raises the question if BEE can realistically help the poor.

The general secretary of South Africa's National Union of Mineworkers (NUM) Gwede Mantashe has warned against the use of empowerment companies which do not have the capital to acquire the investment and thus depend on third party financiers to fund the transactions. These financiers have the ultimate say and Mantashe pointed out that "We must appreciate the difference between investments and where we want to take control" (SALB 2002).

Even an initiative like South Africa's new Mineral and Petroleum Resources Development Act which provides for increasing black ownership of the industry (at least 25% within 10 years) is unlikely to benefit workers and the poor. Small miners, for example, will not be able to meet the financial and technical requirements to receive mining licences and poor communities on mineral-rich land will not be able to benefit from their minerals. Instead, shareholding in existing

mining companies will be opened up to a fairly small group of black businesspeople in the name of BEE.

Options for trade unions

There is no doubt that black businesspeople and their organisations (like the NCCI and the indigenous People's Business Council) have a vested interest in BEE policies that target the creation and expansion of a black middle class and business elite. The NCCI president put that bluntly when he stated that the task was to create more black millionaires (National Forum on Human Capital Development, Windhoek, 29-31 January 2003). Trade unions might support this approach as a step towards de-racialising the Namibian economy. South Africa's second largest, more conservative trade union federation FEDUSA, for example, believes that a larger black middle class and black business elite are essential for sustainable economic growth and political stability.

However, a labour movement that believes in socio-economic equality and social justice cannot allow the concept of BEE to be limited to business interests. Progressive trade unions must serve the interest of their members and the poor in general and thus ensure that BEE benefits their constituency. This means that unions will have to carefully choose their allies and clearly define their understanding of Black Empowerment.

Union investments

Union investments are often mentioned as one strategy to achieve economic empowerment of workers and their organisations. However, union investment companies are a controversial issue within many labour movements around the world. Some have gone into business ventures while others decided to rather concentrate on the core functions of unions: improving the living and working conditions of their members through collective bargaining and shopfloor struggle. The investment controversy centres firstly around the question of ideology: Should unions run businesses in capitalist economies which are built on the exploitation of workers? Will union investments destroy the idea of working class solidarity and collective action? Despite these concerns, Namibian trade unions are increasingly undertaking investments and LaRRI has pointed out the implications of such undertakings in previous discussion papers for the NUNW (1998, 2003). Some of the main points raised were the following:

A basic ideological contradiction for unions undertaking investments lies in the fact that union investments are meant to earn good returns which are supposed to benefit union members. Good returns are achieved if investments are made in profitable companies. In a capitalist economy in the age of 'globalisation', profitability is often achieved by winning a 'competitive advantage' through downsizing and sub-contracting. Such practices have a detrimental effect on workers who often lose their benefits, job security or their jobs all together. Unions in Namibia and elsewhere are fighting against these practices and they would be

seriously compromised if they allowed their investment companies to be involved in practices that contradict union policies and workers interests.

The possible contradictions between union struggles and union investments have surfaced on many occasions in South Africa. In a critical analysis of union investments, the South African Labour Bulletin pointed out that "through the investment companies, unions are becoming intimately tied up with company management...unionism is not about making money. It is about social issues, about using worker solidarity at plant, industry and national level to improve living and working conditions...Commercial values tend to squeeze out union values" (1996). Critics of union investments (including some COSATU affiliates) have suggested that unions should rather invest in projects that meet social needs such as housing projects instead of chasing maximum profits.

In Namibia, union investments have created the impression that investment arms are more important than the union itself. Investment managers are paid more than union general secretaries, which indicates that managers are seen as more important than union officials. This created an incentive for some of the best unionists to move to investment arms. Others are interested in union leadership position to gain access to boards of investment companies and pension funds as a means of earning an extra income.

At present, there are no clear policies on union investments and structures of accountability. Union members are usually in the dark about union investments and do not know how the money generated is spent. This creates suspicions that union leaders use the investment arms for their own benefit. Members are not informed about the reasons for investment decisions, they are not consulted before decisions are taken and they do not receive reports about profits or losses made.

The current union investment practices thus seem to contribute to the weakening of the labour movement in Namibia and they do not contribute in a significant way to workers empowerment. Even if unions benefit financially from their investments, this does not give their members greater access to wealth and economic resources. As minimum measures to avoid further conflicts of interest and damage to trade unions as workers' representatives, it seems essential to do the following:

- ◆ Debate the broader implications of union investments
- ◆ Clarify the aims of union investments
- ◆ Clarify the relationship between the union and the investment company
- ◆ Establish structures for worker control and accountability
- ◆ Establish investment criteria, for example job creation, good industrial relations, above average employment conditions, training opportunities for all workers, equal opportunities for women workers, high health and safety standards, affirmative action, no privatisation, retention of profits to expand the company operations, worker participation in training and safety programmes, full and open access to company information, funding for social projects, active steps to overcome racial and gender discrimination, good environmental practices.
- ◆ Establish a code of conduct for union investors and officials

What next?

Black Economic Empowerment to benefit workers and the poor in general under the current conditions is a major challenge for trade unions. There is no doubt that the current capitalist economic structure makes socio-economic redistribution extremely difficult. Most political parties, business organisations, NGOs and even some trade unions in Namibia seem to have accepted the huge inequalities in our society as a "way of life". However, a progressive labour movement has to develop strategies to influence policies like BEE to benefit its constituency. Based on the issues raised in this paper, the following proposals are presented for discussion:

The NUNW should play a prominent role in broadening the debate on BEE to include issues beyond shareholding such as job creation, rural development, access to basic social services, empowerment of black women etc. The NUNW as a working-class organisation should be at the forefront of advocating for policies that will directly benefit its constituency.

Ownership of resources and productive assets is a key component of BEE and the NUNW has to be vocal on this issue. However, unlike business organisations the NUNW should advocate a change in ownership patterns that is not limited to an exchange among business elites. The NUNW could put forward proposals how to achieve more collective forms of ownership such as state ownership of strategic enterprises (e.g. those that deliver essential social services), workers co-ownership or co-operatives. In this context, it is critical that the NUNW retains a strong stand on and campaigns for the state ownership of all parastatals that render social services. The labour movement has to remind government about its social responsibility to provide basic services for all - especially those who cannot afford to pay 'market-related' prices.

The NUNW should actively oppose worsening conditions of employment for workers, outsourcing and privatisation as a result of BEE. The labour movement should make it categorically clear that it will not accept worsening conditions for black workers to accommodate black business interests.

The NUNW should not limit BEE to the question of ownership but also organise around issues that will directly benefit black workers, for example a living wage for all, access to education and training, establishment of social safety nets, proper housing, education and health care etc. These are issues that have a direct impact on (black) workers' quality of life.

The NUNW should place BEE in the context of a broader, systematic programme of redistribution that will redress various forms of inequality in Namibia. Taking the initiative to develop such a programme would lend the NUNW a lot of credibility as an organisation that spearheads the struggle for socio-economic justice. The NUNW is strategically well-placed to take this initiative instead of merely responding to the proposals of government and business.

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